UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023 Commission File Number 001-33161

NORTH AMERICAN CONSTRUCTION GROUP LTD.

(Exact name of Registrant as specified in its charter)

Canada
(Province or other jurisdiction of incorporation or organization)

1629
(Primary Standard Industrial Classification Code Number (if applicable))

N/A
(I.R.S. Employer Identification Number (if applicable))

27287 - 100 Avenue
Acheson, Alberta,T7X 6H8
(780) 960-7171
(Address and telephone number of Registrant's principal executive offices)

CT Corporation System
111 Eighth Avenue, 13th Floor
New York, New York 10011
(212) 894-8940
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares	NOA	Toronto Stock Exchange
Common Shares	NOA	The New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual information form ☒ Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

27,827,282 Common Shares

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No £

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No £

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. £

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. £

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). £

Auditor Name: KPMG LLP Auditor Location: Edmonton, AB, Canada Auditor Firm ID: 85

ANNUAL INFORMATION FORM, AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Annual Information Form

The Registrant's Annual Information Form for the fiscal year ended December 31, 2023 is attached as Exhibit 99.2 to this Annual Report on Form 40-F and is incorporated herein by reference.

Audited Annual Consolidated Financial Statements

The Registrant's audited annual consolidated financial statements for the fiscal year ended December 31, 2023, including the report of the independent registered public accounting firm with respect thereto, are attached as Exhibit 99.3 to this Annual Report on Form 40-F and are incorporated herein by reference.

Management's Discussion and Analysis

The Registrant's Management's Discussion and Analysis for the fiscal year ended December 31, 2023 is attached as Exhibit 99.4 to this Annual Report on Form 40-F and is incorporated herein by reference.

DISCLOSURES REGARDING CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Please see “Internal Systems and Processes—Evaluation of Disclosure Controls and Procedures” included in the Registrant’s Management’s Discussion and Analysis for the fiscal year ended December 31, 2023, which is attached as Exhibit 99.4 to this Annual Report on Form 40-F and is incorporated herein by reference.

Management’s Annual Report on Internal Control Over Financial Reporting

Please see “Internal Systems and Processes—Management’s Report on Internal Controls Over Financial Reporting (ICFR)” included in the Registrant’s Management’s Discussion and Analysis for the fiscal year ended December 31, 2023, which is attached as Exhibit 99.4 to this Annual Report on Form 40-F and is incorporated herein by reference.

Attestation Report of the Registered Public Accounting Firm

The attestation report of the independent registered public accounting firm on the effectiveness of the Registrant's internal control over financial reporting is included under the heading “Report of Independent Registered Public Accounting Firm” on pages 1 and 2 of Exhibit 99.3 to this Annual Report on Form 40-F, which attestation report is incorporated herein by reference.

Changes in Internal Control over Financing Reporting

Please see “Internal Systems and Processes—Material Changes to the Internal Controls over Financial Reporting” included in the Registrant’s Management’s Discussion and Analysis for the fiscal year ended December 31, 2023, which is attached as Exhibit 99.4 to this Annual Report on Form 40-F and is incorporated herein by reference.

NOTICES PURSUANT TO REGULATION BTR

None.

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant’s board of directors has determined that Mr. Bryan Pinney, a member and the chairman of the Registrant’s audit committee, and Mr. John Pollesel, a member of the Registrant’s audit committee, are each an “audit committee financial expert” (as such term is defined by the rules and regulations of the Securities and Exchange Commission) and are each “independent” (as such term is defined by the New York Stock Exchange’s listing standards applicable to the Registrant).

CODE OF ETHICS

The Registrant has adopted a “code of ethics” (as such term is defined by the rules and regulations of the Securities and Exchange Commission), entitled the “Code of Conduct and Ethics Policy”, that applies to all employees of the Registrant, including its Chief Executive Officer and Chief Financial Officer. The Code of Conduct and Ethics Policy is available for viewing on the Registrant’s website at www.nacg.ca under "Social Responsibility-Code of Conduct & Ethics”. There were no amendments to any provision of the Code of Conduct and Ethics Policy during the fiscal year ended December 31, 2023 that applied to the Registrant’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Further, there were no waivers, including implicit waivers, granted from any provision of the Code of Conduct and Ethics Policy during the fiscal year ended December 31, 2023 that applied to the Registrant’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

PRINCIPAL ACCOUNTANT FEES AND SERVICES AND PRE-APPROVAL POLICIES AND PROCEDURES

Please see “The Board and Board Committees” included in the Registrant’s Annual Information Form for the fiscal year ended December 31, 2023, which is attached as Exhibit 99.2 to this Annual Report on Form 40-F and is incorporated herein by reference.

OFF-BALANCE SHEET ARRANGEMENTS

We currently do not have any off-balance sheet arrangements.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Please see “Contractual Obligations and Other Commitments” included in the Registrant’s Management’s Discussion and Analysis for the fiscal year ended December 31, 2023, which is attached as Exhibit 99.4 to this Annual Report on Form 40-F and is incorporated herein by reference.

IDENTIFICATION OF THE AUDIT COMMITTEE

Please see “The Board and Board Committees—Audit Committee” included in the Registrant’s Annual Information Form for the fiscal year ended December 31, 2023, which is attached as Exhibit 99.2 to this Annual Report on Form 40-F and is incorporated herein by reference.

NYSE CORPORATE GOVERNANCE RULES

The Registrant has reviewed the New York Stock Exchange’s corporate governance rules and confirms that the Registrant’s corporate governance practices are not significantly different from those required of domestic companies under the New York Stock Exchange’s listing standards.

MINE SAFETY DISCLOSURE

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is set out under the heading “U.S. Mine Safety Disclosure” in the Registrant’s Annual Information Form for the fiscal year ended December 31, 2023, which is attached as Exhibit 99.2 to this Annual Report on Form 40-F and is incorporated herein by reference.

RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Please see the "Executive Compensation Claw Back Policy", which is attached as Exhibit 97 to this Annual Report on Form 40-F and is incorporated herein by reference.

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

NORTH AMERICAN CONSTRUCTION GROUP LTD.

By: /S/ Joseph Lambert
Joseph Lambert
Chief Executive Officer

Date: March 13, 2024

DOCUMENTS AND EXHIBIT INDEX

97	Compensation Recovery Policy
99.1	North American Construction Group Ltd. Announces Results for the Year Ended December 31, 2023.
99.2	Annual Information Form for the fiscal year ended December 31, 2023.
99.3	Audited Annual Consolidated Financial Statements for the fiscal year ended December 31, 2023.
99.4	Management's Discussion and Analysis for the fiscal year ended December 31, 2023.
99.5	Consent of KPMG LLP.
99.6	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934.
99.7	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934.
99.8	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.9	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from North American Construction Group Ltd.'s audited Consolidated Financial Statements, formatted in iXBRL (Inline eXtensible Business Reporting Language) and furnished electronically herewith: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations and Comprehensive Income; (iii) the Consolidated Statements of Changes in Shareholders' Equity; (iv) the Consolidated Statements of Cash Flows; and (v) Notes to the Consolidated Financial Statements.

Exhibit 97



EXECUTIVE COMPENSATION CLAW BACK

DATE OF ISSUE:	December 2, 2015
VERSION NO.	1.4
REVISION DATE:	September 6, 2023

EXECUTIVE COMPENSATION CLAW BACK POLICY

1. Introduction

The Company recognizes the importance of ensuring that executive management is not able to personally profit by virtue of financial misstatements or errors in calculation of compensation, whether occurring innocently or as a result of ethical misconduct. This policy sets out the framework within which any claw back of executive compensation is to be carried out.

2. Objective

The objective of this policy is to provide a framework for the Company to claw back vested long-term and short-term incentive-based compensation of executive officers where such compensation has been calculated and paid on the basis of financial misstatements or other material errors that result in such executive officers being unjustly enriched, whether such misstatements or errors are innocent or are the result of intentional, dishonest behavior by those executive officers.

3. Definitions

In this policy:

3.1. "**Awarded Compensation**" has the meaning set out in Section 5.1;

3.2. "**Board**" means the board of directors of the Company;

3.3. "**Company**" means North American Construction Group Ltd.;

3.4. "**Excess Compensation**" has the meaning set out in Section 5.3;

3.5. "**Executive Officer**" means any officer or former officer of the Company who holds or who held the title of President, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer or Vice-President;

3.6. "**Misconduct**" means fraud or other intentional illegal misconduct;

3.7. "**Performance-based Compensation**" means all bonuses and other incentive and equity compensation awarded to the Company's Executive Officers, whether vested or unvested, the amount or payment of which, was calculated based wholly or in part on the application of objective performance criteria;

3.8. "**Proper Compensation**" has the meaning set out in Section 5.1;

4. Scope

This policy applies to all individuals who are Executive Officers of the Company on the date this policy is first adopted or who become Executive Officers after that date, whether or not they remain employed with the Company at the time a restatement occurs or recovery is sought.

5. Policy

5.1. In the event of:

(a) an error or omission in the Company's financial results, or a failure to comply with any financial reporting requirement under applicable laws with respect to the Company's financial results, either of which requires a restatement of those results (other than a restatement caused by a change in applicable accounting rules

or interpretations);

(b) an error or omission in determining Performance-based Compensation; or

(c) an Executive Officer having engaged in Misconduct;

any of which has the result that Performance-based Compensation actually paid or awarded to any Executive Officer in any given period (the "Awarded Compensation") was higher than it would have been if it was properly calculated without the error, omission or Misconduct (the "Proper Compensation"), the Board shall review such Awarded Compensation to determine if it was higher than the Proper Compensation.

5.2. The determination of whether Misconduct or an error or omission has occurred shall be made by the Board, acting reasonably and in good faith, upon completion of an internal investigation utilizing, at its discretion and if deemed necessary, qualified third-party financial and legal advisors. All costs of the Company incurred in connection with any internal investigation undertaken shall be borne by the Company. An affected Executive Officer may be permitted, but shall not be obligated, to participate in any investigation undertaken pursuant to this policy. Nothing contained in this policy shall require an Executive Officer or any other person to make any admission of wrongdoing or to voluntarily acknowledge or submit to a determination of Misconduct by the Board.

5.3. If the Board determines that the Awarded Compensation was higher than the Proper Compensation for any Executive Officer in any period, the Board shall, except as provided below, seek to recover from such Executive Officer for the benefit of the Company the difference between the Awarded Compensation and the Proper Compensation (such difference being the "Excess Compensation"), without regard to taxes paid. If Excess Compensation based on a restatement is not subject to simple mathematical calculation due to Performance-based Compensation being wholly or partly based on share price or total shareholder return, the Excess Compensation must be based on a reasonable estimate of the effect of the restatement on share price or total shareholder return.

5.4. The Board shall not seek recovery of Excess Compensation to the extent that:

(a) Performance-based Compensation at issue in relation to a restatement is in relation to a financial year that ended prior to the three (3) completed fiscal years immediately preceding the date that Company is required to prepare the applicable restatement, with such date being the earlier of: (a) the date the Board concludes or should have concluded that the Company is required to prepare such restatement, or (b) the date that a court, regulator

or other legally authorized body directs the Company to prepare such restatement; or

(b) at least one of the following conditions is met and the Compensation Committee determines that recovery would be impractical:

(i) the direct expenses paid to a third party to assist in enforcing the recovery would exceed the amount to be recovered; or

(ii) the recovery would be in violation of applicable federal, state or provincial law.

5.5. Before the Board determines to seek recovery pursuant to this policy, it shall provide to any affected Executive Officer written notice and the opportunity to be heard, at a meeting of the Board (which may be in-person or telephone, as determined by the Board).

5.6. If the Board determines to seek a recovery pursuant to this policy, the Company shall make a written demand for repayment from the Executive Officer and, if the Executive Officer does not within a reasonable period tender repayment in response to such demand, the Company may deduct from any future amounts owing to the Executive Officer any amount of Excess Compensation not repaid, provided that such deductions shall be reasonable in the circumstances. Should the Company be unsuccessful in obtaining repayment from the Executive officer directly, the Company may seek a court order against the Executive Officer for the amount of such repayment. The Company shall be entitled to pursue all legal and other remedies at its disposal including, without limitation, cancelling or withholding vested, unvested and future compensation.

5.7. To the extent practicable and as permitted by law, including securities laws and stock exchange requirements pertaining to public disclosure, investigations and related findings under this policy shall be undertaken and treated in a confidential manner. Nothing contained in this policy shall derogate from an individual's rights at law, nor shall it preclude or prevent the Company or any individual, including any Executive Officer to whom this policy may be applied, from taking such actions or pursuing such remedies to which they may be entitled, including, as appropriate and without limitation, applications for injunction.

Prepared By:	Approved By:	Date of Approval and Issue:
/s/ Jordan Slator Vice-President and General Counsel	/s/ Bryan Pinney Lead Director	September 6, 2023

EXHIBIT 99.1

News Release

North American Construction Group Ltd. Announces Results for the Fourth Quarter and Year Ended December 31, 2023

ACHESON, Alberta, March 13, 2024 - North American Construction Group Ltd. ("NACG") (TSX:NOA/NYSE:NOA) today announced results for the fourth quarter and year ended December 31, 2023. Unless otherwise indicated, figures are expressed in Canadian dollars with comparisons to prior periods ended December 31, 2022.

Fourth Quarter 2023 Highlights:

- Closure of the MacKellar Group ("MacKellar") acquisition on October 1, 2023, a seamless change in control, and three months of strong equipment utilization provided a full quarter of operating results in Australia, and a step change in geographic diversification.
- The allocated purchase price of MacKellar was $369.7 million, net of cash acquired, along with growth capital spending of $35.9 million incurred in the quarter was fully funded with senior and vendor-provided debt and establishes a strong platform for opportunities in Australia.
- Combined revenue of $403.4 million is a company quarterly record based on the transformative acquisition of MacKellar. Revenue of $326.3 million, compared to $233.4 million in the same period last year, includes this step-change increase along with steady and consistent operations in the Fort McMurray region.
- Our net share of revenue from equity consolidated joint ventures was $77.1 million, compared to $86.7 million in the same period last year. Quarter-over-quarter increases at the Fargo-Moorhead project were offset by the successful 2023 Q3 completion of the construction project at the gold mine in Northern Ontario.
- Adjusted EBITDA of $101.1 million, also a company record, and EBITDA margin of 25.1% compared to the prior period metrics of $85.9 million and 26.8%, respectively. Margins were impacted by project losses posted by the Nuna Group of Companies; restructuring efforts are well underway to resolve temporary challenges.
- Cash flows generated from operating activities of $160.9 million in the quarter, compared to $78.1 million in the prior year quarter, resulting from higher earnings and changes in working capital balances when comparing to the same period in the prior year.
- Free cash flow ("FCF") of $110.6 million in the quarter was the result of strong revenues, steady and consistent margins, modest capital spending, and positive changes in working capital balances.
- Net debt was $720.9 million at December 31, 2023, an increase of $325.6 million from September 30, 2023, resulting from the debt-funded purchase price and growth spending in Australia offset by free cash flow directed to debt reduction during the quarter.

NACG President and CEO, Joseph Lambert, commented: "The acquisition of the MacKellar Group is a milestone moment for our company and I'd like to thank all the employees for the hard work that has been put in to make these first few months in Australia such a success. In both Queensland and Western Australia, we are excited by the many prospects we have in front of us and look forward to sharing best practices and in-house maintenance expertise, as well as equipment where appropriate, to facilitate these growth opportunities.

As we've geographically diversified, I continue to closely monitor our various regions. In North Dakota and based on a recent trip there, construction at Fargo-Moorhead is progressing well into this most important period for the project. In northern Canada, we are undergoing a restructuring initiative within the Nuna Group of Companies which will return it to its legacy of operational excellence. In Fort McMurray, our fleet continues to operate day-in day-out as we work with our customers in their goal to achieve low-cost operations in the oil sands region. 2024 will be a busy year for us and we are looking forward to executing and delivering another record year."

Consolidated Financial Highlights

(dollars in thousands, except per share amounts)	Three months ended December 31, 2023	2022	Year ended December 31, 2023	2022
Revenue	**$ 326,298**	$ 233,417	**$ 957,220**	$ 769,539
Cost of sales	**218,853**	154,967	**671,684**	548,723
Depreciation	**41,990**	35,860	**131,319**	119,268
Gross profit	**$ 65,455**	$ 42,590	**$ 154,217**	$ 101,548
Gross profit margin	**20.1 %**	18.2 %	**16.1 %**	13.2 %
General and administrative expenses (excluding stock-based compensation)[(i)]	**18,702**	6,648	**41,016**	25,075
Stock-based compensation expense	**(496)**	4,910	**15,828**	4,780
Operating income	**45,779**	31,565	**95,714**	71,157
Interest expense, net	**14,007**	7,774	**36,948**	24,543
Net income	**17,646**	26,081	**63,141**	67,372
Adjusted EBITDA[(i)]	**101,136**	85,875	**296,963**	245,352
Adjusted EBITDA margin[(i)][(ii)]	**25.1 %**	26.8 %	**23.3 %**	23.3 %
Per share information				
Basic net income per share	**$ 0.66**	$ 0.99	**$ 2.38**	$ 2.46
Diluted net income per share	**$ 0.58**	$ 0.84	**$ 2.09**	$ 2.15
Adjusted EPS[(i)]	**$ 0.87**	$ 1.10	**$ 2.83**	$ 2.41

[(i)] See "Non-GAAP Financial Measures".
[(ii)] Adjusted EBITDA margin is calculated using adjusted EBITDA over total combined revenue.

(dollars in thousands)	Three months ended December 31, 2023	2022	Year ended December 31, 2023	2022
Consolidated Statements of Cash Flows				
Cash provided by operating activities	**$ 160,870**	$ 78,099	**$ 270,391**	$ 169,201
Cash used in investing activities	**(137,756)**	(17,524)	**(244,879)**	(97,469)
Effect of exchange rate on changes in cash	**3,167**	(94)	**1,705**	304
Add back of growth and non-cash items included in the above figures:				
Acquisition of MacKellar[(i)]	**51,671**	—	**51,671**	—
Acquisition costs	**5,934**	—	**7,095**	—
Growth capital additions[(ii)]	**35,941**	—	**40,416**	—
Acquisition of ML Northern[(iii)]	**—**	7,207	**—**	7,207
Non-cash changes in fair value of contingent consideration	**(8,268)**	—	**(8,268)**	—
Capital additions financed by leases[(ii)]	**(931)**	(236)	**(28,159)**	(8,931)
Free cash flow[(i)]	**$ 110,628**	$ 67,452	**$ 89,972**	$ 70,312

[(i)] See "Non-GAAP Financial Measures".

Results for the Three Months Ended December 31, 2023

Combined revenue of $403.4 million, compared to $320.1 million in the same period last year, and revenue from wholly-owned entities was $326.3 million, up from $233.4 million in the same period last year. The majority of the quarter-over-quarter increase in revenue was driven by the October 2023 acquisition of MacKellar. MacKellar generated a full quarter of revenue totaling $122.5 million. Aside from MacKellar, revenue was down over the same period in 2022 as a result of changes in timing of reclamation projects beginning later than the previous year and certain construction scopes concluding earlier in 2023, relative to the same period in 2022.

Combined gross profit margin of 18.4% was up from 17.8% in the prior year. The improvement in combined gross profit in the current period was driven by the acquisition of MacKellar. MacKellar generated gross profit of 23.7% in the quarter.

General and administrative expenses (excluding stock-based compensation expense) were $18.7 million, or 5.7% of revenue for the three months ended December 31, 2023, up from $6.6 million, or 2.8% of revenue in the same period last year. General and administrative expenses in the quarter include one-time costs of $5.9 million related to the acquisition of MacKellar. MacKellar's administrative cost profile is similar to the Canadian and U.S. operations.

Cash related interest expense of $13.2 million represents an average cost of debt of 8.8% (compared to $7.5 million and 7.1%, respectively, for the three months ended December 31, 2022). The increase in interest expense is primarily attributed to the higher balance on the Credit Facility and increases in the variable rate.

Net income of $17.6 million in Q4 2023 compared to $26.1 million in the same period last year as higher gross profit was more than offset by increased interest expense, increased general and administrative expenses from the one-time acquisition costs, and lower equity earnings from our joint ventures.

Free cash flow in the quarter was $110.6 million driven primarily by adjusted EBITDA of $101.1 million less sustaining capital spending of $40.8 million and cash interest paid of $13.2 million.

Liquidity

Including equipment financing availability and factoring in the amended Credit Facility agreement, total available capital liquidity of $292.6 million includes total liquidity of $217.9 million, $60.1 million of unused finance lease borrowing availability, and $14.6 million of unused other borrowing availability as at December 31, 2023. Liquidity is primarily provided by the terms of our $478.0 million credit facility which allows for funds availability based on a trailing twelve-month EBITDA as defined in the agreement, and is now scheduled to expire in October 2026.

Business Updates

Strategic Focus Areas for 2024

- Safety - now on a global basis, maintain our uncompromising commitment to health and safety while elevating the standard of excellence in the field;
- Execution - enhance equipment availability in Canada and Australia through in-house fleet maintenance, reliability programs, technical improvements, and management systems;
- Operational excellence - with a specific focus on Nuna Group of Companies, put into action practical and experienced-based protocols to ensure predictable high-quality project execution;
- Integration - implement ERP and best practices at MacKellar, including identification of opportunities to better utilize our capital and equipment in Australia;
- Diversification - pursue diversification of customers and resources through strategic partnerships, industry expertise and investment in Indigenous joint ventures; and
- Sustainability - further develop and deliver into our environmental, social, and governance targets as disclosed and committed to in our annual reporting.

Outlook for 2024

The following table provides projected key measures for 2024 and actual results of 2023 and 2022. The measures for 2024 are predicated on contracts currently in place, including expected renewals and the heavy equipment fleet that we own and operate.

Key measures	2022 Actual	2023 Actual	2024 Outlook
Combined revenue	$1.1B	**$1.3B**	$1.5 - $1.7B
Adjusted EBITDA[(i)]	$245M	**$297M**	$430 - $470M
Sustaining capital[(i)]	$113M	**$169M**	$170 - $190M
Adjusted EPS[(i)]	$2.41	**$2.83**	$4.25 - $4.75
Free cash flow[(i)]	$70M	**$90M**	$160 - $185M
Capital allocation			
Growth spending	$13M	**$40M**	$55 - $70M
Net debt leverage[(i)]	1.5x	**1.7x**	Targeting 1.5x

[(i)]See "Non-GAAP Financial Measures".
[(ii)]Shareholder activity includes common shares purchased under a NCIB, dividends paid and the purchase of treasury shares.

Conference Call and Webcast

Management will hold a conference call and webcast to discuss our financial results for the three months and year ended December 31, 2023, tomorrow, Thursday, March 14, 2024, at 9:00 am Eastern Time (7:00 am Mountain Time).

The call can be accessed by dialing:

Toll free: 1-888-886-7786
Conference ID: 29416987

A replay will be available through April 12, 2024, by dialing:

Toll Free: 1-877-674-7070
Conference ID: 29416987
Playback Passcode: 416987

A slide deck for the webcast will be available for download the evening prior to the call and will be found on the company’s website at www.nacg.ca/presentations/

The live presentation and webcast can be accessed at:

https://onlinexperiences.com/scripts/Server.nxp?LASCmd=AI:4;F:QS!10100&ShowUUID=E7B12076-0168-45B4-8211-E024A0E31C5D

A replay will be available until April 12, 2024, using the link provided.

Basis of Presentation

We have prepared our consolidated financial statements in conformity with accounting principles generally accepted in the United States ("US GAAP"). Unless otherwise specified, all dollar amounts discussed are in Canadian dollars. Please see the Management’s Discussion and Analysis ("MD&A") for the three months and year ended December 31, 2023, for further detail on the matters discussed in this release. In addition to the MD&A, please reference the dedicated Q4 2023 Results Presentation for more information on our results and projections which can be found on our website under Investors - Presentations.

Change in significant accounting policy - Basis of presentation

During the first quarter of 2023, the Company updated the presentation of finance lease obligations within the Consolidated Balance Sheets to be included in long-term debt. Within the long-term debt note, finance lease obligations, financing obligations, and promissory notes have been combined as equipment financing. Finance lease obligations are the finance lease liabilities recognized in accordance with the Company's lease policy which is disclosed in our Annual Report. Financing obligations arise when the Company finances its owned equipment. There has been no change in the Company’s accounting policy for finance lease obligations or change in the recognition or measurement of the related balances now recognized within long-term debt. The change in

presentation had no effect on the reported results of operations. The comparative period has been updated to reflect this presentation change.

Recent accounting pronouncements not yet adopted

Joint venture formations

In August 2023, the FASB issued ASU 2023-05, Business Combinations - Joint Venture Formations. This accounting standard update was issued to create new requirements for valuing contributions made to a joint venture upon formation. This standard is effective January 1, 2025, with early adoption permitted. We are assessing the impact the adoption of this standard may have on its consolidated financial statements.

Segment reporting

In November 2023, the FASB issued ASU 2023-07, Segment Reporting: Improvements to Reportable Segment Disclosures. This accounting standard update was issued to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This standard is effective for the fiscal year beginning January 1, 2024. We are assessing the impact the adoption of this standard may have on its consolidated financial statements.

Income taxes

In December 2023, the FASB issued ASU 2023-09, Income Taxes: Improvements to Income Tax Disclosures. This accounting standard update was issued to increase transparency by improving income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This standard is effective for the fiscal year beginning January 1, 2025, with early adoption permitted. We are assessing the impact the adoption of this standard may have on its consolidated financial statements.

Forward-Looking Information

The information provided in this release contains forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words "anticipate", "believe", "expect", "should" or similar expressions and include guidance with respect to financial metrics provided in our outlook for 2024.

The material factors or assumptions used to develop the above forward-looking statements include, and the risks and uncertainties to which such forward-looking statements are subject, are highlighted in the MD&A for the three months and year ended December 31, 2023. Actual results could differ materially from those contemplated by such forward-looking statements because of any number of factors and uncertainties, many of which are beyond NACG's control. Undue reliance should not be placed upon forward-looking statements and NACG undertakes no obligation, other than those required by applicable law, to update or revise those statements. For more complete information about NACG, please read our disclosure documents filed with the SEC and the CSA. These free documents can be obtained by visiting EDGAR on the SEC website at www.sec.gov or on the CSA website at www.sedarplus.ca and on our company website at www.nacg.ca.

Non-GAAP Financial Measures

This press release presents certain non-GAAP financial measures, non-GAAP ratios, and supplementary financial measures that may be useful to investors in analyzing our business performance, leverage, and liquidity. A non-GAAP financial measure is defined by relevant regulatory authorities as a numerical measure of an issuer's historical or future financial performance, financial position or cash flow that is not specified, defined or determined under the issuer's GAAP and that is not presented in an issuer's financial statements. A "non-GAAP ratio" is a ratio, fraction, percentage or similar expression that has a non-GAAP financial measure as one or more of its components. Non-GAAP financial measures and ratios do not have standardized meanings under GAAP and therefore may not be comparable to similar measures presented by other issuers. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. A "supplementary financial measure" is a financial measure disclosed, or intended to be disclosed, on a periodic basis to depict historical or future financial performance, financial position or cash flows that does not fall within the definition of a non-GAAP financial measure or non-GAAP ratio. The non-GAAP financial measures and ratios we present include, "adjusted EBIT", "adjusted EBITDA", "adjusted EBITDA margin" "adjusted EPS", "adjusted net earnings", "backlog", "capital additions", "capital expenditures, net", "capital inventory", "capital work in progress", "cash provided by operating activities prior to change in working capital", "combined gross profit", "combined gross profit margin", "equity investment depreciation and amortization", "equity investment EBIT", "free cash flow", "general and administrative expenses (excluding stock-based compensation)", "gross profit", "growth capital", "invested capital", "net debt", "sustaining capital", "total capital liquidity", "total combined revenue", and "total debt". We also use supplementary financial measures such as "gross profit margin" and "total net working capital (excluding cash and current portion of long-term debt)" in our MD&A. Each non-GAAP financial measure used in this press release is defined under "Financial Measures" in our Management's Discussion and Analysis filed on EDGAR on the SEC website at www.sec.gov or on the CSA website at www.sedarplus.ca and on our company website at www.nacg.ca.

Reconciliation of total reported revenue to total combined revenue

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Revenue from wholly-owned entities per financial statements	**$ 326,298**	$ 233,417	**$ 957,220**	$ 769,539
Share of revenue from investments in affiliates and joint ventures	**169,662**	183,006	**686,299**	596,033
Elimination of joint venture subcontract revenue	**(92,522)**	(96,315)	**(369,891)**	(311,307)
Total combined revenue[(i)]	**$ 403,438**	$ 320,108	**$ 1,273,628**	$ 1,054,265

[(i)] See "Non-GAAP Financial Measures".

Reconciliation of reported gross profit to combined gross profit

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Gross profit from wholly-owned entities per financial statements	**$ 65,455**	$ 42,590	**$ 154,217**	$ 101,548
Share of gross profit from investments in affiliates and joint ventures	**8,670**	14,541	**49,638**	49,581
Combined gross profit[(i)]	**$ 74,125**	$ 57,131	**$ 203,855**	$ 151,129

[(i)] See "Non-GAAP Financial Measures".

Reconciliation of net income to adjusted net earnings, adjusted EBIT and adjusted EBITDA

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Net income	**$ 17,646**	$ 26,081	**$ 63,141**	$ 67,372
Adjustments:				
Loss (gain) on disposal of property, plant and equipment	**1,470**	(533)	**1,659**	536
Stock-based compensation (benefit) expense	**(496)**	4,910	**15,828**	4,780
Acquisition costs	**5,934**	—	**7,095**	—
Loss on equity investment customer bankruptcy claim settlement	**—**	—	**759**	—
Loss (gain) on derivative financial instruments	**916**	(778)	**(6,063)**	(778)
Equity investment (gain) loss on derivative financial instruments	**(713)**	364	**(1,362)**	(4,776)
Tax effect of the above items	**(1,589)**	(1,006)	**(5,829)**	(1,222)
Adjusted net earnings[(i)]	**$ 23,168**	$ 29,038	**$ 75,228**	$ 65,912
Adjustments:				
Tax effect of the above items	**1,589**	1,006	**5,829**	1,222
Change in fair value of contingent consideration	**4,681**	—	**4,681**	—
Interest expense, net	**14,007**	7,774	**36,948**	24,543
Income tax expense	**10,930**	6,889	**22,822**	17,073
Equity earnings in affiliates and joint ventures[(i)]	**(2,401)**	(8,401)	**(25,815)**	(37,053)
Equity investment EBIT[(i)]	**1,787**	9,363	**25,545**	42,148
Adjusted EBIT[(i)]	**$ 53,761**	$ 45,669	**$ 145,238**	$ 113,845
Adjustments:				
Depreciation and amortization	**42,277**	36,094	**132,516**	120,124
Equity investment depreciation and amortization[(i)]	**5,098**	4,112	**19,209**	11,383
Adjusted EBITDA[(i)]	**$ 101,136**	$ 85,875	**$ 296,963**	$ 245,352
Adjusted EBITDA margin[(i)][(ii)]	**25.1 %**	26.8 %	**23.3 %**	23.3 %

[(i)] See "Non-GAAP Financial Measures".
[(ii)] Adjusted EBITDA margin is calculated using adjusted EBITDA over total combined revenue.

Reconciliation of equity earnings in affiliates and joint ventures to equity investment EBIT

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Equity (earnings) loss in affiliates and joint ventures	**$ 2,401**	$ 8,401	**$ 25,815**	$ 37,053
Adjustments:				
Interest expense, net	**(268)**	688	**(1,183)**	2,589
Income tax expense	**(324)**	275	**970**	2,442
(Gain) loss on disposal of property, plant and equipment	**(22)**	(1)	**(57)**	64
Equity investment EBIT[(i)]	**$ 1,787**	$ 9,363	**$ 25,545**	$ 42,148
Depreciation	**4,983**	3,936	**18,555**	10,679
Amortization of intangible assets	**115**	176	**654**	704
Equity investment depreciation and amortization[(i)]	**$ 5,098**	$ 4,112	**$ 19,209**	$ 11,383

[(i)] See "Non-GAAP Financial Measures"

About the Company

North American Construction Group Ltd. is a premier provider of heavy civil construction and mining services in Canada, the U.S. and Australia. For 70 years, NACG has provided services to the mining, resource and infrastructure construction markets.

For further information contact:

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www.nacg.ca

Consolidated Balance Sheets

As at December 31
(Expressed in thousands of Canadian Dollars)

	2023	2022
Assets		
Current assets		
Cash	**$ 88,614**	$ 69,144
Accounts receivable	**97,855**	83,811
Contract assets	**35,027**	15,802
Inventories	**64,962**	49,898
Prepaid expenses and deposits	**7,402**	10,587
Assets held for sale	**1,340**	1,117
	295,200	230,359
Property, plant and equipment	**1,142,946**	645,810
Operating lease right-of-use assets	**12,782**	14,739
Intangible assets	**6,971**	6,773
Investments in affiliates and joint ventures	**81,435**	75,637
Other assets	**7,144**	5,808
Deferred tax assets	**—**	387
Total assets	**$ 1,546,478**	$ 979,513
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	**$ 146,190**	$ 102,549
Accrued liabilities	**94,726**	43,784
Contract liabilities	**59**	1,411
Current portion of long-term debt	**81,306**	42,089
Current portion of operating lease liabilities	**1,742**	2,470
	324,023	192,303
Long-term debt	**611,313**	378,452
Operating lease liabilities	**11,307**	12,376
Other long-term obligations	**134,357**	18,576
Deferred tax liabilities	**108,824**	71,887
	1,189,824	673,594
Shareholders' equity		
Common shares (authorized – unlimited number of voting common shares; issued and outstanding – December 31, 2023 - 27,827,282 (December 31, 2022 – 27,827,282))	**229,455**	229,455
Treasury shares (December 31, 2023 - 1,090,187 (December 31, 2022 - 1,406,461))	**(16,165)**	(16,438)
Additional paid-in capital	**20,739**	22,095
Retained earnings	**123,032**	70,501
Accumulated other comprehensive (loss) income	**(407)**	306
Shareholders' equity	**356,654**	305,919
Total liabilities and shareholders' equity	**$ 1,546,478**	$ 979,513

Consolidated Statements of Operations and Comprehensive Income

For the years ended December 31
(Expressed in thousands of Canadian Dollars, except per share amounts)

	2023	2022
Revenue	**$ 957,220**	$ 769,539
Cost of sales	**671,684**	548,723
Depreciation	**131,319**	119,268
Gross profit	**154,217**	101,548
General and administrative expenses	**56,844**	29,855
Loss on disposal of property, plant and equipment	**1,659**	536
Operating income	**95,714**	71,157
Equity earnings in affiliates and joint ventures	**(25,815)**	(37,053)
Interest expense, net	**36,948**	24,543
Change in fair value of contingent consideration	**4,681**	—
Gain on derivative financial instruments	**(6,063)**	(778)
Income before income taxes	**85,963**	84,445
Current income tax expense	**6,841**	1,627
Deferred income tax expense	**15,981**	15,446
Net income	**63,141**	67,372
Other comprehensive income		
Unrealized foreign currency translation loss (gain)	**713**	(304)
Comprehensive income	**$ 62,428**	$ 67,676
Per share information		
Basic net income per share	**$ 2.38**	$ 2.46
Diluted net income per share	**$ 2.09**	$ 2.15

NORTH AMERICAN CONSTRUCTION GROUP

EVERYONE GETS HOME SAFE



ANNUAL INFORMATION FORM

MARCH 13, 2024

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Annual Information Form

March 13, 2024

A. EXPLANATORY NOTES

The information in this Annual Information Form ("AIF") is stated as at December 31, 2023*, unless otherwise indicated. For an explanation of specific terms used in our documents, please refer to the "Glossary of Terms" in this AIF. All references in this AIF to "we", "us", or the "Company", unless otherwise specified, mean North American Construction Group Ltd. and its Subsidiaries (as defined below). Except where otherwise specifically indicated, all dollar amounts are expressed in Canadian dollars. The audited consolidated financial statements and notes for the year ended December 31, 2023, and the annual Management's Discussion and Analysis ("MD&A") are available on SEDAR+ at* www.sedarplus.ca*, on EDGAR at* www.sec.gov *and our company website at* www.nacg.ca.

Caution Regarding Forward-Looking Information

Our AIF is intended to enable readers to gain an understanding of our current business, operations, prospects, risks and external factors that impact our business. To do so we provide material information and analysis about our company and our business at a point in time in the context of our historical and possible future development. Accordingly, certain sections of this report contain forward-looking information that is based on current plans and expectations. This forward-looking information is affected by risks, assumptions and uncertainties that could have a material impact on future prospects. Readers are cautioned that actual events and results may vary from the forward-looking information. Please refer to "Forward-Looking Information, Assumptions and Risk Factors" for further detail on what constitutes forward-looking information and discussion of the risks, assumptions and uncertainties related to such information.

B. CORPORATE STRUCTURE

North American Construction Group Ltd.

The Company is a corporation subsisting under the *Canada Business Corporations Act,* originally formed on November 28, 2006, from an amalgamation of NACG Holdings Inc. with two of its wholly-owned subsidiaries. The amalgamated entity took the name "North American Energy Partners Inc.". On April 11, 2018, the Company changed its name to "North American Construction Group Ltd.". On January 1, 2021, the Company undertook a further amalgamation with certain of its wholly owned subsidiaries, adopting the articles and bylaws of the predecessor parent. Under the Company's Articles of Amalgamation and Bylaws, there are no restrictions on the business the Company may carry on.

The Company's head office is located at 27287 - 100 Avenue, Acheson, AB, T7X 6H8. Its registered office is 2700, 10155 - 102 Street, Edmonton, AB, T5J 4G8.

Subsidiaries

The Company's business is primarily carried out by its subsidiaries. As at December 31, 2023, those consisted of:

- Twelve subsidiaries carrying on business in Canada, all of which are wholly-owned and directly held by the Company, those being North American Fleet LP (operated by its general partner North American Fleet GP Ltd.), North American Enterprises LP (operated by its general partner North American Enterprises GP Ltd.), ML Northern Services LP (operated by its general partner ML Northern Services GP Ltd.), NACG Acheson Ltd., NACG Management Ltd., NACG Properties Inc., North American Engineering Inc., North American Maintenance Ltd., North American Mining Inc., North American Services Inc., North American Site Development Ltd. and DGI Trading Canada Ltd. North American Fleet LP, North American Enterprises LP and ML Northers Services LP are limited partnerships established under the Alberta *Partnership Act*, with their general partners being corporations subsisting under the *Business Corporations Act* (Alberta). All of the other subsidiaries are corporations subsisting under the *Business Corporations Act* (Alberta).

- Fifteen subsidiaries carrying on business in Australia, all of which are directly or indirectly wholly-owned by the Company, those being NACG MM Acquisition Pty Ltd, NACG Australia Holdings Pty Ltd, DGI Trading (Holdings) Pty Ltd, DGI Trading (Aust) Pty Ltd, M.W.A. Investments Pty Ltd, MacKellar Mining Pty Ltd, MacKellar Asset Company Pty Ltd, Mackmine Pty Ltd, Jalgrid (WA) Pty Ltd, M Services Holdings Pty Ltd, M People (Qld) Pty Ltd, McKellar Property Investments Pty Ltd, Western Plant Hire Holdings Pty Ltd, WPH Assets Pty Ltd and Western Plant Hire (WA) Pty Ltd. All such subsidiaries are corporations subsisting under the laws of Australia.
- Five subsidiaries carrying on business in the United States, all of which are directly or indirectly wholly-owned by the Company, those being NACG US, Inc., NACG Wyoming, Inc., NACG Texas, Inc., NACG North Dakota, Inc. and NACG Red River Holdings, LLC. All of those subsidiaries are corporations subsisting under the laws of Delaware, with the exception of NACG Red River Holdings, LLC, which is a limited liability company subsisting under the laws of Delaware.
- The Company's interest in the "Nuna Group of Companies", which consists of various ownership interests in the following corporations, with the Company's ownership and voting interests being as indicated below:

  • Nuna Logistics Limited (49%) • Nuna West Mining Ltd. (49%)

  • Nuna Pang Contracting Ltd. (37.25%) • Nuna East Ltd. (37.25%)

  Nuna Logistics Limited is a corporation subsisting under the *Business Corporations Act* (British Columbia). Nuna East Ltd., Nuna West Mining Ltd. and Nuna Pang Contracting Ltd. are corporations subsisting under the *Canada Business Corporations Act.*
- The Company's interest in the Mikisew North American Limited Partnership (operated by its general partner 2109830 Alberta Ltd.). The Company has a 49% ownership and voting interest in both Mikisew North American Limited Partnership, a limited partnership established under the Alberta *Partnership Act,* and its general partner, a corporation subsisting under the *Business Corporations Act* (Alberta).

The Company has additional subsidiaries not included above operating in Australia, but the total assets and revenues of such subsidiaries do not, individually, constitute more than 10% of the consolidated assets or consolidated revenues of the Company or, in aggregate, constitute more than 20% of the consolidated assets or consolidated revenues of the Company as at December 31, 2023.

C. OUR BUSINESS

General Development of the Business Over the Past Three Years

Key Contract Awards and Amendments

On March 5, 2024, we announced a five-year contract extension awarded to the MacKellar Group by a major metallurgical coal producer in relation to a mine in the state of Queensland, Australia. The contract contemplates the provision of fully maintained equipment and related services at the site operated by the producer. The award extends the expiry date from June 6, 2025 to June 30, 2030. Rental scopes are estimated at $100 million per year resulting in a total value from this extension of $500 million.

On January 31, 2024, we announced a three-year regional services contract awarded to Mikisew North American Limited Partnership ("MNALP") by a major oil sands producer in the Canadian oil sands region. The contract contemplates the provision of services across various mine sites operated by the producer. Initial committed earthworks volumes in the first year of the agreement provide NACG with $225 million in contractual backlog.

During the third quarter of 2022, we entered into amendments to several of our contracts with major oil sand producers to adjust equipment and unit rates in response to extraordinary and specific cost inflation experienced in the region during the first half of the year.

On March 17, 2022, we announced a five-year contract awarded to MNALP by a major oil sands producer. Given the contractual scope included in the award, the new agreement qualified as backlog which was estimated at $125 million.

On September 14, 2021, we announced a contract award to MNALP by a major oil sands producer. The contract extended the existing master service agreement between NACG and the producer to December 2023 as well as transitioning the contractor role from NACG to MNALP.

On July 21, 2021, we announced a contract amendment to a multiple use agreement between MNALP and a major oil sands producer, providing additional revenue over the remainder of the term of an existing agreement.

On June 21, 2021, along with our partners Acciona S.A. and Shikun & Binui Ltd., we announced the award of the Fargo-Moorhead flood diversion project in the United States. Our share of the project revenue is estimated to be approximately $650 million over the term of the contract of which the majority is expected to be earned during the initial six-year construction period. This award marked the largest infrastructure project in our history and underlined the significant earth works and construction expertise that we brought to the bid process. The completion of the financial close for this project was announced on October 14, 2021.

Acquisitions and Expansion

On October 1, 2023, we acquired 100% of the shares and business of MacKellar Group ("MacKellar"), a privately owned Australia-based provider of heavy earthworks solutions to the mining and civil sectors for total consideration of $179.7 million, comprised of a cash payment, a contingent payment based on forecasted performance for a specific customer which is expected to be paid in full, an earn-out mechanism based on MacKellar's net income generated over four years, and deferred consideration which is a vendor provided debt mechanism to be paid out evenly over four years and is estimated based on unaudited financial statements at closing. When including the debt and cash assumed of $203.9 million and $13.9 million, respectively, on October 1, the total purchase price was $369.7 million. Subsequent to the effective date, we increased the heavy equipment fleet by incurring $34.9 million of growth capital spending during the fourth quarter. MacKellar Group, with its heavy construction equipment fleet based in Australia, provides heavy earthworks solutions to the mining and civil sectors. The acquisition significantly expanded our global capabilities and allows us to serve a highly valuable and diversified base of customers.

On October 1, 2022, we acquired a privately-owned heavy equipment servicing company specializing in mobile fuel, lube, and steaming services based in Fort McMurray, Alberta, total cash consideration of $8.0 million, comprised of a purchase price of $13.7 million for property, plant and equipment and working capital, less assumed lease liabilities of $5.7 million. Property, plant and equipment includes a fleet of approximately twenty mobile fuel, lube, and steaming trucks, in addition to the required supporting light equipment fleet. The acquisition was premised on our continued drive to lower operating costs by maximizing our internal maintenance capabilities.

In October 2021, we completed the expansion of our primary heavy equipment maintenance facility in Acheson, Alberta. The facility was increased by four bays and over 14,000 square feet, representing a capacity increase of approximately 50%. The expansion incorporated design changes with the objective of improving work flow and increasing available man hours.

On July 1, 2021, we acquired DGI Trading Pty Ltd. ("DGI"), a supplier of production-critical mining components based in Kempsey, New South Wales, Australia, for a purchase price of $18.4 million with an initial payment of $10.3 million funded through existing debt facilities. The purchase price was approximately equal to the net identifiable assets of DGI, comprised primarily of inventory, plus subsequent payments over a four-year period based on the earnings of the business.

Health and Safety

On January 6, 2022, it was reported that a fatality occurred at the Millennium mine in Fort McMurray, Alberta. The incident involved a collision between two haul trucks during the early morning hours. The investigation was completed by Alberta Occupational Health and Safety. Following a review for enforcement action on February 16, 2023, it was determined that neither prosecution nor an administrative penalty was appropriate based on the circumstances surrounding the incident. The investigation was concluded on July 25, 2023, and the file has been closed.

Sustainability

On February 2, 2021, we released our inaugural 2021 Sustainability Report, providing a structured framework for environmental, social and governance initiatives moving forward. Our 2022 and 2023 Sustainability Reports marked additional steps forward in our commitment to sustainable business practices and to standardize transparent sustainability disclosure. Our 2024 report, which is expected to be released in the first half of 2024, continues to build on the progress we have made so far including more advanced metrics and greater alignment with relevant reporting frameworks.

Leadership Changes

On March 1, 2024, Dr. Vanessa Guthrie AO was appointed to our board of directors.

Effective October 1, 2023, concurrent with the acquisition and while maintaining the Chief Operating Officer role, Barry Palmer assumed the additional role of Regional President, MacKellar Group.

On May 4, 2022, Ronald A. McIntosh retired from our board of directors.

As of January 1, 2022, Martin Ferron's role as an executive of the Company ended and, accordingly, while he continues as a director of the Company and as Chair of the Board, he is no longer Executive Chair of the Board.

Effective January 1, 2021, Joseph Lambert was appointed to the position of President and Chief Executive Officer and joined our board of directors. Concurrently, Martin R. Ferron resigned as Chief Executive Officer and assumed the role of Executive Chair and Barry W. Palmer was promoted from his position of Senior Vice-President, Operations to the position of Chief Operating Officer.

Financing and Capital Allocation

On October 3, 2023, we announced an amendment and extension of our senior secured credit facility (the "Credit Facility"). The facility maturity date has been extended by one year with a new maturity date of October 3, 2026. In addition to the extension of existing favourable terms, the overall capacity has been increased and an Australian dollar tranche was added in order to facilitate the MacKellar acquisition.

On February 15, 2023, we announced a change to our dividend policy whereby our regular dividend was increased to $0.40 per common share per year, payable on a quarterly basis, up from $0.32 per year.

On September 20, 2022, we announced an amendment and extension of our Credit Facility. The facility maturity date was extended by one year and overall borrowing capacity was allocated to provide greater flexibility in operating the Company’s joint ventures.

On April 11, 2022, we commenced a normal course issuer bid ("NCIB") under which a maximum number of 2,113,054 common shares were authorized to be purchased. To comply with applicable securities laws, no more than 1,498,716 voting common shares will be purchased on the New York Stock Exchange ("NYSE") or alternative trading systems. During the year ended December 31, 2022, we purchased and subsequently cancelled 2,113,054 shares under this NCIB, which resulted in a decrease of common shares of $16.8 million and a decrease to additional paid-in capital of $15.8 million. This completed the NCIB with the maximum number of authorized common shares purchased.

In 2022, we completed the NCIB which had commenced on April 9, 2021, upon the purchase and cancellation of 82,592 common shares. The purchases resulted in a decrease to common shares of $0.7 million and a decrease to additional paid-in capital of $0.8 million. On a combined basis, a total of 119,592 shares were purchased and cancelled under this NCIB.

On February 16, 2022, we announced a change to our dividend policy whereby our regular dividend was increased to $0.32 per common share per year, payable on a quarterly basis, up from $0.16 per year.

On September 29, 2021, we announced an amendment and extension of our Credit Facility. The facility maturity date was extended by one year, with additional amendments being incorporated that provided us greater flexibility in operating through joint ventures, including joint ventures related to larger contracts under public-private-partnership financing models.

On June 1, 2021, we issued $65.0 million aggregate principal amount of 5.50% convertible unsecured subordinated debentures. On June 4, 2021, the underwriters exercised the over-allotment option, in full, purchasing an additional $9.8 million aggregate principal amount of 5.50% convertible unsecured subordinated debentures. The 5.50% convertible debentures are not redeemable prior to June 30, 2024, except under certain exceptional circumstances.

On April 9, 2021, we commenced a NCIB under which a maximum number of 2,000,000 common shares were authorized to be purchased. To comply with applicable securities laws, no more than 1,497,476 voting common shares will be purchased on the New York Stock Exchange ("NYSE") or alternative trading systems. This NCIB will be terminated no later than April 8, 2022. During the year ended December 31, 2021, we purchased and subsequently cancelled 37,000 shares under this NCIB, which resulted in a decrease of common shares of $0.3 million and a decrease to additional paid-in capital of $0.2 million.

In Q1 2021, we completed the NCIB which had commenced on March 12, 2020, upon the purchases and cancellations of 1,076,903 common shares. The purchases resulted in a decrease to common shares of $8.7 million and a decrease to additional paid-in capital of $7.3 million. This completed the NCIB with the maximum number of authorized common shares purchased.

Option Plan

Effective November 17, 2021, the Board of Directors of the Company resolved to terminate the Company's 2004 Amended and Restated Option Plan. There were no options issued or outstanding as at the date of termination.

Business Overview

We provide a wide range of mining and heavy civil construction services to customers in the resource development and industrial construction sectors within Australia, Canada, and the United States. A significant portion of our services are primarily focused on supporting the construction and operation of surface mines. We are considered to be a "first-in, last-out" service provider because we provide services through the entire lifecycle of projects. Our work typically begins with the initial consulting services provided during the planning phase, including a review of constructability, engineering and budgeting. This leads into the construction phase during which we provide an expanded range of services, including clearing, road construction, site preparation, underground utility installation and mine infrastructure construction, including construction of tailings ponds, access roads, stabilized earth walls and earth dams. As our mining customers move into production, we support the long-term operation of the mine by providing ongoing site maintenance and upgrading, equipment and labour supply, overburden removal, material hauling and land reclamation. During these lifecycles, we also are increasingly providing rental equipment to the site either directly to the customer or indirectly to a joint venture which holds the contract with the customer.

More specifically:

- We provide construction and operations support services in the Canadian oil sands region through all stages of the various mine's lifecycle. Our services are typically provided pursuant to non-exclusive master service agreements or multiple use agreements that set out contractual terms over three-to-five year periods. At present, we have such agreements with existing terms expiring between 2024 and 2027 with Suncor Energy Services Inc., for its Millennium and North Steepbank projects, Fort Hills Energy LP, for its Fort Hills Mine, Syncrude Canada, for its Mildred Lake Mine and Aurora Mine, and Imperial Oil Limited, for its Kearl Mine. The majority of services provided in the oil sands region are being completed through the Mikisew North American Limited Partnership ("MNALP"). In general terms, this Indigenous joint venture, of which we have a 49% ownership interest, performs the role of contractor and sub-contracts work to us as needed.
- MacKellar Group, a wholly-owned subsidiary, primarily provides fully maintained heavy equipment rentals and full service mine operations support at metallurgical and thermal coal mines in the state of Queensland, Australia. Our services are provided under multi-year contracts which, along with equipment and labour rates, contain minimum hour, cost recovery and other contractual commitments. Western Plant Hire, a subsidiary of MacKellar, operates in Western Australia and exclusively provides heavy equipment rentals mostly to iron ore, gold and lithium producers
- We provide heavy equipment maintenance, component remanufacturing and full equipment rebuild services to mining companies and other heavy equipment operators. Our maintenance personnel have specialized skills in working with equipment subjected to the difficult operating conditions of the mining industry. Those specialized skills, combined with our new purpose-built facilities, provide us with the ability to provide a high level of maintenance services in a cost effective manner to our external customers.

DGI (Aust) Trading Pty Ltd. ("DGI"), an Australian-based subsidiary, serves the mining and construction industry by supplying production-critical components. DGI is vertically integrated with our maintenance programs and therefore is also able to support our equipment rebuild and component remanufacturing processes. With partners in over ten key countries, DGI maintains a network of suppliers and facilities which enable a unique ability to provide these valuable components in an economical fashion.

Nuna Group of Companies ("Nuna"), of which we own 49%, is a well-established incumbent contractor in Nunavut and the Northwest Territories. Nuna’s construction revenue relates to commodities such as base metals, precious metals and diamonds as well as infrastructure-related projects that involve major earthworks. Nuna continues to successfully complete major projects in Ontario, Saskatchewan and British Columbia. Nuna’s peak business activity occurs during the summer months generally from June to September.

As part of the Fargo-Moorhead flood diversion project, we entered into two joint ventures, each with specific roles & responsibilities. We own a 15% interest in the Red River Valley Alliance, LLC ("RRVA") which is party to the agreement with the Metro Flood Diversion Authority to design, construct, finance, operate and maintain the diversion channel and associated infrastructure that forms part of the Fargo-Moorhead Metropolitan Area Flood Risk Management Project. We own a 30% interest in ASN Constructors which entered into the design and build contract

for the project with RRVA. Based in Fargo, North Dakota, the flood diversion project completed it's first full year of construction in 2023 and has now surpassed the 30% completion mark.

We provide mine management services for thermal coal mines in Wyoming and Texas, USA. Multi-year service agreements are in place to provide the framework for the supply of mind and management services as well as labour, equipment and back-office supplies & services.

Given the growing prominence of our joint ventures, we have commenced reporting the gross sales to our joint venture as a percentage of total consolidated revenue. For clarity, this percentage excludes equity accounted results. For the year ended December 31, 2023, gross sales to our affiliates and joint ventures was 93% as a percentage of total consolidated revenue (December 31, 2022 – 87%).

Fleet and Equipment

As of December 31, 2023, we directly operated a heavy equipment fleet of 900 units; approximately 75% were owned, 23% were leased and 2% were rented. This fleet is supported by over 900 pieces of ancillary equipment. In addition to this, the joint ventures we operate owned and leased fleets totaling 309 heavy equipment units for a combined total, excluding rented equipment of 1,209 units.

We have a modern, well-maintained fleet of equipment to service our clients' needs. We operate a significant number of trucks larger than 240 tons in capacity which gives us a distinct advantage over competitors with respect to both specialized skill base and equipment availability. The size and diversity of our fleet gives us the ability to respond on short notice and provide customized fleet solutions for each specific job. Our equipment strategy allows us to meet our customers' variable service requirements while balancing the need to maximize equipment utilization.

As of December 31, 2023, our owned and leased fleet (excluding rentals) is comprised of the following categories:

Category	Capacity Range	Horsepower Range	Number Owned	Number Leased
Mining trucks	40 to 400 tons	476 - 2,700	300	86
Articulating trucks	30 to 60 tons	305 - 406	12	10
Loaders	1.5 to 16 cubic yards	110 - 690	79	7
Shovels	18 - 80 cubic yards	1,300 - 3,760	10	3
Excavators	1 to 29 cubic yards	90 - 1,944	44	55
Dozers	20,741 lbs to 230,100 lbs	96 - 850	129	35
Graders	14 to 24 feet	150 - 500	41	8
Packers	14,175 to 68,796 lbs	216 - 315	2	—
Other heavy equipment			54	4
Total			**671**	**208**

Competitive Conditions

Much of our business is secured through the formal competitive bidding process. Our competitive environment and customer behavior is focused on lowering costs and getting the best value for dollars spent. Our customers take different approaches to contracting on their sites and in some cases have embarked on contractor consolidation and the signing of longer-term agreements with committed volumes to ensure safe and cost-conscious execution certainty as well as fleet availability. Our customers continue to increase the number of competitors on their bid lists in efforts to achieve lower pricing. In some cases, we are seeing willingness from the customer and competitors to entertain alternate pricing arrangements such as "risk/reward" agreements where the customer is willing to share in some of the risks, provided there are corresponding costs savings to warrant taking on such risks.

Our commitment to safety, combined with our significant mining and heavy construction knowledge, experience, long-term customer relationships, equipment capacity and scale of operations, differentiate us from our competition and provide significant value to our customers. We believe we are a premier provider of contract mining services and heavy civil earthworks. We have operated in western Canada for over 70 years and have participated in every significant oil sands mining project since operators first began developing this resource over 40 years ago. The MacKellar Group has operated in the Queensland region for over 55 years. This participation has given us extensive experience operating in the challenging working conditions created by the harsh climate and difficult terrain in the respective regions. The combination of our significant size and extensive experience makes us one of only a few companies capable of taking on long-term, large-scale mining and heavy civil construction projects. This competitive advantage supports successfully providing similar services to large-scale earthworks infrastructure and resource development projects in Canada, Australia and the United States.

Major Suppliers

We have long-term relationships with the following suppliers of equipment, parts and components:

- Finning International Inc. (over 53 years), the Caterpillar heavy equipment supplier in Alberta for the majority of our mining fleet, including repair parts;
- Wajax Corporation (over 28 years), the supplier of our mining and construction Hitachi excavators and shovels;
- Brandt Tractor Ltd. (over 38 years), the Alberta supplier for our construction John Deere excavators;
- SMS Equipment Inc. (over 13 years), the Canadian supplier of our Komatsu mining trucks;
- Cummins Western Canada (over 17 years), the supplier of parts and engines for the Hitachi and Komatsu mining equipment;
- Brake Supply Inc. (over 13 years), our prime supplier of Caterpillar powertrain components, hydraulic cylinders for our Caterpillar mining fleet of haul trucks, ranging in carrying capacity from 100-tonne to 400-tonne and for dozers, ranging from D8T to D11T models;
- Hydraulic Repair and Design (over 13 years), our prime supplier of hydraulic cylinders and pumps for our Hitachi mining shovels and excavators;
- Strongco, (10 years) the Alberta dealer for Volvo construction equipment, 60T trucks and excavators;
- SRC of Lexington (6 years), our prime supplier of Caterpillar re-manufactured engines for our Caterpillar mining fleet of haul trucks, ranging in carrying capacity from 100-tonne to 240-tonne and for dozers, ranging from D10T and D11T models;
- Independent Rebuilders (5 years), our prime supplier of Caterpillar re-manufactured engines for our Caterpillar 793F and 797B fleet of haul trucks, ranging in carrying capacity from 240-tonne to 400-tonne;
- Imperial Oil (over 18 years), our prime supplier of lubricants for our mining and mobile equipment fleets;
- BNA Re-Manufacturing (5 years), a joint venture providing remanufactured and refurbished final drives and front wheel assemblies for the 100-tonne to 400-tonne haul trucks and D8T to D11T dozers;
- H-E Parts international, (5 years) a supplier of non-OEM parts and components for Komatsu 240T and 320T haul trucks;
- Hastings Deering (Australia) Ltd (over 50 years), supplier of Caterpillar heavy earthmoving equipment for most of our mining fleet, including repair parts and service labour;
- Liebherr Australia Pty Ltd., supplier of Liebherr mining excavators and dump trucks, including repair parts and service labour;
- DMS Fire Services Pty Ltd., supplier for fire suppression and portable fire equipment for our heavy earthmoving fleet;
- Hoses 24 Pty Ltd., supplier of hydraulic an pneumatic parts and break-down hose repair service; and
- DavKat Heavy Haulage, transport company providing haulage of all our heavy equipment fleet throughout Queensland.

Finning, Wajax, Brandt, and SMS are also major suppliers for equipment rentals and service labour.

We continue to work with all of our suppliers to identify shared cost savings opportunities, including opportunities to extend vendor parts reliability programs, leverage their parts supply chain, improve the cost effectiveness of vendor supplied maintenance services and reduce costs for rental equipment.

We have a tire agreement and allocations with Bridgestone (Kal Tire) along with additional tire availability from Michelin and Goodyear which have allowed us to maintain tire inventories required to keep our fleet fully operational. Our tire inventory and availability from the manufacturers is such that we do not anticipate any tire shortages. However, as the global mining and commodities markets strengthen, tire supply can be negatively affected by natural disasters, raw material shortages or unscheduled interruptions from global production facilities.

Seasonality

Oil sands mine support revenue during the December to March time period of each year is traditionally highest as ground conditions are most favorable for work requiring frozen ground access. We generally experience a seasonal decline in our oil sands mine site support revenue, such as reclamation and muskeg removal services, during the three months ended June 30 of each year as weather conditions make performance of this heavy equipment intensive work difficult during this period. Mine support activities for resource mines in Canada outside the oil sands region typically are at their peak during the May to October time period, contrary to the seasonality of an oil sands mine that relies on the cold winter season for effective material movement. The exact timing of the winter freeze or spring thaw in any given year obviously affects the exact timing of this cyclical and counter-cyclical work cycle.

Rental and production-related mine support revenue in the Queensland region can be impacted by the rainy cyclone season from November through February. During this period, heavy rains can temporarily suspend mining operations from both the direct impacts to the mine itself as well as flooding that can damage perimeter roads required for critical supplies and parts. As a result of these weather events, production-related heavy equipment fleet is typically parked and safeguarded in dedicated holding areas. This reduction in equipment utilization can be somewhat offset by the use of support equipment to bring mine operations back to full capacity such as road clean-up, civil construction and dewatering scopes.

The level of project work executed by Nuna in each fiscal quarter is highly contingent on the relative mix of varying projects scopes and the geographic area where the work is executed. In general, activity peaks in the third quarter when temperatures in the remote North allow for project work to occur. On the most remote of projects, the active construction season can be less than 14 weeks. Projects executed in more southern regions of Canada are not as heavily impacted. On other seasonal projects, the spring/summer project execution season can be longer, spanning from June to October or November. However, site access is limited at times due to road bans. Other major projects, mainly winter road construction and maintenance occur in Q4 and Q1.

Health, Safety and Environmental

While environmental permitting and compliance with respect to the projects and sites on which we operate is generally the responsibility of our customers, our operations and business are subject to various legislation and regulation in relation to health, safety and the environment in all of the jurisdictions in which we operate. Beyond our commitment to meet statutory and regulatory requirements, our commitment to health, safety and environmental responsibilities is of utmost priority to us. We are committed to conducting our business in such a manner as to protect and preserve the health and safety of our employees, contractors and the public as well as the safety of the environment.

The Company has Environment Codes that establish specific environmental management procedures and protocols that all employees, contractors and management personnel must undertake and comply with at all times, including the requirement for the Company and every contractor to establish waste and water management plans for every project. Among other things, our Environment Codes address and set standards and procedures for: (a) collection, handling, storage, recycling and disposal of waste, including hazardous and non-hazardous waste; (b) prevention, containment and cleanup of spills and leaks of hazardous materials or anything that may cause groundwater contamination; (c) water management and testing; (d) soil management and testing; (e) management of controlled products; (f) noise and energy monitoring and management; (g) storm water contamination prevention; (h) erosion prevention and sedimentary control; (i) air pollution prevention and control; (j) training in relation to the matters dealt with by the Environment Codes; and (k) periodic audits to ensure compliance with the Environment Codes.

At each work site, we develop and implement detailed health, safety and environmental plans as the primary tool to demonstrate and maintain compliance with all applicable regulations and conditions of permits and approvals as well as the Company's Environment Codes. In addition, our Code of Conduct and Ethics Policy (the "Code") identifies health, safety and environmental responsibility as fundamental corporate values. The Code requires that every employee, officer, director, representative and agent of the Company: (a) maintain a safe and healthy workplace for all Company personnel by following health and safety rules and practices instituted by the Company and by reporting accidents, injuries and unsafe equipment, practices or conditions; (b) be accountable for their own health and safety and have a responsibility towards maintaining the health and safety of those with whom they work; (c) report fit for work such that the ability to work safely is not impaired by alcohol, drugs, medications or any other substance; (d) continually improve environmental performance through the implementation of effective systems and the use of technology; (e) ensure that all Company personnel understand NACG’s commitment to and their role in NACG’s environmental performance; (f) conserve natural resources, minimize waste and promote recycling; (g) meet the expectations of our employees, customers, government, regulatory bodies and the community in relation

to environmental responsibility; and (h) comply with the environmental policies of our customers while working on their sites.

Employees are required to report any safety or environmental concerns or violations to their supervisor, to the Company's Health, Safety and Environment department, to the senior officers of the Company or to any member of the Company's board of directors, or where anonymity is desired, through the Company's anonymous ethics reporting system. Any issues raised are investigated and are included in quarterly reports which are provided to the senior management team and the board of directors. Senior management also receives a weekly report setting out any health, safety or environmental incidents in the previous week and actions to be taken in order to prevent future incidents.

Employees and Labour Relations

As at December 31, 2023, we had approximately 210 salaried employees (2022 - 205 salaried employees) and 1,520 hourly employees (2022 - 1,730 hourly employees) in our western Canadian operations (excluding approximately 260 active employees employed by the Nuna Group of Companies in 2023 and 800 in 2022). Of the hourly employees, approximately 82% are union members and work under collective bargaining agreements (December 31, 2022 - 85% of the employees). Our hourly workforce fluctuates according to the seasonality of our business and the staging and timing of projects by our customers. The hourly workforce for our ongoing operations ranges in size from approximately 700 to 1,800 employees, depending on the time of year, types of work and duration of awarded projects. We also utilize the services of subcontractors in our business. Subcontractors perform an estimated 7% to 10% of the work we undertake.

The majority of our work is carried out by employees governed by our mining 'overburden' collective bargaining agreement with the International Union of Operating Engineers ("IUOE") Local 955 which ensures labour stability through to April 2025.

A collective agreement specific to maintenance services between the IUOE and ML Northern was ratified effective October 26, 2023.

On October 1, 2023, the Company acquired MacKellar Group, which specializes in heavy earthmoving equipment solutions out of Australia. As of December 31, 2023, MacKellar employees approximately 1,140 employees of which approximately 650 are covered a *Fair Work Act* and *Modern Awards* agreement. This agreement outlines the minimum pay rates and conditions of employment for employees and is up for review in late 2025.

Our relationship with all our employees, both union and non-union, is strong and we have not experienced a union labour disruption since the inception of our collective agreements.

D. CAPITAL STRUCTURE AND SECURITIES

Some of the statements contained herein are summaries of the material provisions of our articles of amalgamation relating to dividends, distribution of assets upon dissolution, liquidation or winding up. A copy of our articles of amalgamation can be found on our website at www.nacg.ca. We confirm that no material modifications have been made to the instruments defining the rights of holders of any class of registered securities.

Capital Structure

We are authorized to issue an unlimited number of voting common shares and an unlimited number of non-voting common shares.

Voting Common Shares

Each voting common share has an equal and ratable right to receive dividends to be paid from our assets legally available therefore when, as and if declared by our board of directors. In the event of our dissolution, liquidation or winding up, the holders of common shares are entitled to share equally and ratably in the assets available for distribution after payments are made to our creditors. Holders of common shares have no preemptive rights or other rights to subscribe for our securities. Each common share entitles the holder thereof to one vote in the election of directors and all other matters submitted to a vote of shareholders, and holders of common shares have no rights to cumulate their votes in the election of directors. We have no voting rights ceilings.

Non-Voting Common Shares

Except as prescribed by Canadian law and except in limited circumstances, the non-voting common shares have no voting rights but are otherwise identical to the voting common shares in all respects. The non-voting common shares are convertible into voting common shares on a share-for-share basis at the option of the holder if the holder

transfers, sells or otherwise disposes of the converted voting common shares: (i) in a public offering of our voting common shares; (ii) to a third party that, prior to such sale, controls us; (iii) to a third party that, after such sale, is a beneficial owner of not more than 2% of our outstanding voting shares; (iv) in a transaction that complies with Rule 144 under the Securities Act of 1933, as amended; or (v) in a transaction approved in advance by regulatory bodies.

Outstanding Shares and Shares Held in Trust

On June 12, 2014, we entered into a trust agreement under which the trustee purchases and holds common shares to settle units issued under our equity classified Restricted Share Unit ("RSU") and Performance Share Unit ("PSU") long-term incentive plans. Units granted under our RSU and PSU plans vest at the end of a three-year term.

As at March 8, 2024, there were 27,827,282 total voting common shares outstanding, which included 1,094,163 common shares held by the trust and classified as treasury shares on our consolidated balance sheets (27,827,282 common shares, including 1,090,187 common shares classified as treasury shares at December 31, 2023). We had no non-voting common shares outstanding on any of the foregoing dates.

Dividends

As of December 31, 2023, the Company's policy is to pay an annual aggregate dividend of forty Canadian cents ($0.40) per common share, payable on a quarterly basis. We do not have any present intent to change to that policy. Dividends declared for each of the three most recently completed financial years are as follows:

	Date declared		Per share	Shareholders on record as of	Paid or payable to shareholders		Total paid or payable
Q1 2021	February 16, 2021	$	0.04	March 4, 2021	April 9, 2021	$	1,123
Q2 2021	April 27, 2021	$	0.04	May 28, 2021	July 9, 2021	$	1,123
Q3 2021	July 27, 2021	$	0.04	August 31, 2021	October 8, 2021	$	1,137
Q4 2021	October 26, 2021	$	0.04	November 30, 2021	January 7, 2022	$	1,137
Q1 2022	February 15, 2022	$	0.08	March 4, 2022	April 8, 2022	$	2,277
Q2 2022	April 26, 2022	$	0.08	May 27, 2022	July 8, 2022	$	2,232
Q3 2022	July 26, 2022	$	0.08	August 31, 2022	October 7, 2022	$	2,127
Q4 2022	October 25, 2022	$	0.08	November 30, 2022	January 6, 2023	$	2,098
Q1 2023	**February 14, 2023**	**$**	**0.10**	**March 3, 2023**	**April 6, 2023**	**$**	**2,621**
Q2 2023	**April 25, 2023**	**$**	**0.10**	**May 26, 2023**	**July 7, 2023**	**$**	**2,641**
Q3 2023	**July 25, 2023**	**$**	**0.10**	**August 31, 2023**	**October 6, 2023**	**$**	**2,674**
Q4 2023	**October 31, 2023**	**$**	**0.10**	**November 30, 2023**	**January 5, 2024**	**$**	**2,674**

Trading Price and Volume

Our voting common shares are listed on the TSX and on the NYSE. The following table summarizes the highest trading price, lowest trading price and volume for our common shares on the TSX (in Canadian dollars) and on the NYSE (in US dollars) on a monthly basis for 2023:

	Toronto Stock Exchange			New York Stock Exchange		
Date	High ($)	Low ($)	Volume	High ($)	Low ($)	Volume
December 2023	28.63	26.58	798,100	21.68	19.54	970,100
November 2023	29.51	25.85	1,964,500	21.60	18.94	1,168,200
October 2023	30.90	28.00	849,700	22.71	20.29	1,114,800
September 2023	33.74	28.72	866,900	25.09	21.31	942,100
August 2023	34.03	31.54	1,385,400	25.53	23.20	1,553,000
July 2023	34.30	24.18	1,633,100	26.30	18.30	2,190,700
June 2023	26.63	24.46	1,133,100	20.23	18.10	1,101,100
May 2023	26.38	24.60	1,556,900	19.70	18.02	1,202,800
April 2023	26.14	22.46	1,179,900	19.32	16.69	1,379,900
March 2023	24.53	21.14	1,439,300	18.00	15.32	1,553,300
February 2023	22.98	19.59	1,110,600	17.05	14.59	1,312,500
January 2023	19.94	17.05	934,000	14.92	12.64	1,009,400

Convertible Debentures

On June 1, 2021, we issued $65.0 million in aggregate principal amount of 5.50% convertible unsecured subordinated debentures. On June 4, 2021, the underwriters exercised the over-allotment option in full, purchasing

an additional $9.8 million on aggregate principal amount of 5.50% convertible unsecured subordinated debentures. On April 6, 2020, the 5.50% convertible debentures of $38.6 million issued on March 15, 2017, were redeemed in accordance with their terms. We satisfied the redemption price through issuance of 4,583,655 shares. On March 20, 2019, we issued $55.0 million in aggregate principal amount of 5.00% convertible unsecured subordinated debentures, which mature on March 31, 2026.

The below table summarizes the highest trading price, lowest trading price and volume for our 5.50% convertible debentures and 5.00% convertible debentures on the TSX (in Canadian dollars).

	5.50% convertible debentures			5.00% convertible debentures		
Date	High ($)	Low ($)	Volume	High ($)	Low ($)	Volume
December 2023	123.12	120.00	45,000	123.87	117.01	286,000
November 2023	127.40	119.38	165,000	126.29	117.00	133,000
October 2023	131.54	123.62	1,346,000	133.72	124.24	1,436,000
September 2023	141.64	128.75	5,028,000	141.00	130.13	7,418,000
August 2023	142.50	136.77	6,849,500	140.71	137.04	2,333,000
July 2023	142.50	113.28	4,136,000	139.00	116.33	7,406,000
June 2023	120.67	116.00	7,395,000	121.95	116.73	842,000
May 2023	121.00	115.01	2,023,000	122.00	117.08	4,193,000
April 2023	121.71	112.50	5,034,000	122.49	115.15	6,870,000
March 2023	118.08	108.81	9,786,000	118.00	111.00	1,678,000
February 2023	113.00	107.00	1,107,000	113.56	106.02	7,175,000
January 2023	106.50	102.20	947,000	106.57	100.71	831,000

E. DIRECTORS AND OFFICERS

Director and Officer Information

Each director is elected at the Company's annual meeting for a one-year term or until such person's successor is duly elected or appointed, unless his or her office is earlier vacated. As at March 8, 2024, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 3,101,305 common voting shares of the Company (representing approximately 11.1% of all issued and outstanding common voting shares). Our board has determined that each director, other than Martin Ferron and Joseph Lambert, is an independent director under applicable regulatory and exchange standards.

The following table sets forth information about our directors as at March 13, 2024:

Name and Municipality of Residence	Position with the Company	Director Since
Martin R. Ferron Houston, Texas, USA	Chair of the Board	June 7, 2012
Dr. Vanessa A. Guthrie AO Tintenbar, NSW, Australia	Director	March 1, 2024
Joseph C. Lambert Spruce Grove, Alberta, Canada	President & Chief Executive Officer, Director	January 1, 2021
Bryan D. Pinney Calgary, Alberta, Canada	Lead Director	May 13, 2015
John J. Pollesel Sudbury, Ontario, Canada	Director	November 23, 2017
Maryse C. Saint-Laurent Calgary, Alberta, Canada	Director	August 8, 2019
Thomas P. Stan Calgary, Alberta, Canada	Director	July 14, 2016
Kristina E. Williams Edmonton, Alberta, Canada	Director	August 8, 2019

Martin R. Ferron is presently the Chair of the Board, was, until December 31, 2021, the Executive Chair of the Board and was, until December 31, 2020, the Chief Executive Officer of the Company. He originally joined the

Company as President and Chief Executive Officer and as a member of the Board on June 7, 2012. Previously, Mr. Ferron was Director, President and Chief Executive Officer of Helix Energy Solutions Inc., a NYSE-listed international energy services company. Prior to joining Helix, Mr. Ferron held a variety of senior executive positions for several oil service and construction companies in Europe and Africa.

Dr. Vanessa A. Guthrie AO joined our board on March 1, 2024. She is a non-executive director of ASX-listed companies Santos Ltd, Lynas Rare Earths Ltd and Orica Limited. She is also Chancellor of Curtin University and a Director of Cricket Australia. Ms. Guthrie has qualifications in geology, environment, law, and business management, including a PhD in Geology. In 2021 she was awarded an Officer in the Order of Australia for distinguished service to the minerals and resources sector, and as a role model for women in business.

Joseph C. Lambert became Chief Executive Officer of the Company on January 1, 2021. He had previously been appointed President on October 31, 2017, while also retaining his role as Chief Operating Officer, which was the role he had held since June 1, 2013. Mr. Lambert originally joined us as General Manager of Mining in April 2008 after an extensive career in the mining industry. Mr. Lambert was promoted to Vice President, Oil Sands Operations in September of 2010 and accepted the position of Vice President, Operations Support in January 2012.

Bryan D. Pinney was appointed as the Company's lead independent director on October 31, 2017. He is the principal of Bryan D. Pinney Professional Corporation, which provides financial advisory and consulting services. Mr. Pinney was a partner with Deloitte between 2002 and 2015, serving as Calgary Managing Partner from 2002 through 2007, as National Managing Partner of Audit & Assurance from 2007 to 2011, and as Vice Chair until June 2015. Mr. Pinney was a past member of Deloitte's board of directors and chair of the Finance and Audit Committee.

John J. Pollesel is currently the Chief Executive Officer of Boreal Agrominerals Inc., a private company that explores for, tests, develops and produces organic approved agromineral fertilizers and soil amendment products. Until November of 2017, Mr. Pollesel was Senior Vice President, Mining for Finning (Canada). Prior to Finning, he held the positions of CEO for the Morris Group of Companies, Chief Operating Officer for Vale's North Atlantic Operations and Chief Financial Officer for Compania Minera Antamina in Peru, one of the largest copper/zinc mining and milling operations in the world.

Maryse C. Saint-Laurent is a corporate director and currently serves on the board of directors of ATB Financial. Ms. Saint-Laurent previously served on the boards of Turquoise Hill Resources Ltd., Pretivm Resources Inc., Guyana Goldfiends and the Alberta Securities Commission. Ms. Saint-Laurent is an accomplished executive with over 25 years' experience as a business oriented corporate, transactional and finance/securities lawyer in the energy, power, and mining sectors. Ms. Saint-Laurent also possesses several years' experience in human resources, labour relations, compensation, as well as benefits and pension management.

Thomas P. Stan was the President and CEO of Corval Energy Ltd., a Calgary, Alberta based oil company, until September of 2019. Previously, Mr. Stan has held positions as Managing Director of Investment Banking at Desjardins Capital Markets and Blackmont Capital Markets, President and CEO of Phoenix Energy Ltd. and Sound Energy Trust, and Chairman and CEO of Total Energy Services Ltd. Mr. Stan began his career at Suncor and spent 16 years at Hess Corporation as Vice President of Corporate Planning. After Petro Canada acquired Hess Canada he became Vice President of Corporate Development of Petro Canada.

Kristina E. Williams is the President and CEO of Alberta Enterprise Corporation, which oversees a fund consisting of thirty-three venture capital investments with an underlying portfolio of over 600 technology companies. She also serves as the Swedish Honorary Consul for Northern Alberta, is a member and vice chair of the Board of Governors for Northern Alberta Institute of Technology (NAIT) and was previously a board member of Alcanna Inc. She has also held the position as Vice President of Marketing and Sales for Natraceutical Canada Inc.

The following table sets forth information about our executive officers.

Name and Municipality of Residence	Position	In Current Role Since
Joseph C. Lambert Spruce Grove, Alberta, Canada	President and Chief Executive Officer	January 1, 2021
Jason W. Veenstra Edmonton, Alberta, Canada	Chief Financial Officer	September 10, 2018
Barry W. Palmer Edmonton, Alberta, Canada	Chief Operating Officer	January 1, 2021
Jordan A. Slator Edmonton, Alberta, Canada	Chief Legal Officer	November 28, 2018
David G. Kallay St. Albert, Alberta, Canada	Chief Human Resources Officer	November 28, 2018
Craig H. Nauta Spruce Grove, Alberta, Canada	Vice-President, Operations	January 1, 2024

Jason W. Veenstra joined us on September 10, 2018 as Executive Vice President and Chief Financial Officer. Mr. Veenstra came from Finning International Inc. where most recently he led sales and marketing efforts for Caterpillar equipment in their Canadian mining division. Prior to Finning, Mr. Veenstra spent 10 years at the publicly traded Westmoreland Coal Company in various roles including CFO and Treasurer.

Barry W. Palmer became Chief Operating Officer on January 1, 2021. Mr. Palmer joined us in 1982 as a Heavy Equipment Operator. Since then, Mr. Palmer has advanced through the Company holding positions of Operations Foreman; General Foreman; Superintendent; Project Manager; Operations Manager; General Manager, Vice-President, Heavy Construction and Mining Operations; and Senior Vice President, Operations.

Jordan A. Slator was named Chief Legal Officer on November 15, 2023, previously having been appointed Vice President and General Counsel on November 28, 2018. Mr. Slator originally joined the Company as General Counsel on August 30, 2010. He has also served as Corporate Secretary since June 2, 2011. Mr. Slator began his career in law with Miller Thomson LLP in Edmonton after being called to the Alberta bar in 1996.

David G. Kallay was named Chief Human Resources Officer on November 15, 2023, previously having been appointed Vice President, Health, Safety, Environment and Human Resources on November 28, 2018. Mr. Kallay originally joined the Company as Health and Safety Manager on December 1, 2008. He was promoted to General Manager of Health, Safety, Environment and Training on October 1, 2011 and General Manager of Human Resources July 21, 2016.

Craig H. Nauta became Vice President, Operations on January 1, 2024, previously having been appointed General Manager, Regional Services on January 1, 2021. Since joining the company in 2004, Mr. Nauta has also held the positions of Field Engineer, Project Manager, and Operations Manager.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

John Pollesel is a director of Electra Battery Materials Corporation (formerly named "First Cobalt Corporation") ("Electra"). Electra announced on June 21, 2017, that it had proposed a friendly merger with Cobalt One Ltd. ("Cobalt One") and CobalTech Mining Inc. ("CobalTech"). At that time, Electra signed letters of intent with each of Cobalt One and CobalTech and requested the TSX Venture Exchange to temporarily halt trading of its shares. The TSX Venture Exchange approved the resumption of trading as of August 28, 2017.

Interest of Management and Others in Material Transactions

No director or executive officer of the Company and, to the knowledge of the directors and executive officers of the Company, none of their respective associates or affiliates, nor any person who owns, controls or directs, directly or indirectly, more than 10 percent of our outstanding voting common shares, nor their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction within our three most recently

completed financial years or during our current financial year that has materially affected or is reasonably expected to materially affect us.

F. THE BOARD AND BOARD COMMITTEES

Our board has established the following committees:

Audit Committee

The Audit Committee is currently composed of Bryan Pinney, John Pollesel and Kristina Williams, with Mr. Pinney serving as Chair.

Mr. Pinney is a Chartered Professional Accountant and Chartered Business Valuator, with extensive experience in auditing financial statements, assessing internal controls and providing financial advice. During his tenure with Deloitte, from 2002 to 2015, he was quality control review partner for integrated audits on SEC registrants and Canadian publicly traded entities and was an equity partner responsible for signing audit opinions between 1986 and 2015. Further, from 2007 through 2010, he was the National Managing Partner for the audit and assurance practice for Deloitte LLP. Prior to joining Deloitte as a partner, Mr. Pinney was a partner with Andersen LLP and served as Calgary Managing Partner from 1991 through May of 2002. He is a Fellow of the Chartered Professional Accountants, a Chartered Business Valuator and is a graduate of the Ivey Business School at the University of Western Ontario with an honours degree in Business Administration.

Mr. Pollesel worked in a public accounting firm early in his career and has held various senior executive finance positions with public and non-public companies throughout his career, including the position of Chief Financial Officer for Compania Minera Antamina in Peru, one of the largest copper/zinc mining and milling operations in the world. He currently sits on the audit committee of Electra Battery Materials Corporation, a Canadian publicly listed company, and was formerly the chair of the audit committee of Noront Resources Ltd., which was a Canadian publicly listed company until its sale in 2022. He holds an Honours BA in Accounting and an MBA from the University of Waterloo and Laurentian University, respectively. He is a Chartered Professional Accountant and a Fellow of CPA Ontario.

Ms. Williams, in her role as President and CEO of Alberta Enterprise Corporation, oversees the finance and accounting functions of the Corporation. She also oversees the audit results and evaluation of the fund financial statements. Ms. Williams is also the former Chair of the Audit and Finance committee of the Northern Alberta Institute of Technology. She holds a Master of Business Administration from the University of Alberta.

In accordance with Rule 10A-3 under the Securities Exchange Act of 1934, as amended, the listing requirements of the New York Stock Exchange and the requirements of the Canadian Securities regulatory authorities, our board of directors has affirmatively determined that our Audit Committee is composed solely of independent directors. Based on their experience (see "Director and Officer Information" above), each of the members of the Audit Committee is financially literate. The board of directors has determined that Mr. Bryan D. Pinney and Mr. John J. Pollesel are both audit committee financial experts, as defined by Item 407(d) (5) of the SEC's Regulation S-K. Our board of directors has adopted a written charter for the Audit Committee that is attached as Exhibit A to this AIF and is also available on our website at www.nacg.ca.

Our auditors are KPMG LLP ("KPMG"). Our Audit Committee has the sole authority to review in advance, and grant any appropriate pre-approvals of all audit and non-audit services to be provided by the independent auditors and to approve fees, in connection therewith, with the Chair of the Committee, on behalf of the Committee, having authority to pre-approve any non-audit services and the related engagement fees up to an amount of $20,000 per engagement provided that such pre-approval is reported to the Committee at its next meeting. The Audit Committee pre-approved all audit and non-audit related services provided by KPMG LLP in 2023. The fees we have paid to KPMG for services rendered by them include:

- Audit Fees – We incurred $1,421 and $1,083 for audit fees from KPMG during the years ended December 31, 2023 and 2022, respectively. Audit fees were incurred for the audit of our annual financial statements, the audit of internal controls over financial reporting, the quarterly interim reviews of the consolidated financial statements and certain procedures pertaining to acquisitions and involvement in securities documents.
- Audit Related Fees – We incurred $nil and $nil for audit related fees from KPMG during the years ended December 31, 2023 and 2022, respectively.
- Tax Fees - We incurred $260 and $87 for income tax advisory and compliance services fees during the years ended December 31, 2023 and 2022, respectively.

- Other Fees - We incurred $3 and $11 in other fees for the years ended December 31, 2023 and 2022, respectively.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee is responsible for: (a) reviewing and recommending to the Board for approval the Company's compensation philosophy, policies and guiding principles; (b) assessing whether the Company's performance indicators and the variable and long-term incentive plans are consistent with Company business strategy and, where appropriate, recommending to the Board any proposed changes thereto; (c) reviewing the Company's high level functional and organizational structure and where appropriate recommending to the Board any material changes thereto; (d) reviewing, assessing and approving where appropriate those persons recommended by the CEO for appointment to Executive Management or as a corporate officer of the Company; (e) reviewing and making recommendations to the Board with respect to the approval of all agreements dealing with employment, termination, retirement or other special circumstance between the Company and the CEO; (f) reviewing and approving all agreements dealing with employment, termination, retirement or other special circumstance between the Company and any member of Executive Management other than the CEO; (g) reviewing the CEO's performance evaluations of the other members of Executive Management; (h) reviewing and making recommendations to the Board with respect to the approval of the succession plan for the CEO; (i) reviewing and approving the succession plans for Executive Management other than the CEO on an annual basis; (j) reviewing and recommending to the Board for approval the corporate goals and objectives relevant to the compensation of the CEO and evaluating the CEO's performance in light of such goals and objectives; (k) reviewing and approving the adequacy and form of compensation for Executive Management other than the CEO; (l) reviewing and approving the compensation of individual members of Executive Management other than the CEO; (m) reviewing and recommending to the Board for approval the Executive share ownership requirements, amendments thereof and any changes to the mechanisms to achieve such requirements; (n) reviewing and recommending to the Board for approval the implementation of, eligibility under, grants under, or any proposed changes to the Company's security-based compensation plans or other long-term incentive plans; (o) reviewing and recommending to the Board for approval the director compensation including annual retainers, any variable compensation and any additional retainers paid to the Chair of the Board, the Lead Director and to the Chairs of the committees of the Board, as applicable, as well as any directors' equity program; and (p) reviewing and approving other compensation proposals, incentive or bonus plans applicable to the Company's full-time employees broadly.

In accordance with the listing requirements of the New York Stock Exchange applicable to domestic listed companies and applicable Canadian securities laws, our board of directors has affirmatively determined that our Human Resources and Compensation Committee is composed solely of independent directors. Our board of directors has adopted a written charter for the Human Resources and Compensation Committee that is available on our website at www.nacg.ca. The Human Resources and Compensation Committee is currently composed of Thomas Stan, Bryan Pinney and Maryse Saint-Laurent, with Mr. Stan serving as Chair.

Operations Committee

The Operations Committee is responsible for: (a) reviewing and evaluating with management the existing health, safety and environment policies of the Company for conformity with industry standards and best practices; (b) confirming that the Company has in place and maintains systems to effectively manage the material health, safety and environmental aspects of the business; (c) confirming that the Company has in place systems to identify risks to health, safety and the environment from the Company's operations and manage their consequential risks to the Company, its directors, officers and employees; (d) confirming, through internal and external audits, that appropriate health, safety and environmental policies, standards, processes, programs, practices and procedures are in place, understood and being adhered to, for the purposes of enabling the Company to comply with applicable laws, regulations, recognized industry practice and permits; (e) reviewing the findings of all health, safety and environmental audits performed on the Company's facilities and operations, supervise and monitor the progress of actions taken or to be taken to remedy any deficiencies or outstanding issues identified therein; (f) confirming and reporting to the Board any changes to applicable health, safety and environmental laws, regulations or voluntary programs substantially impacting the Company's business; (g) researching, monitoring and reporting to the Board trends and current and emerging public policy issues in matters of health, safety and environment as they may impact or require change of the Company's operations; (h) reviewing the adequacy of the Company's environmental and Workers' Compensation Board insurance coverage at least annually; (i) reviewing annually the Company's safety results against industry standards and peers; (j) receiving management presentations and other information to understand the significant business risks to which the Company is exposed; (k) reviewing with management and

approving the Company's non-financial risk policies and the procedures developed and implemented to measure non-financial risk exposures and for identifying, evaluating and managing significant business risks; (l) regularly monitoring the Company's risk management performance and obtaining reasonable assurance that the risk management policies and procedures for significant non-financial risks are being adhered to; (m) approving delegation of risk limits to management and approving any transactions exceeding those delegated authorities in accordance with the Company's Delegation of Authority Policy, including forwarding to the Board for ratification any tender bids or contracts that are of a magnitude, scope or risk level that, in their view, should be referred to the full Board for approval; (n) reviewing reports on management's approach for safeguarding corporate assets; security practices and procedures; business continuity plans, including work stoppage and disaster recovery; environmental risk management activities and results; risk mitigation plans and employee health and safety programs and results; (o) working with management and the Board to assess, establish and monitor the appropriate 'risk appetite' for the Company; (p) considering and providing advice to the Board, when appropriate, on the risk impact of any strategic decision that the Board may be contemplating, including considering whether any strategic decision is within the 'risk appetite' established for the Company; (q) reviewing and approving any other matter in the Delegation of Authority Guideline which is above the approval limit of the CEO; (r) reviewing and monitoring the Company's loss prevention policies and reviewing the adequacy of insurance coverage (excluding corporate liability protection programs for directors and officers, which are the responsibility of the Governance and Sustainability Committee); and (s) reviewing with management the annual insurance report including the Company's risk retention philosophy and resulting uninsured exposure.

The board of directors has affirmatively determined that the Operations Committee is composed of a majority of independent directors. Our board of directors has adopted a written charter for the Operations Committee that is available on our website at www.nacg.ca. The Operations Committee is currently composed of Martin Ferron, John Pollesel and Thomas Stan, with Mr. Pollesel serving as Chair.

Governance and Sustainability Committee

The Governance and Sustainability Committee is responsible for: (a) establishing an appropriate system of corporate governance including practices designed to permit the Board to function independently of management; (b) establishing written terms of reference for directors that describe and communicate performance expectations of a director; (c) reviewing the charters of committees of the Board, including the limits of authority to be delegated to each committee, and recommending any amendments to such charters to the Board for approval; (d) reviewing and monitoring the Company's corporate liability protection programs for directors and officers; (e) reviewing and recommending to the Board for approval the Company's public disclosure relating to governance; (f) assessing the skills and competencies required for members of the Board and its committees and recommending selection criteria for new directors; (g) identifying candidates for new directors using the selection criteria of the skills and competency assessment, the Board and Senior Management Diversity Policy, as well as a candidate's education, business, governmental and civic experience, communication and interpersonal skills and any other matters that are relevant to the Board's objectives; (h) retaining and terminating any search firm to be used to identify director candidates and approving the search firm's fees and other retention terms; (i) recommending to the Board candidates for nomination for election by the shareholders at each annual meeting and recommending to the Board candidates to fill vacancies that occur between annual meetings; (j) recommending to the Board the removal of a director in extraordinary circumstances; (k) recommending to the Board the composition of Board committees; (l) reviewing annually the Company's Board and Senior Management Diversity Policy, including targets where applicable, and taking into consideration the succession needs of the Board and senior management; (m) reviewing and making recommendations to the Board relating to requests for outside directorships of the senior officers of the Company; (n) reviewing the Company's policies regarding sponsorship, donations and political contributions; (o) receiving reports from the Company's General Counsel confirming that all reasonable steps have been taken to ensure that the Board and its committees comply with all legislative and regulatory requirements relating to the structure of the Board and its committees; (p) establishing appropriate processes for the annual assessment of the effectiveness of the Board as a whole, each committee of the Board and individual directors; (q) developing orientation and ongoing education plans for the directors; (r) reviewing guidelines and practices relating to environmental protection, including the mitigation of pollution and climate change; (s) considering whether the Company's policies and practices relating to the environment, climate change, greenhouse gases and other pollutants are being effectively implemented; (t) reviewing reports from management on public policy proposals, laws or regulations relating to environment, health and safety and discussing with management the potential impact and application of such policies on the Company, including reputational risks and, if applicable, together with the Audit Committee, financial risks; (u) reviewing annually the Company's policies and processes adopted in support of conducting the Company's business towards meeting high standards of ethics, and social and environmental responsibility, including periodic review of the adequacy and appropriateness of the Code of Conduct and Ethics Policy and management's implementation of the same and making any recommendations to the Board in that regard; (v) together with the Audit Committee, reviewing and recommending to the Board for approval the Company's public disclosure relating to sustainability; (w) together with the Operations and Audit Committees, reviewing the Company's operational and capital plans and programs with respect to environmental impacts which pose a high risk to the Company, along with potential opportunities and mitigation; (x) reviewing and recommending to the Board for approval, the need for disclosure of any information and reports concerning the Company's environmental, social and governance practices, as required by regulatory authorities or industry best practices; (y) reviewing the results of annual shareholder votes related to election of directors and recommending to the Board whether any actions are advisable in response to the same; and (z) reviewing the Company's policies and practices relating to the retention of records to ensure the same meet legal requirements, best practices and are being effectively implemented.

In accordance with the listing requirements of the New York Stock Exchange applicable to domestic listed companies and applicable Canadian securities laws, the board of directors has affirmatively determined that the Governance Committee is composed solely of independent directors. Our board of directors has adopted a written charter for the Governance Committee that is available on our website at www.nacg.ca. The Governance Committee is currently composed of Bryan Pinney, Maryse Saint-Laurent and Kristina Williams, with Ms. Saint-Laurent serving as Chair.

G. FORWARD-LOOKING INFORMATION, ASSUMPTIONS AND RISK FACTORS

Forward-Looking Information

This document contains forward-looking information that is based on expectations and estimates as of the date of this document. Our forward-looking information is information that is subject to known and unknown risks, uncertainties, assumptions and other factors that may cause future actions, conditions or events to differ materially from the anticipated actions, conditions or events expressed or implied by such forward-looking information including those listed in the "Forward-Looking Information, Assumptions and Risk Factors" section of our annual MD&A, which section is expressly incorporated by reference into this AIF. Forward-looking information is information that does not relate strictly to historical or current facts and can be identified by the use of the future tense or other forward-looking words such as "believe", "expect", "anticipate", "intend", "plan", "estimate", "should", "may", "could", "would", "target", "objective", "projection", "forecast", "continue", "strategy", "intend", "position" or the negative of those terms or other variations of them or comparable terminology.

While we anticipate that subsequent events and developments may cause our views to change, we do not have an intention to update this forward-looking information or the forward-looking information and related risks, assumptions or other information expressly incorporated by reference into this AIF, except as required by applicable securities laws. Such forward-looking information represents our views as of the date of this document and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. **There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.** These factors are not intended to represent a complete list of the assumptions and factors that could affect us. See "Assumptions" and "Risk Factors" below and risk factors highlighted in materials filed with the securities regulatory authorities filed in the United States and Canada from time to time, including, but not limited to, our most recent annual MD&A, which section is expressly incorporated by reference in this AIF.

Assumptions

For a description of assumptions, see the "Assumptions" section of our annual MD&A, which section is expressly incorporated by reference into this AIF.

Risk Factors

The following are the key risk factors that affect us and our business. These factors could materially and adversely affect our operating results and could cause actual results to differ materially from those described in forward-looking statements.

- ***Customer Insourcing.*** Outsourced heavy construction and mining services constitute a large portion of the work we perform for our customers. The election by one or more of our customers to perform some or all of these services themselves, rather than outsourcing the work to us, could have a material adverse impact on our business and results of operations. Certain customers perform some of this work internally and may choose to expand on the use of internal resources to complete this work if they believe they can perform this work in a more cost effective and efficient manner using their internal resources.
- ***Availability of Skilled Labour.*** The success of our business depends on our ability to attract and retain skilled labour. Our industry is faced with a shortage of skilled labour in certain disciplines, particularly in remote locations that require workers to live away from home for extended periods. The resulting competition for labour may limit our ability to take advantage of opportunities otherwise available or alternatively may impact the profitability of such endeavors on a going forward basis. We believe that our size and industry reputation will help mitigate this risk but there can be no assurance that we will be successful in identifying, recruiting or retaining a sufficient number of skilled workers.

- ***Customer Concentration.*** Most of our revenue comes from the provision of services to a small number of customers. If we lose or experience a significant reduction of business or profit from one or more of our significant customers, we may not be able to replace the lost work or income with work or income from other customers. Certain of our long-term contracts can allow our customers to unilaterally reduce or eliminate the work that we are to perform under the contract. Additionally, certain contracts allow the customer to terminate the contract without cause with minimal or no notice to us. The loss of or significant reduction in business with one or more of our major customers could have a material adverse effect on our business and results of operations. Our combined revenue from our four largest customers represented approximately 79% and 90% of our total combined revenue for the years ended December 31, 2023, and 2022, respectively.
- ***Large Projects and Joint Ventures*****.** A portion of our revenue is derived from large projects, some of which are conducted through joint ventures. These projects provide opportunities for significant revenue and profit contributions but, by their nature, carry significant risk and, as such, can result in significant losses. The risks associated with such large-scale projects are often proportionate to their size and complexity, thereby placing a premium on risk assessment and project execution. The contract price on large projects is based on cost estimates using several assumptions. Given the size of these projects, if assumptions prove incorrect, whether due to faulty estimates, unanticipated circumstances, or a failure to properly assess risk, profit may be materially lower than anticipated or, in a worst-case scenario, result in a significant loss. The recording of the results of large project contracts can distort revenues and earnings on both a quarterly and an annual basis and can, in some cases, make it difficult to compare the financial results between reporting periods. Joint ventures are often formed to undertake a specific project, jointly controlled by the partners, and are dissolved upon completion of the project. We select our joint venture partners based on a variety of criteria including relevant expertise, past working relationships, as well as analysis of prospective partners' financial and construction capabilities. Joint venture agreements spread risk between the partners and they generally state that companies will supply their proportionate share of operating funds and share profits and losses in accordance with specified percentages. Nevertheless, each participant in a joint venture is usually liable to the client for completion of the entire project in the event of a default by any of its partners. Therefore, in the event that a joint venture partner fails to perform its obligations due to financial or other difficulties or is disallowed from performing or is otherwise unable to perform its obligations as a result of the client's determination, whether pursuant to the relevant contract or because of modifications to government or agency procurement policies or rules or for any other reason, we may be required to make additional investments or provide additional services which may reduce or eliminate profit, or even subject us to significant losses with respect to the joint venture. As a result of the complexity and size of such projects that we undertake or are likely to undertake going forward, the failure of a joint venture partner on a large complex project could have a significant impact on our results.
- ***Resolution of Claims.*** Changes to the nature or quantity of the work to be completed under our contracts are often requested by clients or become necessary due to conditions and circumstances encountered while performing work. Formal written agreement to such changes, or in pricing of the same, is sometimes not finalized until the changes have been started or completed. As such, disputes regarding the compensation for changes could impact our profitability on a particular project, our ability to recover costs or, in a worst-case scenario, result in project losses. If we are not able to resolve claims and undertake legal action in respect of these claims, there is no guarantee that a court will rule in our favour. There is also the possibility that we could choose to accept less than the full amount of a claim as a settlement to avoid legal action. In either such case, a resolution or settlement of the claims in an amount less than the amount recognized as claims revenue could lead to a future write-down of revenue and profit. Included in our revenues is a total of $8.0 million relating to disputed claims or unapproved change orders.
- ***Cyber Security and Information Technology Systems.*** We utilize information technology systems for some of the management and operation of our business and are subject to information technology and system risks, including hardware failure, cyber-attack, security breach and destruction or interruption of our information technology systems by external or internal sources. Although we have policies, controls and processes in place that are designed to mitigate these risks, an intentional or unintentional breach of our security measures or loss of information could occur and could lead to a number of consequences, including but not limited to: the unavailability, interruption or loss of key systems applications, unauthorized disclosure of material and confidential information and a disruption to our business activities. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences. We attempt to prevent breaches through the implementation of various technology-based security measures, contracting consultants and expert third-parties, hiring qualified employees to manage our systems, conducting periodic audits and reviewing and

updating policies, controls and procedures when appropriate. To date, we have not been subject to a material cyber security breach that has had a serious impact on our business or operations; however, there is a possibility that the measures we take to protect our information technology systems may not be effective in protecting against a significant specific breach in the future.

- ***Unit-price Contracts.*** Approximately 40%, 32% and 41% of our revenue for the years ended December 31, 2023, 2022 and 2021, respectively, was derived from unit-price contracts and, to a lesser degree, lump-sum contracts. Unit-price contracts require us to guarantee the price of the services we provide and thereby potentially expose us to losses if our estimates of project costs are lower than the actual project costs we incur and contractual relief from the increased costs is not available. The costs we actually incur may be affected by a variety of factors including those that are beyond our control, such as:
  - site conditions differing from those assumed in the original bid;
  - the availability and cost of skilled workers;
  - the availability and proximity of materials;
  - unfavorable weather conditions hindering productivity;
  - equipment availability and timing differences resulting from project construction not starting on time; and
  - the general coordination of work inherent in all large projects we undertake.

  Further, under these contracts any errors in quantity estimates or productivity losses for which contractual relief is not available, must be absorbed within the price. When we are unable to accurately estimate and adjust for the costs of unit-price contracts, or when we incur unrecoverable cost overruns, the related projects may result in lower margins than anticipated or may incur losses, which could adversely affect our results of operations, financial condition and cash flow.
- ***Backlog.*** There can be no assurance that the revenues projected in our backlog at any given time will be realized or, if realized, that they will perform as expected with respect to margin. Project suspensions, terminations or reductions in scope do occur from time to time due to considerations beyond our control and may have a material impact on the amount of reported backlog with a corresponding impact on future revenues and profitability.
- ***Interest Rates.*** The rate of interest paid on our outstanding debt fluctuates with changes to general prime interest lending rates. Increases to prime lending rates will, according, adversely affect our profitability at a level that depends on our total outstanding debt.
- ***Project Management.*** Our business requires effective project management. We are reliant on having skilled managers to effectively complete our contracted work on time and on budget. Increased costs or reduced revenues due to productivity issues caused by poor management are usually not recoverable and will result in lower profits or potential project losses. Project managers also rely on our business information systems to provide accurate and timely information in order to make decisions in relation to projects. The failure of such systems to provide accurate and timely information may result in poor project management decisions and ultimately in lower profits or potential project losses.
- ***Internal Controls Over Financial Reporting.*** Ineffective internal controls over financial reporting could result in an increased risk of material misstatements in our financial reporting and public disclosure record. Inadequate controls could also result in system downtime, give rise to litigation or regulatory investigation, fraud or the inability to continue our business as presently constituted. We have designed and implemented a system of internal controls and a variety of policies and procedures to provide reasonable assurance that material misstatements in the financial reporting and public disclosures are prevented and detected on a timely basis and that other business risks are mitigated. The acquisition of the MacKellar Group has increased this risk factor as we design, integrate, assimilate and implement various internal controls over financial reporting in 2024. See the section entitled "Internal Systems and Processes" in our MD&A for further details.
- ***Cash flow, Liquidity and Debt.*** As of December 31, 2023, we had $696.1 million of total debt and convertible debentures outstanding. While we have achieved a significant improvement in the flexibility to borrow against our borrowing capacity over the past three years, our current indebtedness may:
  - limit our ability to obtain additional financing to fund our working capital, capital expenditures, debt service requirements, potential growth or other purposes;
  - limit our ability to use operating cash flow in other areas of our business as such funds are instead used to service debt;

- limit our ability to post surety bonds required by some of our customers;
- place us at a competitive disadvantage compared to competitors with less debt;
- increase our vulnerability to, and reduce our flexibility in planning for, adverse changes in economic, industry and competitive conditions; and
- increase our vulnerability to increases in interest rates because borrowings under our Credit Facility and payments under our mortgage along with some of our equipment leases and promissory notes are subject to variable interest rates.

Further, if we do not have sufficient cash flow to service our debt, we would need to refinance all or part of our existing debt, sell assets, borrow more money or sell securities, none of which we can guarantee we will be able to achieve on commercially reasonable terms, if at all.

- ***Foreign Exchange.*** With the revenues and costs of our Australia operations being almost entirely in Australian dollars, we are exposed to currency fluctuations between the Australian dollar and the Canadian dollar. While those exchange rates have historically remained relatively stable, there is no assurance that will continue. To a lesser degree we are also exposed to U.S. dollar exchange rates from our operations in the United States as well as when we purchase equipment and spare parts or incur certain general and administrative expenses from U.S. suppliers. These latter exposures are generally of a short-term nature and the impact of changes in exchange rates has not been significant in the past.
- ***Competition.*** We compete for work with other contractors of various sizes and capabilities. New contract awards and contract margins are dependent on the level of competition and the general state of the markets in which we operate. Fluctuations in demand may also impact the degree of competition for work. Competitive position is based on a multitude of factors including pricing, ability to obtain adequate bonding, backlog, financial strength, appetite for risk, reputation for safety, quality, timeliness and experience. If we are unable to effectively respond to these competitive factors, results of operations and financial condition will be adversely impacted.
- ***Health and Safety.*** We are subject to, and comply with, all health and safety legislation applicable to our operations. We have a comprehensive health and safety program designed to ensure our business is conducted in a manner that protects both our workforce and the general public. There can be no guarantee that we will be able to maintain our high standards and level of health and safety performance. An inability to maintain excellent safety performance could adversely affect our business by customers reducing existing work in response and by hampering our ability to win future work.
- ***Heavy Equipment Demand.*** As our work mix changes over time, we adjust our fleet to match anticipated future requirements. This can involve reallocation of equipment to better match fleet requirements of particular sites, but also can involve both purchasing and disposing of heavy equipment. If the global demand for mining, construction and earthworks services is reduced, we expect that the global demand for the type of heavy equipment used to perform those services would also be reduced. While we may be able to take advantage of reduced demand to purchase certain equipment at lower prices, we would be adversely impacted to the extent we seek to sell excess equipment. If we are unable to recover our cost base on a sale of excess heavy equipment, we would be required to record an impairment charge which would reduce net income. If it is determined that market conditions have impaired the valuation of our heavy equipment fleet, we also may be required to record an impairment charge against net income.
- ***Labour Disputes.*** The majority of our workforce resides in Canada and Australia. In Canada, the bulk of our hourly employees are subject to collective bargaining agreements. Any work stoppage resulting from a strike or lockout could have a material adverse effect on our business, financial condition, and results of operations. To minimize this risk, NACG has a no strike and no lockout provision in our collective agreements. In addition, our customers employ workers under collective bargaining agreements. Any work stoppage or labour disruption experienced by our key customers could significantly reduce the amount of our services that they need. In Australia, our hourly work force is regulated by the *Fair Work Act* and *Modern Awards* agreement. This agreement outlines the minimum pay rates and conditions of employment for employees. Our Company is legally required to adhere to the terms of the relevant modern award that applies to the industry we work in. Failure to comply with the provisions of a modern award can result in penalties and legal action. The modern awards agreement minimizes the risk of any labour disputes or unrest.

- ***Equipment Utilization.*** Our business depends on our fleet being operable and in ready-to-work condition. We often operate in conditions that inflict a high degree of wear on our equipment. If we are unable to maintain our fleet so as to obtain our planned utilization rates, or if we are required to expend higher than expected amounts on maintenance or to rent replacement equipment at high rates due to equipment breakdowns, our operating revenues and profits will be adversely impacted. We endeavor to mitigate these risks through our maintenance planning and asset management processes and procedures, though there is no assurance that we can anticipate our future equipment utilization rates with certainty.
- ***Short-notice Reductions in Work.*** We allocate and mobilize our equipment and hire personnel based on estimated equipment and service plans supplied by our customers. At the start of each new project, we incur significant start-up costs related to the mobilization and maintenance configuration of our heavy equipment along with personnel hiring, orientation, training and housing costs for staff ramp-ups and redeployments. We expect to recover these start-up costs over the planned volumes of the projects we are awarded. Significant reductions in our customer's required equipment and service needs, with short notice, could result in our inability to redeploy our equipment and personnel in a cost-effective manner. In the past, such short-notice reductions have occurred due to changes in customer production schedules or mine planning or due to unplanned shutdowns of our customers' processing facilities due to events outside our control or the control of our customers, such as fires, mechanical breakdowns and technology failures. Our ability to maintain revenues and margins may be adversely affected to the extent these events cause reductions in the utilization of equipment and we can no longer recover our full start-up costs over the reduced volume plan of our customers.
- ***Inflation.*** The costs of performing work for our customers has recently been subject to inflationary pressures that are unusually high from an historical perspective, particularly with respect to the costs of skilled labour and equipment parts. We have price escalation clauses in most of our contracts that allow us to increase prices as costs rise, but not all of our contracts contain such clauses. Even when our contracts do contain such clauses, the mechanism for adjusting prices may lag the actual cost increases thereby reducing our margins in the short-term. Where a contract contains no price escalation clause, we normally factor expected inflation into our pricing. The ability to meet our forecasted profitability is at risk if we do not properly predict future rates of inflation or have contractual provisions that adjust pricing accurately or in a timely manner.
- ***Price Escalators.*** Our ability to maintain planned project margins on longer-term contracts with contracted price escalators is dependent on the contracted price escalators accurately reflecting increases in our costs. If the contracted price escalators do not reflect actual increases in our costs, we will experience reduced project margins over the remaining life of these longer-term contracts. In strong economic times, the cost of labour, equipment, materials and sub-contractors is driven by the market demand for these project inputs. The level of increased demand for project inputs may not have been foreseen at the inception of the longer-term contracts with fixed or indexed price escalators resulting in reduced margins over the remaining life of the longer-term contracts.
- ***Impact of Extreme Weather Conditions and Natural Disasters.*** Extreme weather conditions or natural disasters, such as fires, floods and similar events, may cause delays in the progress of our work due to restricted site access or inefficiency of operations due to weather-related ground conditions, which to the extent that such risk is not mitigated through contractual terms, may result in loss of revenues while certain costs continue to be incurred. Our Australian operations are particularly susceptible to heavy rainfall and flooding from November through to the end of February. Such delays may also lead to incurring additional non-compensable costs, including overtime work, that are necessary to meet customer schedules. Delays in the commencement of a project due to extreme weather or natural disaster may also result in customers choosing to defer or even cancel planned projects entirely. Such events may also impact availability and cost of equipment, parts, labour or other inputs to our business that could have a material adverse effect on our financial position. If the frequency or severity of such events rises in the future as a result of climate change, our risk and potential impacts will also rise.
- **Equipment Buy-Out Provisions.** Certain of our contracts in Australia provide the client with the option to buy out our owned equipment at predetermined values. While the buy-outs generally provide pricing at market values, they do introduce a longer-term risk of reduced revenue generation should they be executed.
- ***Management.*** Our continued growth and future success depends on our ability to identify, recruit, assimilate and retain key management, technical, project and business development personnel. There can be no assurance that we will be successful in identifying, recruiting or retaining such personnel.

- ***Shifting Customer Priorities Related to Climate Change.*** Climate change continues to attract considerable public and regulatory attention, with greenhouse gas emission regulations becoming more commonplace and stringent. The transition to a lower-carbon economy has the potential to be disruptive to traditional business models and investment strategies. Government action intended to address climate change may involve both economic instruments such as carbon taxation as well as restrictions on certain sectors such as cap-and-trade schemes. Certain jurisdictions in which we operate impose carbon taxes on significant emitters and there is a possibility of similar taxation in other jurisdictions in the future. Other government restrictions on certain market sectors could also adversely impact current or potential clients resulting in a reduction of available work and supplies. Our clients may also alter their long-term plans due to government regulation, changes in policies of investors or lenders or simply due to changes in public perception of their business. This risk can be mitigated to an extent by identifying changing market demands to offset lower demand for some services with opportunities in others, forming strategic partnerships and pursuing sustainable innovations.
- ***Climate Change Related Financial Risks.*** As new climate change measures are introduced or strengthened our cost of business may increase as we incur expenses related to complying with environmental regulations and policies. We may be required to purchase new or retrofit current equipment to reduce emissions in order to comply with new regulatory standards or to mitigate the financial impact of carbon taxation. We may also incur costs related to monitoring regulatory trends and implementing adequate compliance processes. Our inability to comply with climate change laws and regulations could result in penalties or reputational damage that may impair our prospects.
- ***Climate Change Related Reputational Risks.*** Investors and other stakeholders worldwide are becoming more attuned to climate change action and sustainability matters, including the efforts made by issuers to reduce their carbon footprint. Our reputation may be harmed if it is not perceived by our stakeholders to be sincere in our sustainability commitment and our long-term results may be impacted as a result. In addition, our approach to climate change issues may increasingly influence stakeholders' views of the company in relation to its peers and their investment decisions.

H. GENERAL MATTERS

Transfer Agent and Registrar

The transfer agent and registrar of the Company is Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

The Company's agent in the United States is C T Corporation, located at 111 Eighth Avenue, 13 th Floor, New York, New York, 10011 USA.

Material Contracts

We do not consider ourselves to be party to any material contracts other than those entered into in the ordinary course of our business and that are not required to be filed under applicable securities legislation and regulations.

Experts

KPMG LLP are the auditors of the Company and have confirmed with respect to the Company that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations and also that they are independent accountants with respect to the Company under all relevant US professional and regulatory standards.

Additional Information

Additional information, including information in respect of (i) the remuneration and indebtedness of the directors and executive officers of the Company; (ii) the principal holders of our securities; and (iii) securities authorized for issuance under equity compensation plans, is contained in our management information circular for our most recent annual meeting of holders of common shares that involved the election of our directors.

Additional financial information relating to the Company is provided in the Company's audited consolidated financial statements and MD&A for the financial year ended December 31, 2023, all of which, together with other information relating to the Company, can be found on the Canadian Securities Administrators System for Electronic Document Analysis and Retrieval ("SEDAR+") database at www.sedarplus.ca, the Securities and Exchange Commission's website at www.sec.gov and our Company's website at www.nacg.ca.

U.S. Mine Safety Disclosure

As required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Company confirms that its wholly-owned subsidiary NACG Wyoming, Inc. has, since June 21, 2019, been the operator of a coal mine located in southwest Wyoming known as the Kemmerer Mine (the "Mine"). During the period of the Company's operation of the Mine in 2023, the Company received, with respect to the Mine: (a) 13 citations from the Mine Safety and Health Administration (the "MSHA") under Section 104 of the Federal Mine Safety and Health Act of 1977 (30 U.S.C. 814) (the "Act"); (b) 0 orders under Section 104(b) of the Act; (c) 0 orders under Section 104(d) of the Act; (d) no flagrant violations under Section 110(b)(2) of the Act; and (e) no imminent danger orders under Section 107(a) of the Act. The total value of proposed assessments from the MSHA relating to violations under the Act in relation to the Mine in 2023 was $7,039.00 US. There were no fatalities at the Mine in 2023. MSHA has not provided any notice with respect to the Mine of a pattern of violations, or the potential to have a pattern of violations, of mandatory health or safety standards that could have significantly and substantially contributed to the cause and effect of health or safety hazards under Section 104(e) of the Act. There is no pending legal action before the federal Mine Safety and Health Review Commission involving the Mine.

As required by Section 1503 (a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Company confirms that its wholly-owned subsidiary NACG Texas Inc. has since June 21, 2020, been the operator of a coal mine located in Texas known as the San Miguel Mine (the "Mine"). During the period of the Company's operation of the Mine in 2023, the Company received, with respect to the Mine: (a) 15 citations from the Mine Safety and Health Administration (the "MSHA") under Section 104 of the Federal Mine Safety and Health Act of 1977 (30 U.S.C. 814) (the "Act"); (b) 0 orders under Section 104(b) of the Act; (c) 0 orders under Section 104(d) of the Act; (d) no flagrant violations under Section 110(b)(2) of the Act; (e) no imminent danger orders under Section 107(a) of the Act; and (f) 1 order under Section 103(k) of the Act, which was still active at the end of 2023. The total value of proposed assessments from the MSHA relating to violations under the Act in relation to the Mine in 2023 was $4,116.00 US. There was one (1) fatality at the Mine in 2023. MSHA has not provided any notice with respect to the Mine of a pattern of violations, or the potential to have a pattern of violations, of mandatory health or safety standards that could have significantly and substantially contributed to the cause and effect of health or safety hazards under Section 104(e) of the Act. There is no pending legal action before the federal Mine Safety and Health Review Commission involving the Mine.

Recovery of Erroneously Awarded Compensation

As required by paragraph (19) of Form 40-F, the Company's Executive Compensation Clawback Policy has been filed as Exhibit 97.

EXHIBIT A

Audit Committee Charter

1. PURPOSE

The board of directors (the "board") of North American Construction Group Ltd. (the "Company") has established the Audit Committee (the "Committee") for the purpose of assisting the board in meeting its oversight responsibilities in relation to: (a) the integrity of the Company's accounting and financial reporting processes; (b) internal controls over financial reporting; (c) controls and procedures related to disclosure; (d) the internal audit function; (e) the qualifications, independence and performance of the Company's external auditors; (f) identification and monitoring of financial risks; (g) the processes for monitoring compliance with legal and regulatory requirements (other than those related to health, environment and safety matters); and (h) establishment and monitoring of the Company's codes of conduct and ethics.

2. AUTHORITY

The Committee has the authority to:

(a) conduct or authorize investigations into any matter within its scope of responsibility;

(b) retain and compensate independent counsel, accountants and others to advise the Committee or assist it with respect to its responsibilities;

(c) pre-approve all audit services and permitted non-audit services performed by the Company's external auditors and negotiate the compensation to be paid for such services;

(d) resolve any disagreements between management and the Company's external auditors regarding financial reporting;

(e) seek any information it requires from employees of the Company, all of whom will be directed by management to co-operate with the Committee's requests;

(f) meet and communicate directly with the Company's officers, external auditors, internal auditor, outside counsel and consultants, all as the Committee may deem necessary;

(g) direct the Company's internal auditor to carry out such activities as the Committee may require;

(h) access all documents of the Company that the Committee may deem relevant to it in carrying out its responsibilities; and

(i) undertake any other activity that may be reasonably necessary for the Committee to carry out its responsibilities as set out in this Charter.

3. COMPOSITION AND QUALIFICATIONS

3.1. The Committee will consist of at least three and not more than six directors of the Company. The Board will appoint the Committee and its Chair from time to time, upon recommendation of the Governance Committee, with members to hold office until their successors are appointed or until they cease to be directors of the Company.

3.2. Each member of the Committee must be "independent" as that term is defined under the requirements of applicable securities laws and the standards of any stock exchange on which the Company's securities are listed.

3.3. Each member of the Committee must be "financially literate" in that he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to that which can reasonably be expected to be raised by the Company's financial statements.

3.4. At least one member of the Committee will be an "audit committee financial expert" who will possess the attributes outlined in Appendix A.

3.5. No director currently serving on the Committee will serve on the audit committees of more than two additional public companies without prior approval of the Governance Committee.

3.6. Determinations as to whether a particular director meets the requirements for membership on the Committee will be made by the Board upon recommendation of the Governance Committee.

4 MEETINGS

4.1. The Committee will meet at least once each fiscal quarter, with authority to convene additional meetings as circumstances require. A meeting may be convened by the Chair, any member of the Committee, the external auditors, the internal auditor, the chief executive officer of the Company or the chief financial officer of the Company. The Chair will determine the time, place and procedures for calling and conducting Committee meetings, subject to the requirements of the bylaws of the Company, of this Charter and of the *Canada Business Corporations Act.*

4.2. A majority of the members of the Committee will constitute a quorum. Members of the Committee may participate in a meeting through any means which permits all parties to communicate adequately with each other. Any member not physically present but participating in the meeting through such means is deemed to be present at the meeting. A quorum, once established, is maintained even if members of the Committee leave before the meeting concludes.

4.3. In the event of a tie vote on a resolution, the issue will be forwarded to the full board for a vote.

4.4. A resolution signed (including signatures communicated by fax or electronic mail) by all members of the Committee entitled to vote on that resolution is as valid as if it had been passed at a meeting of the Committee.

4.5. The Committee may invite such officers, directors and employees of the Company as it may see fit from time to time to attend at meetings and provide information pertinent to any matter being discussed. Any director of the Company is entitled to attend Committee meetings, however, only members of the Committee are eligible to vote or establish a quorum. The external auditors will be entitled to receive notice of every meeting of the Committee and to attend and be heard at the same. The Committee will periodically meet *in camera* alone and separately with each of the external auditors and management.

4.6. The Chair will ensure that meeting agendas are prepared and provided in advance to members of the Committee, along with appropriate briefing materials. The Committee will keep and approve minutes of each meeting which record the decisions reached by the Committee. Once approved, the minutes will be kept with the records of the Company.

5. RESPONSIBILITIES

The Committee will carry out the following responsibilities:

5.1. Financial Reporting

(a) Review with management and the external auditors any issues of concern with respect to financial reporting, including proposed changes in the selection or application of major accounting policies and the reasons for such changes, any complex or unusual transactions, any issues depending on management's judgment, proposed changes to or adoption of disclosure practices, and the effects of any recent or proposed regulatory or accounting initiatives or pronouncements, all to the extent that the foregoing may be material to financial reporting.

(b) Review with management and the external auditors their qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and accounting disclosure practices used or proposed to be used, particularly the degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates.

(c) In reviewing with management and the external auditors the results of their year-end audit and quarterly reviews, and management's responses, review any problems or difficulties experienced by the external auditors in performing the audit and reviews, including any restrictions or limitations imposed by management and resolve any disagreements between management and the external auditors regarding these matters.

(d) Review with management, the external auditors and legal counsel, as necessary, any litigation, claim or other contingency, including tax assessments, that could have a material effect on the financial position or operating results of the Company, and the manner in which these matters have been disclosed or reflected in the financial statements.

(e) Review with management and the external auditors the annual audited financial statements and the related MD&A and press release; make recommendations to the Board with respect to approval thereof before being released to the public, and obtain an explanation from management of all significant variances between comparable reporting periods. Obtain confirmation from management and the external auditors that any GAAP reconciliation complies with the requirements of applicable securities laws.

(f) Approve the quarterly unaudited financial statements and the related MD&A and press release prior to their release to the public.

(g) Review with management and the external auditors any other matter required to be communicated to the Committee by the external auditors under applicable generally accepted auditing standards, applicable law and listing standards.

5.2. Internal Controls

(a) Review with management and with the internal and external auditors, as applicable, and assess the adequacy and effectiveness of the Company's internal controls over accounting and financial reporting, including information technology security and control, and any material non-compliance with such controls.

(b) Understand the scope of internal audits and the external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses.

(c) Review management's internal control report and the related attestation by the external auditors and discuss the same with management and external auditors.

(d) Obtain from the chief financial officer and chief executive officer confirmation that each is prepared to sign all required annual and quarterly certificates under applicable securities law in relation to internal controls over accounting and financial reporting. Review any disclosures made by the chief financial officer and chief executive officer regarding significant deficiencies or material weaknesses in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Company's internal controls.

(e) Consider any special audit steps to be taken in light of any material internal control deficiencies.

5.3. Disclosure Controls

(a) Review with management and with the internal and external auditors, as applicable, and assess the adequacy and effectiveness of the Company's disclosure controls and procedures, including any material non-compliance with such controls and procedures.

(b) Review and approve the disclosure policy of the Company and periodically assess the adequacy of such policy for completeness and accuracy.

(c) Review the procedures adopted by the Company in relation to public disclosure of financial information extracted or derived from the Company's financial statements.

(d) Monitor the activities of the Company's Disclosure Committee.

(e) Review and approve, and in some instances recommend approval to the Board, material financial disclosures prior to their public release or filing with securities regulators that are contained within the following documents:

(i) any prospectus or offering document;

(ii) annual information forms;

(iii) all material financial information required by securities regulations (ex. quarterly and annual financial statements, Forms 6-K, 40-F and F-4) including all exhibits thereto and required certifications of the Company's principal executive officer and principal financial officer;

(iv) any correspondence with securities regulators or government financial agencies; and

(v) news or press releases, investor presentations or other documents to be made publicly available that contain audited or unaudited financial information, including the type and presentation of information and, in particular, any pro-forma or non-GAAP information.

(f) Review and approve, and in some instances, recommend approval to the Board, material financial disclosures prior to their public release or filing with securities regulators that relate to related-party transactions or off balance sheet structures.

5.4. Internal Audit

(a) Review and approve the annual internal audit plan, scope of work, internal audit delivery method (staff augmented or co-sourced) and ensure that the internal audit plan is coordinated with the activities of the external auditors.

(b) Review management's proposed appointment or replacement of any individual engaged to perform internal audit work for the Company.

(c) Review all internal audit reports and management's responses.

(d) Ensure that the internal auditor has direct and open communication with the Committee in the course of internal audit work and ensure that no unjustified restrictions or limitations are imposed on the internal auditor and that any other disagreements with management are resolved.

(e) Review the effectiveness of the internal audit function on an annual basis, including, resources, qualifications of internal audit staff, the internal auditor's working relationship with the external auditors and compliance by the internal auditor with the relevant codes and standards of The Institute of Internal Auditors. The internal auditor reports functionally to the Chair of the Audit Committee.

5.5. External Audit

(a) Advise the board with respect to the selection, appointment, retention, compensation and replacement of the external auditors. In the event of a change of external auditors, review all issues and provide documentation to the Board related to the change, including the information to be included in the Notice of Change of Auditors and the planned steps for an orderly transition period.

(b) Oversee the work and evaluate the qualifications and performance of the external auditors, in the course of which evaluation the Committee will:

(i) annually obtain and review a report by the external auditors describing: (A) the external auditors' internal quality control procedures; (B) any material issues raised by the most recent internal quality control review, or peer review, of the external auditors or by any inquiry or investigation by government or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors and any steps taken to deal with such issues; and (C) all relationships between the external auditors and the Company (in order to assess the auditors' independence);

(ii) annually review and evaluate senior members of the external audit team, including their expertise and qualifications and take into consideration the opinions of management and the internal auditor in that regard; and

(iii) report all of its findings and conclusions with respect to the external auditors to the Board.

(c) Annually review and confirm with management and the external auditors the independence of the external auditors, which review will include but will not be limited to:

(i) ensuring receipt at least annually from the external auditors of a formal written statement delineating all relationships between the external auditors and the Company, including non-audit services provided to the Company, and outlining the extent to which the compensation of the audit partners of the external auditors is based upon selling non-audit services;

(ii) considering and discussing with the external auditors any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the external auditors;

(iii) enquiring into and determining the appropriate resolution of any conflict of interest in respect of the external auditors;

(iv) reviewing the timing and process for implementing the rotation of the lead audit partner, the reviewing partner and other partners providing audit services to the Company;

(v) considering whether there should be a regular rotation of the audit firm itself;

(vi) reviewing and approving the Company's hiring policies regarding the hiring of partners, employees and former partners and employees of the Company's existing and former external auditors and ensuring a "cooling off" period of at least one year before any such persons can become employees of the Company in a financial oversight role.

(d) Ensure that the external auditors report directly to the Committee and that they are ultimately accountable to the Committee and to the Board as representatives of the shareholders of the Company.

(e) Review and approve the annual audit plan prior to the annual audit of the Company's financial statements being undertaken by the external auditors, including review of the proposed scope and approach of the external auditors and the coordination of effort with internal audit.

(f) Ensure that the external auditors have direct and open communication with the Committee and that the external auditors meet regularly with the Committee without the presence of management to discuss any matters that the Committee or the external auditors believe should be discussed privately.

(g) Review and approve the basis and amount of the external auditors' fees with respect to the annual audit and the quarterly reviews.

(h) Review and pre-approve all non-audit services to be provided to the Company or its subsidiaries by the external auditors and the engagement fees in respect to such services, provided that the Chair of the Committee, on behalf of the Committee, is authorized to pre-approve any non-audit services and the related engagement fees up to an amount of $20,000 per engagement. At the next Committee meeting, the Chair will report to the Committee any such pre-approval given.

5.6. Financial Risk Management

(a) Review the Company's major financial risk exposures and approve the Company's policies to manage such financial risk within the risk appetite of the Company.

(b) Monitor management of hedging, debt and credit, make recommendations to the Board respecting management of such risks and review the Company's compliance with the same.

(c) Monitor management's communication and implementation of the Anti-Fraud Policy and review compliance with such Policy by, among other things, receiving reports from management on:

(i) any investigations of fraudulent activity;

(ii) monitoring activities in relation to fraud risks and controls; and

(iii) assessments of fraud risk.

(d) Periodically review and approve the adequacy and appropriateness of the Anti-Fraud Policy and management's implementation of the same.

5.7. Code of Conduct and Ethics Reporting

(a) Review the policies and procedures established by management for:

(i) the receipt, retention and treatment of complaints received by the Company regarding financial reporting, accounting, internal accounting controls or auditing matters; and

(ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

(b) Monitor management's communication and implementation of the Code of Conduct and Ethics Policy and review compliance with such Policy by, among other things:

(i) reviewing on a timely basis serious violations of the Code of Conduct and Ethics Policy; and

(ii) reviewing on a summary basis at least quarterly all reported violations of the Code of Conduct and Ethics Policy.

(c) Periodically review the adequacy and appropriateness of the Code of Conduct and Ethics Policy and management's implementation of the same and make recommendations to the Governance Committee in that regard.

5.8. Legal and Regulatory Compliance

(a) Review the effectiveness of the system for monitoring compliance with laws and regulations (other than those related to health, environment and safety matters) and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance. Review the findings of any examination by regulatory authorities and any external auditors' observations relating to such matters.

(b) Obtain regular updates from management and legal counsel regarding compliance matters, including compliance with applicable financial, tax or securities regulations and the accuracy and timeliness of filings with regulators.

(c) Review any litigation, claim or other contingent liability, including any tax reassessment that could have a material effect on the financial statements.

(d) Monitor compliance by the Company with all payments and remittances required to be made in accordance with applicable law, where the failure to make such payments could render the directors of the Company personally liable.

5.9. Information Technology Security

(a) Review with management and assess the adequacy and effectiveness of the Company's policies, processes and procedures relating to information technology security.

5.10. Other Responsibilities

(a) Regularly report to the Board about Committee activities, issues and related recommendations, including such matters as the Board may from time to time refer or delegate to the Committee.

(b) Annually assess the adequacy of this Charter, submit such evaluation to the Governance Committee and recommend any proposed changes to the Governance Committee to bring forward to the Board for approval.

(c) Evaluate the performance and effectiveness of the Committee on an annual basis.

(d) Provide an open avenue of communication between the external auditors and the Board.

(e) Perform any other activities consistent with the Committee's mandate, the Company's governing laws and the regulations of relevant stock exchanges as the Committee or the Board deems necessary or appropriate.

6. GENERAL

6.1. While the Committee will have the responsibilities and powers set forth in this Charter, it will not be the responsibility of the Committee to determine whether the Company's financial statements are complete, accurate or prepared in accordance with generally accepted accounting principles, to manage financial risks or to conduct audits. These are the responsibilities of management and the external auditors in accordance with their respective roles.

6.2. The Committee will take reasonable steps to ensure that management establishes and maintains the controls, procedures and processes that comply with all appropriate laws, regulations or policies of the Company. It is not the responsibility of the Committee to conduct investigations or to ensure compliance with laws, regulations or Company policies.

Appendix A: Audit Committee Financial Expert

At least one member of the Committee will be an "audit committee financial expert" who will possess the attributes outlined below:

1. An understanding of generally accepted accounting principles and financial statements;
2. The ability to assess the general application of generally accepted accounting principles in connection with the accounting for estimates, accruals and reserves;
3. Experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience in actively supervising one or more persons engaged in such activities;
4. An understanding of internal control over financial reporting; and
5. An understanding of audit committee functions.

As provided in the rules of the SEC, the designation or identification of a person as an audit committee financial expert does not (a) impose on that person any duties, obligations or liability that are greater than the duties, obligations or liability imposed on that person as a member of the Committee and the Board in the absence of such designation or identification or (b) affect the duties, obligations or liability of any other member of the Committee or the Board.

A member of the Committee may qualify as an audit committee financial expert as a result of his or her:

a) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;

b) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;

c) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or

d) other relevant experience.

Exhibit 99.3

NORTH AMERICAN CONSTRUCTION GROUP LTD.

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

KPMG LLP
2200, 10175 - 101 Street
Edmonton AB T5J 0H3
Telephone (780) 429-7300
Fax (780) 429-7379
www.kpmg.ca

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of North American Construction Group Ltd.:

Opinion on Internal Control Over Financial Reporting

We have audited North American Construction Group Ltd. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes (collectively, the "consolidated financial statements"), and our report dated March 13, 2024 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired the MacKellar Group ("MacKellar") during 2023, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, MacKellar's internal control over financial reporting associated with approximately 37% of total assets, 13% of revenues, and 22% of net income included in the consolidated financial statements of the Company as of and for the year ended December 31, 2023. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of MacKellar.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting in the accompanying Management's Discussion and Analysis. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

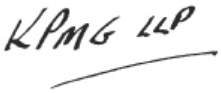
We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Chartered Professional Accountants

Edmonton, Canada

March 13, 2024

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of North American Construction Group Ltd.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of North American Construction Group Ltd. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 13, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

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Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Variable consideration from unapproved contract modifications related to construction services

As discussed in note 2(c) to the consolidated financial statements, the Company recognizes revenue from contracts with customers related to construction services. Once a project is underway, the Company will often experience changes in conditions, client requirements, specifications, designs, material and work schedules. When a change becomes a point of dispute between the Company and a customer, the Company will assess the legal enforceability of the change to determine if an unapproved contract modification exists. The Company considers a contract modification to exist when the modification either creates new or changes the existing enforceable rights and obligations. If an unapproved contract modification exists, the associated revenue is treated as variable consideration, subject to a constraint. Management estimates this variable consideration utilizing estimation methods that best predict the amount of consideration to which the Company will be entitled. The Company recognized revenue of $8.0 million and equity earnings in affiliates and joint ventures of $8.7 million from variable consideration related to unapproved contract modifications for the year ended December 31, 2023.

We identified the evaluation of the estimate of variable consideration from unapproved contract modifications as a critical audit matter. The evaluation of the estimate of variable consideration from unapproved contract modifications involved a high degree of complex and subjective auditor judgment as the estimate of variable consideration from unapproved contract modifications is dependent on a number of factors, including the legal enforceability of the contract modification and the amount expected to be recovered. Changes in these factors and assumptions could have a material effect on the amount of variable consideration recognized.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and implementation and tested the operating effectiveness of internal controls related to the process to estimate the variable consideration from unapproved contract modifications. We evaluated the Company's ability to estimate variable consideration from unapproved contract modifications by comparing historical estimates to actual results. For a selection of contracts identified with variable consideration from unapproved contract modifications, we performed the following:

- obtained a legal evaluation of the contractual provisions from internal counsel;
- inspected available correspondence with the customer
- inspected the relevant provisions within the executed contract with the customer to evaluate consistency with the Company's estimate of variable consideration; and
- conducted interviews with relevant project personnel and executive management to gain an understanding of the status of project activities, negotiations with the customer, and expectations of amounts to be recovered

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Fair value measurement of property, plant and equipment acquired in business combination

As discussed in note 21 to the consolidated financial statements, the Company acquired the MacKellar Group (MacKellar) in a business combination that was completed on October 1, 2023 (the acquisition date). The Company acquired property, plant and equipment (PP&E) with an acquisition-date fair value of $394 million. The determination of the acquisition-date fair value of PP&E requires the Company to make significant estimates and assumptions, including the identification of market prices for comparable assets. The Company engaged an independent valuation specialist to estimate the fair value of PP&E as of the acquisition date.

We identified the evaluation of the acquisition-date fair value of PP&E recognized as part of the MacKellar business combination as a critical audit matter. A high degree of subjective auditor judgment and specialized skills and knowledge were required in evaluating certain inputs into the preliminary fair value determinations, including the identification of market prices for comparable assets.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and implementation and tested the operating effectiveness of certain internal controls related to the Company's acquisition-date valuation process, including controls related to the determination of the fair value of PP&E and the identification of market prices for comparable assets. We evaluated the competence, capabilities, and objectivity of the independent valuation specialist engaged by the Company who assisted in the determination of the acquisition-date fair value of PP&E. We also involved valuation professionals with specialized skills and knowledge to assist in:

- evaluating the valuation methods used to estimate the acquisition-date fair value of PP&E; and
- evaluating the Company's identification of market prices of comparable assets by performing independent market research to assess the market prices.

Fair value measurement of contingent consideration related to the earn-out amount in business combination

As discussed in note 21 to the consolidated financial statements, the Company acquired MacKellar in a business combination that was completed on October 1, 2023 (the acquisition date). The purchase consideration for this business combination consisted of various components and includes an earn-out amount payable over the next four years. As of the acquisition date, the Company recognized a contingent consideration liability with a fair value of $79.8 million related to the earn-out amount. The determination of the acquisition-date fair value of contingent consideration related to the earn-out amount required the Company to make significant estimates and assumptions, including estimating the future forecasted net income of MacKellar and the determination of the discount rate. The Company engaged an independent valuation specialist to estimate the fair value of contingent consideration related to the earn-out amount as of the acquisition date.

We identified the evaluation of the acquisition-date fair value of contingent consideration related to the earn-out amount recognized as part of the MacKellar business combination as a critical audit matter. A high degree of subjective auditor judgment and specialized skills and knowledge were required in evaluating certain inputs into the preliminary fair value determination, including estimating the future forecasted net income of MacKellar and the determination of the discount rate.

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The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and implementation and tested the operating effectiveness of certain internal controls related to the Company's acquisition-date valuation process, including controls related to the determination of the acquisition-date fair value of contingent consideration related to the earn-out amount, the estimation of future forecasted net income of MacKellar, and the determination of the discount rate. We evaluated the competence, capabilities, and objectivity of the independent valuation specialist engaged by the Company who assisted in the determination of the acquisition-date fair value of contingent consideration related to the earn-out amount. We evaluated the estimated future forecasted net income of MacKellar used in the determination of the acquisition-date fair value of contingent consideration related to the earn-out amount by:

- comparing it to MacKellar's actual historical results; and
- assessing the Company's ability to accurately estimate MacKellar's forecasted net income by comparing the forecasted amounts to MacKellar's actual results subsequent to the acquisition date.

In addition, we involved valuation professionals with specialized skills and knowledge to assist in:

- evaluating the valuation method used to estimate the acquisition-date fair value of contingent consideration related to the earn-out amount; and
- evaluating the discount rate used by comparing the inputs used by the Company to determine the discount rate to publicly available market data for comparable entities.

We have served as the Company's auditor since 1988.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada

March 13, 2024

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Consolidated Balance Sheets

As at December 31
(Expressed in thousands of Canadian Dollars)

	Note	2023	2022
Assets			
Current assets			
Cash		**$ 88,614**	$ 69,144
Accounts receivable	*4,9*	**97,855**	83,811
Contract assets	*5(b)*	**35,027**	15,802
Inventories	*6*	**64,962**	49,898
Prepaid expenses and deposits		**7,402**	10,587
Assets held for sale		**1,340**	1,117
		295,200	230,359
Property, plant and equipment	*7*	**1,142,946**	645,810
Operating lease right-of-use assets	*8*	**12,782**	14,739
Intangible assets		**6,971**	6,773
Investments in affiliates and joint ventures	*9*	**81,435**	75,637
Other assets	*10,15(b)*	**7,144**	5,808
Deferred tax assets	*11*	**—**	387
Total assets		**$ 1,546,478**	$ 979,513
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable		**$ 146,190**	$ 102,549
Accrued liabilities	*12*	**94,726**	43,784
Contract liabilities	*5(b)*	**59**	1,411
Current portion of long-term debt	*2(a),13*	**81,306**	42,089
Current portion of operating lease liabilities	*8*	**1,742**	2,470
		324,023	192,303
Long-term debt	*2(a),13*	**611,313**	378,452
Operating lease liabilities	*8*	**11,307**	12,376
Other long-term obligations	*5(b),14*	**134,357**	18,576
Deferred tax liabilities	*11*	**108,824**	71,887
		1,189,824	673,594
Shareholders' equity			
Common shares (authorized – unlimited number of voting common shares; issued and outstanding – December 31, 2023 - 27,827,282 (December 31, 2022 – 27,827,282))	*16(a)*	**229,455**	229,455
Treasury shares (December 31, 2023 - 1,090,187 (December 31, 2022 - 1,406,461))	*16(a)*	**(16,165)**	(16,438)
Additional paid-in capital		**20,739**	22,095
Retained earnings		**123,032**	70,501
Accumulated other comprehensive (loss) income		**(407)**	306
Shareholders' equity		**356,654**	305,919
Total liabilities and shareholders' equity		**$ 1,546,478**	$ 979,513
Contingencies	*24*		

Approved on behalf of the Board

/s/ Joseph Lambert
Joseph Lambert, President and Chief Executive Officer

/s/ Bryan D. Pinney
Bryan D. Pinney, Audit Chair and Lead Director

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations and Comprehensive Income

For the years ended December 31
(Expressed in thousands of Canadian Dollars, except per share amounts)

	Note	**2023**	2022
Revenue	*5*	**$ 957,220**	$ 769,539
Cost of sales	*18*	**671,684**	548,723
Depreciation		**131,319**	119,268
Gross profit		**154,217**	101,548
General and administrative expenses	*20,21*	**56,844**	29,855
Loss on disposal of property, plant and equipment		**1,659**	536
Operating income		**95,714**	71,157
Equity earnings in affiliates and joint ventures	*9*	**(25,815)**	(37,053)
Interest expense, net	*19*	**36,948**	24,543
Change in fair value of contingent consideration	*15(a)*	**4,681**	—
Gain on derivative financial instruments	*15(b)*	**(6,063)**	(778)
Income before income taxes		**85,963**	84,445
Current income tax expense	*11*	**6,841**	1,627
Deferred income tax expense	*11*	**15,981**	15,446
Net income		**63,141**	67,372
Other comprehensive income			
Unrealized foreign currency translation loss (gain)		**713**	(304)
Comprehensive income		**$ 62,428**	$ 67,676
Per share information			
Basic net income per share	*16(b)*	**$ 2.38**	$ 2.46
Diluted net income per share	*16(b)*	**$ 2.09**	$ 2.15

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of Canadian Dollars)

	Common shares	Treasury shares	Additional paid-in capital	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total
Balance at December 31, 2021	$ 246,944	$ (17,802)	$ 37,456	$ 11,863	$ 2	$ 278,463
Net income	—	—	—	67,372	—	67,372
Unrealized foreign currency translation gain	—	—	—	—	304	304
Dividends ($0.32 per share)	—	—	—	(8,734)	—	(8,734)
Share purchase program	(17,489)	—	(16,643)	—	—	(34,132)
Purchase of treasury shares	—	(2,030)	—	—	—	(2,030)
Stock-based compensation	—	3,394	1,282	—	—	4,676
Balance at December 31, 2022	$ 229,455	$ (16,438)	$ 22,095	$ 70,501	$ 306	$ 305,919
Net income	**—**	**—**	**—**	**63,141**	**—**	**63,141**
Unrealized foreign currency translation loss	**—**	**—**	**—**	**—**	**(713)**	**(713)**
Dividends ($0.40 per share)	**—**	**—**	**—**	**(10,610)**	**—**	**(10,610)**
Purchase of treasury shares	**—**	**(5,991)**	**—**	**—**	**—**	**(5,991)**
Stock-based compensation	**—**	**6,264**	**(1,356)**	**—**	**—**	**4,908**
Balance at December 31, 2023	**$ 229,455**	**$ (16,165)**	**$ 20,739**	**$ 123,032**	**$ (407)**	**$ 356,654**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31
(Expressed in thousands of Canadian Dollars)

	Note	**2023**	2022
Cash provided by			
Operating activities:			
Net income		**$ 63,141**	$ 67,372
Adjustments to reconcile net income to cash from operating activities:			
Depreciation		**131,319**	119,268
Amortization of deferred financing costs	*19*	**1,635**	1,076
Loss on disposal of property, plant and equipment		**1,659**	536
Gain on derivative financial instruments	*15(b)*	**(6,063)**	(778)
Stock-based compensation expense	*20*	**15,828**	4,780
Cash settlement of deferred share unit plan	*20(c)*	**(7,817)**	—
Equity earnings in affiliates and joint ventures	*9*	**(25,815)**	(37,053)
Dividends and advances received from affiliates and joint ventures	*9*	**19,330**	12,760
Deferred income tax expense	*11*	**15,981**	15,446
Non-cash changes in fair value of contingent consideration	*15(a)*	**8,268**	—
Other adjustments to cash from operating activities		**1,875**	(896)
Net changes in non-cash working capital	*22(b)*	**51,050**	(13,310)
		270,391	169,201
Investing activities:			
Acquisition of MacKellar, net of cash acquired	*21(a)*	**(51,671)**	—
Acquisition of ML Northern Services Limited, net of cash acquired	*21(b)*	**—**	(2,205)
Purchase of property, plant and equipment		**(202,809)**	(111,499)
Additions to intangible assets		**(683)**	(3,765)
Proceeds on disposal of property, plant and equipment		**10,419**	3,400
Net payment on the wind up of affiliates and joint ventures	*9*	**(387)**	—
Net (advances) collections of loans with affiliates and joint ventures		**(2,345)**	16,600
Cash settlement of derivative financial instruments		**2,597**	—
		(244,879)	(97,469)
Financing activities:			
Proceeds from long-term debt	*13*	**340,027**	83,400
Repayment of long-term debt	*13*	**(315,598)**	(58,640)
Financing costs	*13(a)*	**(5,782)**	(318)
Dividends paid	*16(d)*	**(10,034)**	(7,773)
Payments of contingent consideration	*15(a)*	**(10,369)**	—
Share purchase program	*16(c)*	**—**	(34,132)
Purchase of treasury shares	*16(a)*	**(5,991)**	(2,030)
		(7,747)	(19,493)
Increase in cash		**17,765**	52,239
Effect of exchange rate on changes in cash		**1,705**	304
Cash, beginning of year		**69,144**	16,601
Cash, end of year		**$ 88,614**	$ 69,144

Supplemental cash flow information (note 22(a))

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian Dollars, except per share amounts or unless otherwise specified)

1. Nature of operations

North American Construction Group Ltd. ("NACG" or the "Company"), was formed under the Canada Business Corporations Act. The Company and its predecessors have been operating continuously since 1953 providing a wide range of mining and heavy construction services to customers in the resource development and industrial construction sectors.

2. Significant accounting policies

a) Basis of presentation

These consolidated financial statements are prepared in accordance with United States generally accepted accounting principles ("US GAAP"). These consolidated financial statements include the accounts of the Company and its wholly-owned incorporated subsidiaries in Canada, the United States and Australia. All significant intercompany transactions and balances are eliminated upon consolidation. The Company also holds ownership interests in other corporations, partnerships and joint ventures.

The Company consolidates variable interest entities ("VIE") for which it is considered to be the primary beneficiary as well as voting interest entities in which it has a controlling financial interest as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, Consolidation, and related standards. Investees and joint ventures over which the Company exercises significant influence are accounted for using the equity method and are included in "investments in affiliates and joint ventures" within the accompanying Consolidated Balance Sheets.

During the first quarter of 2023, the Company updated the presentation of finance lease obligations within the Consolidated Balance Sheets to be included in long-term debt. Within the long-term debt note, finance lease obligations, financing obligations, and promissory notes have been combined as equipment financing. Finance lease obligations are the finance lease liabilities recognized in accordance with the Company's lease policy. Financing obligations arise when the Company finances its owned equipment. There has been no change in the Company’s accounting policy for finance lease obligations or change in the recognition or measurement of the related balances now recognized within long-term debt. The change in presentation had no effect on the reported results of operations. The comparative period has been updated to reflect this presentation change.

b) Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures reported in these consolidated financial statements and accompanying notes and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. Significant estimates and judgments made by management include:

- the assessment of the percentage of completion on time-and-materials, unit-price, lump-sum and cost-plus contracts with defined scope (including estimated total costs and provisions for estimated losses) and the recognition of variable revenue from unapproved contract modifications and change orders on revenue contracts;
- the determination of whether an acquisition meets the definition of a business combination;
- the fair value of the assets acquired and liabilities assumed as part of an acquisition;
- the evaluation of whether the Company is a primary beneficiary of an entity or has a controlling interest in an investee and is required to consolidate it;
- assumptions used in measuring the fair value of contingent consideration;
- assumptions used in impairment testing; and
- estimates and assumptions used in the determination of the allowance for credit losses, the recoverability of deferred tax assets and the useful lives of property, plant and equipment and intangible assets.

The accuracy of the Company’s revenue and profit recognition in a given period is dependent on the accuracy of the estimates of the cost to complete each project. Cost estimates for significant projects are estimated using a detailed cost analysis of project activities and the Company believes its experience allows it to provide reasonably dependable estimates. There are a number of factors that can contribute to changes in estimates of contract costs and profitability that are recognized in the period in which such adjustments are determined. The most significant of these include:

- the completeness and accuracy of the original bid;
- costs associated with added scope changes;
- extended overhead due to owner, weather and other delays;
- subcontractor performance issues;
- changes in economic indices used for the determination of escalation or de-escalation for contractual rates on long-term contracts;
- changes in productivity expectations;
- site conditions that differ from those assumed in the original bid;
- contract incentive and penalty provisions;
- the availability and skill level of workers in the geographic location of the project; and
- a change in the availability and proximity of equipment and materials.

The foregoing factors as well as the mix of contracts at different margins may cause fluctuations in gross profit between periods. With many projects of varying levels of complexity and size in process at any given time, changes in estimates can offset each other without materially impacting the Company’s profitability. Major changes in cost estimates, particularly in larger, more complex projects, can have a significant effect on profitability.

c) Revenue recognition

The Company's revenue source falls into one of three categories: construction services, operations support, or equipment and component sales.

Construction services are related to mine development or expansion projects and are generally funded from customers' capital budgets. The Company provides construction services under lump-sum, unit-price, time-and materials and cost-plus contracts. When the commercial terms are lump-sum and unit-price, the contract scope and value is typically defined. Time-and-materials and cost-plus contracts are generally undefined in scope and total price. Operations support services revenue is mainly generated under long-term site-services agreements with the customers (master service agreement and multiple use contracts). These agreements clearly define whether commitment to volume or scope of services over the life of the contract is included or excluded. When excluded, work under the agreement is awarded through shorter-term work authorizations under the general terms of the agreement. The Company generally provides operations support services under either time-and-materials or unit-price contracts depending on factors such as the degree of complexity, the completeness of engineering and the required schedule. Equipment and component sales revenue is generated from our equipment maintenance and rebuild activities, along with our mining component supplier business. The commercial terms for equipment and component sales are generally lump-sum, unit-price, or time-and-materials.

Significant estimates are required in the revenue recognition process including assessment of the percentage of completion, identification of performance obligations, and estimation of variable consideration, including the extent of any constraints.

The Company’s invoicing frequency and payment terms are in accordance with negotiated customer contracts. Customer invoicing can range between daily and monthly and payment terms generally range between net 15 and net 60 days. The Company does not typically include extended payment terms in its contracts with customers. Under these payment terms, the customer pays progress payments based on actual work or milestones completed. When payment terms do not align with revenue recognition, the variance is recorded to either contract liabilities or contract assets, as appropriate. Customer contracts do not generally include a significant financing component because the Company does not expect the period between customer payment and transfer of control to exceed one year. The Company does not adjust consideration for the effects of a significant financing component if the period of time between the transfer of control and the customer payment is less than one year.

The Company accounts for a contract when it has approval and commitments from both parties, the rights of the parties are identified, the payment terms are identified, the contract has commercial substance, and the collectability

of consideration is probable. Each contract is evaluated to determine if it includes more than one performance obligation. This evaluation requires significant judgement and the determination that the contract contains more than one performance obligation could change the amount of revenue and profit recorded in a given period. The majority of the Company's contracts with defined scope include one significant integrated service, where the Company is responsible for ensuring the individual goods and services are incorporated into one combined output. Such contracts are accounted for as one performance obligation. When more than one distinct good or service is contracted, the contract is separated into more than one performance obligation and the total transaction price is allocated to each performance obligation based upon stand-alone selling prices. When a stand-alone selling price is not observable, it is estimated using a suitable method.

The total transaction price can be comprised of fixed consideration and variable consideration, such as profit incentives, discounts and performance bonuses or penalties. When a contract includes variable consideration, the amount included in the total transaction price is based on the expected value or the mostly likely amount, constrained to an amount that it is probable a significant reversal will not occur. Significant judgement is involved in determining if a variable consideration amount should be constrained. In applying this constraint, the Company considers both the likelihood of a revenue reversal arising from an uncertain future event and the magnitude of the revenue reversal if the uncertain event were to occur or fail to occur. The following circumstances are considered to be possible indicators of significant revenue reversals:

- The amount of consideration is highly susceptible to factors outside the Company’s influence, such as judgement of actions of third parties and weather conditions;
- The length of time between the recognition of revenue and the expected resolution;
- The Company’s experience with similar circumstances and similar customers, specifically when such items have predictive value;
- The Company’s history of resolution and whether that resolution includes price concessions or changing payment terms; and
- The range of possible consideration amounts.

The Company's performance obligations for construction services and operations support are typically satisfied by transferring control over time, for which revenue is recognized using the percentage of completion method, measured by the ratio of costs incurred to date to estimated total costs. For defined scope contracts, the cost-to-cost method faithfully depicts the Company’s performance because the transfer of the asset to the customer occurs as costs are incurred. The costs of items that do not relate to the performance obligation, particularly in the early stages of the contract, are excluded from costs incurred to date. Pre-construction activities, such as mobilization and site setup, are recognized as contract costs on the Consolidated Balance Sheets and amortized over the life of the project. These costs are excluded from the cost-to- cost calculation. Equipment and component sales are typically satisfied at a point in time, and revenue is recognized when control of the completed asset has been transferred to the customer, along with the cost of goods sold (cost of sales).

The Company has elected to apply the ‘as-invoiced’ practical expedient to recognize revenue in the amount to which the Company has a right to invoice for all contracts in which the value of the performance completed to date directly corresponds with the right to consideration. This will be applied to all contracts, where applicable, and the majority of undefined scope work is expected to use this practical expedient.

The length of the Company’s contracts varies from less than one year for typical contracts to several years for certain larger contracts. Cost of sales include all direct labour, material, subcontract and equipment costs and those indirect costs related to contract performance such as indirect labour and supplies. General and administrative expenses are charged to expenses as incurred. If a loss is estimated on an uncompleted contract, a provision is made in the period in which such losses are determined.

Changes in project performance, project conditions, and estimated profitability, including those arising from profit incentives, penalty provisions and final contract settlements, may result in revisions to costs and revenue that are recognized in the period in which such adjustments are determined. Once a project is underway, the Company will often experience changes in conditions, client requirements, specifications, designs, materials and work schedules. Generally, a "change order" will be negotiated with the customer to modify the original contract to approve both the scope and price of the change. Occasionally, disagreements arise regarding changes, their nature, measurement, timing and other characteristics that impact costs and revenue under the contract. When a change becomes a point of dispute between the Company and a customer, the Company will assess the legal enforceability of the change to determine if an unapproved contract modification exists. The Company considers a contract modification to exist when the modification either creates new or changes the existing enforceable rights and obligations.

Most contract modifications are for goods and services that are not distinct from the existing contract due to the integrated services provided in the context of the contract and are accounted for as part of the existing contract. Therefore, the effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue on a cumulative catch-up basis. If a contract modification is not approved by the customer, the associated revenue is treated as variable consideration, subject to constraint. Management estimates variable consideration utilizing estimation methods that best predict the amount of consideration to which the Company will be entitled. This can lead to a situation where costs are recognized in one period and revenue is recognized when customer agreement is obtained or claim resolution occurs, which can be in subsequent periods.

In certain instances, the Company’s long-term contracts allow its customers to unilaterally reduce or eliminate scope of work without cause. These instances represent higher risk due to uncertainty of total contract value and estimated costs to complete; therefore, potentially impacting revenue recognition in future periods.

Revenue is measured based on consideration specified in the customer contract, and excludes any amounts collected on behalf of third parties. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specified revenue producing transaction, that are collected by the Company for a customer, are excluded from revenue.

d) Balance sheet classifications

A one-year time period is typically used as the basis for classifying current assets and liabilities. However, there is a possibility that amounts receivable and payable under construction contracts (principally customer and supplier holdbacks) may extend beyond one year.

e) Cash

Cash includes cash on hand and bank balances net of outstanding cheques.

f) Accounts receivable and contract assets

Accounts receivable are recorded when the Company has an unconditional right to consideration arising from performance of contracts with customers. Accounts receivable may be comprised of amounts billed to customers and amounts that have been earned but have not yet been billed. Such unbilled but earned amounts generally arise when a billing period ends subsequent to the end of the reporting period. When this occurs, revenue equal to the earned and unbilled amount is accrued. Such accruals are classified as accounts receivable on the balance sheet, even though they are not yet billed, as they represent consideration for work that has been completed prior to the period end where the Company has an unconditional right to consideration.

Contract assets include unbilled amounts representing revenue recognized from work performed where the Company does not yet have an unconditional right to compensation. These balances generally relate to (i) revenue accruals on contracts where the percentage of completion method of revenue recognition requires an accrual over what has been billed and (ii) revenue recognized from variable consideration related to unpriced contract modifications.

The Company records allowance for credit losses using the expected credit loss model upon the initial recognition of financial assets. The estimate of expected credit loss considers historical credit loss information that is adjusted for current economic and credit conditions. Bad debt expense is charged to cost of sales in the Consolidated Statements of Operations and Comprehensive Income in the period the allowance is recognized. The counterparties to the majority of the Company's financial assets are major oil and coal producers with a long history of no credit losses.

Holdbacks represent amounts up to 10% of the contract value under certain contracts that the customer is contractually entitled to withhold until completion of the project or until certain project milestones are achieved. Information about the Company’s exposure to credit risks and impairment losses for trade and other receivables is included in note 15(f).

g) Contract costs

The Company occasionally incurs costs to obtain contracts (reimbursable bid costs) and to fulfill contracts (fulfillment costs). If these costs meet certain criteria, they are capitalized as contract costs, included within other assets on the Consolidated Balance Sheets. Capitalized costs are amortized based on the transfer of goods or services to which the assets relate and are included in cost of sales. Reimbursable bid costs meet the criteria for capitalization when these costs will be reimbursed by the owner regardless of the outcome of the bid. Generally, this occurs when the Company has been selected as the preferred bidder for a project. The Company recognizes

reimbursable bid costs as an expense when incurred if the amortization period of the asset that the entity would have otherwise recognized is one year or less. Costs to fulfill a contract meet the criteria for capitalization if they relate directly to a specifically identifiable contract, they generate or enhance resources that will be used to satisfy future performance obligations and if the costs are expected to be recovered. The costs that meet this criterion are often mobilization and site set-up costs. Contract costs are recorded within other assets on the Consolidated Balance Sheets.

h) Remaining performance obligations

Remaining performance obligations represents the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period. Certain of the Company's long-term contracts can allow customers to unilaterally reduce or eliminate the scope of the contracted work without cause. These long-term contracts represent higher risk due to uncertainty of total contract value and estimated costs to complete; therefore, potentially impacting revenue recognition in future periods. Excluded from this disclosure are amounts where the Company recognizes revenue as-invoiced (note 5(d)). Remaining performance obligations are recorded within contract assets and contract liabilities on the Consolidated Balance Sheets.

i) Contract liabilities

Contract liabilities consist of advance payments and billings in excess of costs incurred and estimated earnings on uncompleted contracts. Long-term contract liabilities (included in other long-term obligations) consists of upfront payments for long-term contracts to assist with operations scaling.

j) Inventories

Inventories are carried at the lower of cost and net realizable value, and consist primarily of repair parts, parts and components held for resale, tires and track frames, fuel and lubricants, and customer rebuild work in progress. Cost is determined using the weighted-average method.

k) Property, plant and equipment

Property, plant and equipment are recorded at cost. Equipment under finance lease is recorded at the present value of minimum lease payments at the inception of the lease.

Major components of heavy construction equipment in use such as engines and drive trains are recorded separately. Depreciation is not recorded until an asset is available for and in use. Depreciation is calculated based on the cost, net of the estimated residual value, over the estimated useful life of the assets on the following bases and rates:

Assets	Basis	Rate
Heavy equipment	Units of production	5,000 - 120,000 hours
Major component parts in use	Units of production	2,500 - 70,000 hours
Other equipment	Straight-line	5 - 10 years
Licensed motor vehicles	Straight-line	5 - 10 years
Office and computer equipment	Straight-line	4 - 10 years
Furnishings, fixtures and facilities	Straight-line	10 - 30 years
Buildings	Straight-line	10 - 50 years
Leasehold improvements	Straight-line	Over shorter of estimated useful life and lease term
Land	No depreciation	No depreciation

The costs for periodic repairs and maintenance are expensed to the extent the expenditures serve only to restore the assets to their normal operating condition without enhancing their service potential or extending their useful lives.

l) Goodwill

Goodwill represents the excess of consideration over the fair value of the net tangible and identifiable intangible assets acquired and liabilities assumed in a business combination. Goodwill is reviewed annually on October 1st for impairment or more frequently when there is an indication of potential impairment. Impairment is tested at the reporting unit level by comparing the reporting unit's carrying amount to its fair value. The process of determining fair values is subjective and requires management to exercise judgment in making assumptions about future results, including revenue and cash flow projections and discount rates. The annual test was performed on the acquired

goodwill with no impairment identified. The carrying amount of Goodwill can fluctuate due to changes in foreign exchange rates impacting the balances recorded within entities using a currency other than CAD. Goodwill is recorded within other assets on the Consolidated Balance Sheets.

m) Intangible assets

Acquired intangible assets with finite lives are recorded at historical cost net of accumulated amortization and accumulated impairment losses, if any. The cost of intangible assets acquired in an asset acquisition are recorded at cost based upon relative fair value as at the acquisition date. Costs incurred to increase the future benefit of intangible assets are capitalized.

Intangible assets with definite lives are amortized over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at the end of each reporting period.

Estimated useful lives of definite lived intangible assets and corresponding amortization method are:

Assets	Basis	Rate
Internal-use software	Straight-line	4 years
Customer relationship	Straight-line	4 years

n) Impairment of long-lived assets

Long-lived assets or asset groups held and used including property, plant and equipment and identifiable intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of an asset or group of assets is less than its carrying amount, it is considered to be impaired. The Company measures the impairment loss as the amount by which the carrying amount of the asset or group of assets exceeds its fair value, which is charged to the Consolidated Statements of Operations and Comprehensive Income. In determining whether an impairment exists, the Company makes assumptions about the future cash flows expected from the use of its long-lived assets, such as: applicable industry performance and prospects; general business and economic conditions that prevail and are expected to prevail; expected growth; maintaining its customer base; and achieving cost reductions. There can be no assurance that expected future cash flows will be realized or will be sufficient to recover the carrying amount of long-lived assets. Furthermore, the process of determining fair values is subjective and requires management to exercise judgment in making assumptions about future results, including revenue and cash flow projections and discount rates.

At each reporting period, the Company reviews the carrying value of its long-lived assets for indications of impairment. At December 31, 2023, there were no impairment indicators identified, as there had been no material declines in the operating environment or expected financial results.

o) Assets held for sale

Long-lived assets are classified as held for sale when certain criteria are met, which include:

- management, having the authority to approve the action, commits to a plan to sell the assets;
- the assets are available for immediate sale in their present condition;
- an active program to locate buyers and other actions to sell the assets have been initiated;
- the sale of the assets is probable and their transfer is expected to qualify for recognition as a completed sale within one year;
- the assets are being actively marketed at reasonable prices in relation to their fair value; and
- it is unlikely that significant changes will be made to the plan to sell the assets or that the plan will be withdrawn.

Assets to be disposed of by sale are reported at the lower of their carrying amount or estimated fair value less costs to sell and are disclosed separately on the Consolidated Balance Sheets. These assets are not depreciated.

Equipment disposal decisions are made using an approach in which a target life is set for each type of equipment. The target life is based on the manufacturer’s recommendations and the Company’s past experience in the various operating environments. Once a piece of equipment reaches its target life it is evaluated to determine if disposal is warranted based on its expected operating cost and reliability in its current state. If the expected operating cost

exceeds the target operating cost for the fleet or if the expected reliability is lower than the target reliability of the fleet, the unit is considered for disposal. Expected operating costs and reliability are based on the past history of the unit and experience in the various operating environments. Once the Company has determined that the equipment will be disposed, and the criteria for assets held for sale are met, the unit is recorded in assets held for sale at the lower of depreciated cost or net realizable value.

p) Foreign currency translation

The functional currency of the Company is Canadian Dollars. Transactions recorded within these subsidiaries that are denominated in foreign currencies are recorded at the rate of exchange on the transaction date. Monetary assets and liabilities within these subsidiaries denominated in foreign currencies are translated into Canadian Dollars at the rate of exchange prevailing at the balance sheet date. The resulting foreign exchange gains and losses are included in the determination of earnings and included within general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income.

Accounts of the Company's Australia-based subsidiaries, which have Australian Dollar functional currency, and US-based subsidiaries, which have US Dollar functional currency, are translated into Canadian Dollars using the current rate method. Assets and liabilities are translated at the rate of exchange in effect at the balance sheet date, and revenue and expense items are translated at the average rate of exchange for the period. The resulting unrealized exchange gains and losses from these translation adjustments are included as a separate component of shareholders' equity in Accumulated Other Comprehensive Income. The effect of exchange rate changes on cash balances held in foreign currencies is separately reported as part of the reconciliation of the change in cash and for the period.

q) Fair value measurement

Fair value measurements are categorized using a valuation hierarchy for disclosure of the inputs used to measure fair value, which prioritizes the inputs into three broad levels. Fair values included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Fair values included in Level 2 include valuations using inputs based on observable market data, either directly or indirectly other than the quoted prices. Level 3 valuations are based on inputs that are not based on observable market data. The classification of a fair value within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. Transfers between levels of the fair value hierarchy are deemed to have occurred at the date the event or change in circumstance causing the transfer occurred.

r) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized based on the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period of enactment. A valuation allowance is recorded against any deferred tax asset if it is more likely than not that the asset will not be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not (greater than 50%) of being sustained. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs. The Company accrues interest and penalties for uncertain tax positions in the period in which these uncertainties are identified. Interest and penalties are included in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income.

s) Stock-based compensation

The Company has a Restricted Share Unit ("RSU") Plan which is described in note 20(a). RSUs are generally granted effective July 1 of each fiscal year with respect to services to be provided in that fiscal year and the following two fiscal years. The RSUs generally vest at the end of the three-year term. The Company settles RSUs with common shares purchased on the open market through a trust arrangement. Employees have the option to receive the full amount of vested units or to have the Company withhold shares to satisfy the tax withholding requirements on their behalf. Compensation expense is calculated based on the number of vested RSUs multiplied by the fair value of each RSU as determined by the volume weighted-average trading price of the Company's common shares for the five trading days immediately preceding the day on which the fair market value was to be determined. The Company recognizes compensation cost over the three-year term in the Consolidated Statements of Operations and Comprehensive Income, with a corresponding increase to additional paid-in capital. When

dividends are paid on common shares, additional dividend equivalent RSUs are granted to all RSU holders as of the dividend payment date. The number of additional RSUs to be granted is determined by multiplying the dividend payment per common share by the number of outstanding RSUs, divided by the fair market value of the Company's common shares on the dividend payment date. Such additional RSUs are granted subject to the same service criteria as the underlying RSUs.

The Company has a Performance Restricted Share Unit ("PSU") plan which is described in note 20(b). The PSUs vest at the end of a three-year term and are subject to the performance criteria approved by the Human Resources and Compensation Committee at the date of the grant. Such performance criteria include the passage of time and, for awards prior to 2022, is based upon the improvement of total shareholder return ("TSR") as compared to a defined Canadian company peer group. For awards in 2022 and later, performance is based equally on four criteria: (a) improvement of TSR as compared to a defined group consisting of Canadian and US public companies and relevant S&P/TSX small-cap subset indexes; (b) adjusted earnings before interest and taxes; (c) free cash flow; and (d) adjusted return on invested capital. TSR is calculated using the fair market values of voting common shares at the grant date, the fair market value of voting common shares at the vesting date and the total dividends declared and paid throughout the vesting period. The grants are measured at fair value on the grant date using a Monte Carlo model. The Company settles all PSUs with common shares purchased on the open market through a trust arrangement. Employees have the option to receive the full amount of vested units or to have the Company withhold shares to satisfy the tax withholding requirements on their behalf. The Company recognizes compensation cost over the three-year term of the PSU in the Consolidated Statements of Operations and Comprehensive Income, with a corresponding increase to additional paid-in capital.

The Company has a Deferred Stock Unit ("DSU") Plan which is described in note 20(c). The DSU plan enables directors and executives to receive all or a portion of their annual fee or annual executive bonus compensation in the form of DSUs and are settled in cash. The DSUs vest immediately upon issuance and are only redeemable upon departure, retirement or death of the participant. Compensation expense is calculated based on the number of DSUs multiplied by the fair market value of each DSU as determined by the volume weighted-average trading price of the Company’s common shares for the 5 trading days immediately preceding the day on which the fair market value is to be determined, with any changes in fair value recognized in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income. Compensation costs related to DSUs are recognized in full upon the grant date as the units vest immediately. When dividends are paid on common shares, additional dividend equivalent DSUs are granted to all DSU holders as of the dividend payment date. The number of additional DSUs to be granted is determined by multiplying the dividend payment per common share by the number of outstanding DSUs, divided by the fair market value of the Company's common shares on the dividend payment date. Such additional DSUs are granted subject to the same service criteria as the underlying DSUs.

As stock-based compensation expense recognized in the Consolidated Statements of Operations and Comprehensive Income is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimated.

t) Net income per share

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the period (see note 16(b)). Diluted net income per share is computed by dividing net income available to common shareholders by the weighted-average number of shares outstanding during the year, adjusted for dilutive share amounts. The diluted per share amounts are calculated using the treasury stock method and the if-converted method.

u) Leases

For lessee accounting, the Company determines whether a contract is or contains a lease at inception of the contract. At the lease commencement date, the Company recognizes a right-of-use ("ROU") asset and a lease liability. The ROU asset for operating and finance leases are included in operating lease right-of-use assets and property, plant and equipment, respectively, on the Consolidated Balance Sheets. The lease liability for operating and finance leases are included in operating lease liabilities and long-term debt, respectively.

Operating and finance lease assets and liabilities are initially measured at the present value of lease payments at the commencement date. Subsequently, finance lease liabilities are measured at amortized cost using the effective interest rate method and operating lease liabilities are measured at the present value of unpaid lease payments.

As most of the Company’s operating lease contracts do not provide the implicit interest rate, nor can the implicit interest rate be readily determined, the Company uses its incremental borrowing rate as the discount rate for

determining the present value of lease payments. The Company's incremental borrowing rate for a lease is the rate that the Company would pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The Company uses the lease implicit interest rate when it is determinable.

The lease term for all of the Company's leases includes the non-cancellable period of the lease plus any period covered by options to extend (or not to terminate) the lease term when it is reasonably certain that the Company will exercise that option.

Lease payments are comprised of fixed payments owed over the lease term and the exercise price of a purchase option if the Company is reasonably certain to exercise the option. The ROU assets for both operating and finance leases are initially measured at cost, which consists of the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred, less any lease incentives received. For finance leases, ROU asset depreciation expense is recognized and presented separately from interest expense on the lease liability through depreciation and interest expense, net, respectively. The ROU asset for operating leases is measured at the amortized value of the ROU asset. For operating leases, amortization of the ROU asset is calculated as the current-period lease cost adjusted by the lease liability accretion to the then outstanding lease balance. Lease expense of the operating lease ROU asset is recognized on a straight-line basis over the remaining lease term through general and administrative expenses.

ROU assets for operating and finance leases are reduced by any accumulated impairment losses. The Company's existing accounting policy for impairment of long-lived assets is applied to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to be recognized.

The Company monitors for events or changes in circumstances that require a reassessment of one or more of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset.

The Company generally accounts for contracts with lease and non-lease components separately. This involves allocating the consideration in the contract to the lease and non-lease components based on each component’s relative standalone price. For certain leases, the Company has elected to apply the practical expedient to account for the lease and non-lease components together as a single lease component. Non-lease components include common area maintenance and machine maintenance. For those leases, the lease payments used to measure the lease liability include all of the fixed consideration in the contract.

ROU assets and lease liabilities for all leases that have a lease term of 12 months or less ("short-term leases") are not recognized. The Company recognizes its short-term lease payments as an expense on a straight-line basis over the lease term. Short-term lease variable payments are recognized in the period in which the payment is assessed.

For lessor accounting, the Company entered into contracts to sublease certain operating property leases to third parties and generally accounts for lease and non-lease components of subleases separately.

If any of the following criteria are met, the Company classifies the lease as a sales-type lease:

- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- The lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise;
- The lease term is for the major part of the remaining economic life of the underlying asset. However, if the commencement date falls at or near the end of the economic life of the underlying asset, this criterion shall not be used for purposes of classifying the lease;
- The present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments equals or exceeds substantially all of the fair value of the underlying asset.
- The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

When none of these criteria are met, the Company classifies the lease as an operating lease unless both of the following criteria are met, in which case the Company records the lease as a direct financing lease:

- The present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments and/or any other third party unrelated to the lessor equals or exceeds substantially all of the fair value of the underlying asset.

- It is probable that the lessor will collect the lease payments plus any amount necessary to satisfy a residual value guarantee.

For sales-type leases, the Company recognizes the net investment in the lease, and derecognizes the underlying asset on the Consolidated Balance Sheets. The interest income over the lease term is recognized in the Consolidated Statements of Operations and Comprehensive Income, with cash received from leases classified as operating cash flows in the Consolidated Statements of Cash Flows. The difference between the cash received from leases and the interest income is the reduction of the initial net investment. The net investment at the end of the lease term will equate to the estimated residual value at lease inception. For operating leases, the Company continues to recognize the underlying asset on the Consolidated Balance Sheets, and lease income is recognized in revenue, straight-line over the lease term in the Consolidated Statements of Operations and Comprehensive Income. The cash received from leases are classified as operating cash flows on the Consolidated Statements of Cash Flows.

v) Deferred financing costs

Underwriting, legal and other direct costs incurred in connection with the issuance of debt are presented as deferred financing costs. Deferred financing costs related to the mortgage and the issuance of Convertible Debentures are included within liabilities on the Consolidated Balance Sheets and are amortized using the effective interest rate method over the term to maturity. Deferred financing costs related to revolving facilities under the credit facilities are included within other assets on the Consolidated Balance Sheets and are amortized ratably over the term of the Credit Facility.

w) Investments in affiliates and joint ventures

Upon inception or acquisition of a contractual agreement, the Company performs an assessment to determine whether the arrangement contains a variable interest in a legal entity and whether that legal entity is a variable interest entity ("VIE"). Where it is concluded that the Company is the primary beneficiary of a VIE, the Company will consolidate the accounts of that VIE. Other qualitative factors that are considered include decision-making responsibilities, the VIE capital structure, risk and rewards sharing, contractual agreements with the VIE, voting rights and level of involvement of other parties. The Company assesses the primary beneficiary determination for a VIE on an ongoing basis as changes occur in the facts and circumstances related to a VIE. If an entity is determined not to be a VIE, the voting interest entity model will be applied. The maximum exposure to loss as a result of involvement with the VIE is the Company's share of the investee's net assets.

The Company utilizes the equity method to account for its interests in affiliates and joint ventures that the Company does not control but over which it exerts significant influence. The equity method is typically used when it has an ownership interest of between 15% and 50% in an entity, provided the Company is able to exercise significant influence over the investee's operations. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Under the equity method, the investment in an affiliate or a joint venture is initially recognized at cost. Transaction costs that are incremental and directly attributable to the investment in the affiliate or joint venture are included in the cost. The total initial cost of the investment is attributable to the net assets in the equity investee at fair value.

The carrying amount of investment is adjusted to recognize changes in the Company's share of net assets of the affiliate or joint venture since the acquisition date.

The aggregate of the Company's share of profit or loss of affiliates and joint ventures is shown on the face of the Consolidated Statements of Operations and Comprehensive Income, representing profit or loss in the subsidiaries of the affiliate or joint venture. This share of profit or loss is inclusive of any mark-to-market adjustments made by the affiliates or joint ventures. Transactions between the Company and the affiliate or joint venture are eliminated to the extent of the interest in the affiliate or joint venture. When the Company earns revenue on downstream sales to affiliate or joint ventures, it eliminates its proportionate share of profit through revenue and cost of sales.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its affiliate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the affiliate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within "equity earnings in affiliates and joint ventures" in the Consolidated Statements of Operations and Comprehensive Income. Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture

upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the Consolidated Statements of Operations and Comprehensive Income.

x) Derivative instruments

The Company may periodically use derivative financial instruments to manage financial risks from fluctuations in share prices. Such instruments are only used for risk management purposes. Derivative financial instruments are subject to standard terms and conditions, financial controls, management and risk monitoring procedures including Board approval for all significant transactions. These derivative financial instruments were not designated as hedges for accounting purposes and were recorded at fair value with realized and unrealized gains and losses recognized in the Consolidated Statements of Operations and Comprehensive Income.

y) Business combinations

Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed are recorded at the acquisition date at their fair values. The Company measures goodwill as the excess of the total cost of acquisition over the fair value of identifiable net assets of an acquired business at the acquisition date. Any contingent consideration payable is recognized at fair value at the acquisition date. The current portion of the consideration payable is recorded in accrued liabilities and long-term portion is recorded in other long-term obligations on the Consolidated Balance Sheets, with any subsequent changes to fair value recorded in general and administrative expenses in the Consolidated Statement of Operations and Comprehensive Income. Acquisition-related costs of $7,095 in 2023 were expensed when incurred in general and administrative charges.

3. Recent accounting pronouncements not yet adopted

a) Joint venture formations

In August 2023, the FASB issued ASU 2023-05, Business Combinations - Joint Venture Formations. This accounting standard update was issued to create new requirements for valuing contributions made to a joint venture upon formation. This standard is effective January 1, 2025, with early adoption permitted. The Company is assessing the impact the adoption of this standard may have on its consolidated financial statements.

b) Segment reporting

In November 2023, the FASB issued ASU 2023-07, Segment Reporting: Improvements to Reportable Segment Disclosures. This accounting standard update was issued to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This standard is effective for the fiscal year beginning January 1, 2024. The Company is assessing the impact the adoption of this standard may have on its consolidated financial statements.

c) Income taxes

In December 2023, the FASB issued ASU 2023-09, Income Taxes: Improvements to Income Tax Disclosures. This accounting standard update was issued to increase transparency by improving income tax disclosures, primarily related to the rate reconciliation and income taxes paid information. This standard is effective for the fiscal year beginning January 1, 2025, with early adoption permitted. The Company is assessing the impact the adoption of this standard may have on its consolidated financial statements.

4. Accounts receivable

	Note	**December 31, 2023**	December 31, 2022
Trade	*9*	**$ 65,386**	$ 39,625
Holdbacks		**363**	372
Accrued trade receivables		**16,556**	33,207
Contract receivables		**$ 82,305**	$ 73,204
Other		**15,550**	10,607
		$ 97,855	$ 83,811

5. Revenue

a) Disaggregation of revenue

Year ended December 31,	2023	2022
Revenue by source		
Operations support services	**$ 886,963**	$ 688,734
Equipment and component sales	**57,822**	48,728
Construction services	**12,435**	32,077
	$ 957,220	$ 769,539
By commercial terms		
Time-and-materials	**$ 575,608**	$ 523,468
Unit-price	**363,979**	234,047
Lump-sum	**17,633**	12,024
	$ 957,220	$ 769,539
Revenue recognition method		
As-invoiced	**$ 600,744**	$ 522,415
Cost-to-cost percent complete	**298,654**	198,396
Point-in-time	**57,822**	48,728
	$ 957,220	$ 769,539

b) Contract balances

	Note	December 31, 2023	December 31, 2022
Contract assets		**$ 35,027**	$ 15,802
Contract liabilities		**59**	1,411
Long-term contract liabilities	*14*	**16,114**	—

Contract assets include unbilled amounts representing revenue recognized from work performed where the Company does not yet have an unconditional right to compensation. These balances generally relate to revenue accruals on contracts where the percentage of completion method of revenue recognition requires an accrual over what has been billed and revenue recognized from variable consideration related to unapproved contract modifications. Contract liabilities consist of advance payments and billings in excess of costs incurred and estimated earnings on uncompleted contracts. Long-term contract liabilities (included in other long-term obligations) includes upfront payments for long-term contracts to assist with operations scaling. The Company recognized revenue of $1,411 in 2023 that was included in the contract liability balance as of December 31, 2022 ($3,349 in 2022 that was included in the contract balance as of December 31, 2021).

c) Performance obligations

The following table provides information about revenue recognized from performance obligations that were satisfied (or partially satisfied) in previous periods:

Year ended December 31,	2023	2022
Revenue recognized (derecognized)	**$ 2,598**	$ (1,201)

These amounts relate to cumulative catch-up adjustments arising from changes in estimated cost of sales on cost-to-cost percent complete jobs and final settlement of constrained variable consideration.

d) Transaction price allocated to the remaining performance obligations

The estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period is $22,797, all of which is expected to be recognized in 2024. Included is all expected consideration from contracts with customers, excluding amounts that are recognized using the as-invoiced method and any constrained amounts of revenue.

e) Unapproved contract modifications

The Company recognized revenue from variable consideration related to unapproved contract modifications for the year ended December 31, 2023, of $8,032 (year ended December 31, 2022 - $ nil). The Company has recorded amounts in current assets related to uncollected consideration from revenue recognized on unapproved contract modifications as at December 31, 2023, of $9,482 (December 31, 2022 - $1,487).

6. Inventories

	December 31, 2023	December 31, 2022
Repair parts	**$ 41,358**	$ 26,036
Tires and track frames	**6,478**	3,372
Fuel and lubricants	**1,941**	2,237
Parts and supplies	**49,777**	31,645
Parts, supplies and components for equipment rebuilds	**13,898**	14,899
Customer rebuild work in process	**1,287**	3,354
	$ 64,962	$ 49,898

7. Property, plant and equipment

December 31, 2023	Cost	Accumulated Depreciation	Net Book Value
Owned assets			
Heavy equipment	**$ 503,359**	**$ 133,448**	**$ 369,911**
Major component parts in use	**747,036**	**207,969**	**539,067**
Other equipment	**49,207**	**33,952**	**15,255**
Licensed motor vehicles	**20,051**	**7,207**	**12,844**
Office and computer equipment	**10,133**	**6,336**	**3,797**
Buildings	**45,681**	**5,231**	**40,450**
Capital inventory and capital work in progress	**84,555**	**—**	**84,555**
Land	**10,472**	**—**	**10,472**
	1,470,494	**394,143**	**1,076,351**
Assets under finance lease			
Heavy equipment	**64,691**	**19,435**	**45,256**
Major component parts in use	**28,514**	**9,580**	**18,934**
Other equipment	**37**	**12**	**25**
Licensed motor vehicles	**2,555**	**175**	**2,380**
	95,797	**29,202**	**66,595**
Total property, plant and equipment	**$ 1,566,291**	**$ 423,345**	**$ 1,142,946**

December 31, 2022	Cost	Accumulated Depreciation	Net Book Value
Owned assets			
Heavy equipment	$ 368,318	$ 123,695	$ 244,623
Major component parts in use	388,169	163,124	225,045
Other equipment	40,752	30,769	9,983
Licensed motor vehicles	12,109	6,800	5,309
Office and computer equipment	7,510	5,669	1,841
Buildings	29,725	4,489	25,236
Capital inventory and capital work in progress	46,050	—	46,050
Land	10,472	—	10,472
	903,105	334,546	568,559
Assets under finance lease			
Heavy equipment	75,750	28,265	47,485
Major component parts in use	40,406	22,264	18,142
Other equipment	4,238	1,814	2,424
Licensed motor vehicles	9,669	469	9,200
	130,063	52,812	77,251
Total property, plant and equipment	$ 1,033,168	$ 387,358	$ 645,810

8. Finance and operating leases

As a lessee, the Company has finance and operating leases for heavy equipment, shop facilities, vehicles and office facilities. These leases have terms of 1 to 15 years, with options to extend on certain leases for up to five years. The Company generates operating lease income from the sublease of certain office facilities and heavy equipment rentals.

a) Minimum lease payments and receipts

The future minimum lease payments and receipts from non-cancellable leases as at December 31, 2023, for the periods shown are as follows:

	Payments		Receipts
For the year ending December 31,	Finance Leases	Operating Leases	Operating leases
2024	$ 25,697	$ 2,307	$ 683
2025	14,307	1,727	—
2026	9,721	1,579	—
2027	6,094	1,381	—
2028 and thereafter	2,081	9,358	—
Total minimum lease payments	$ 57,900	$ 16,352	$ 683
Less: amount representing interest	(5,049)	(3,303)	
Carrying amount of minimum lease payments	$ 52,851	$ 13,049	
Less: current portion	(23,691)	(1,742)	
Long term	$ 29,160	$ 11,307	

b) Lease expenses and income

Year ended December 31,	**2023**	2022
Short-term lease expense	**$ 15,305**	$ 23,003
Operating lease expense	**3,007**	4,588
Operating lease income	**(6,182)**	(6,831)

During the year ended December 31, 2023, depreciation of equipment under finance leases was $11,194 (December 31, 2022 - $18,573).

c) Supplemental information

	December 31, 2023	December 31, 2022
Weighted-average remaining lease term (in years):		
Finance leases	**2.6**	1.9
Operating leases	**10.3**	10.2
Weighted-average discount rate:		
Finance leases	**5.19 %**	3.53 %
Operating leases	**4.59 %**	4.64 %

9. Investments in affiliates and joint ventures

The following is a summary of the Company's interests in its various affiliates and joint ventures, which it accounts for using the equity method:

Affiliate or joint venture name:	Interest
Nuna Group of Companies ("Nuna")	
Nuna Logistics Ltd.	49 %
North American Nuna Joint Venture	50 %
Nuna East Ltd.	37 %
Nuna Pang Contracting Ltd.	37 %
Nuna West Mining Ltd.	49 %
Mikisew North American Limited Partnership ("MNALP")	49 %
Fargo joint ventures "Fargo"	
ASN Constructors ("ASN")	30 %
Red River Valley Alliance LLC ("RRVA")	15 %
NAYL Realty Inc.	49 %
BNA Remanufacturing Limited Partnership	50 %
Barrooghumba WPH Pty Ltd.	50 %
Ngaliku WPH Pty Ltd.	50 %
Dene North Site Services Partnership[i]	49 %

[i]As of January 1, 2023, the Dene North Site Services Partnership has been dissolved.

The following table summarizes the movement in the investments in affiliates and joint ventures balance during the year:

	December 31, 2023	December 31, 2022
Balance, beginning of the year	**$ 75,637**	$ 55,974
Additions arising from the acquisition of MacKellar	**85**	—
Share of net income	**25,815**	37,053
Dividends and advances received from affiliates and joint ventures	**(21,543)**	(12,760)
Intercompany eliminations and other	**1,441**	(4,630)
Balance, end of the year	**$ 81,435**	$ 75,637

Barrooghumba WPH Pty Ltd. and Ngaliku WPH Pty Ltd. have been added through the acquisition of MacKellar (note 21). Both entities are established joint venture operations of MacKellar, and they continue in their operations following the acquisition.

On January 1, 2023, the Dene North Site Services ("DNSS") partnership was dissolved and commenced wind up activities. The Company purchased equipment from the partnership for $2,600, offset by the receipt of final cash distributions of $ 2,213, resulting in a net cash outflow of $387.

a) Affiliate and joint venture condensed financial data

The financial information for the Company's share of the investments in affiliates and joint ventures accounted for using the equity method is summarized as follows:

Balance Sheets

December 31, 2023	Nuna	MNALP	Fargo	Other entities	Total
Assets					
Cash	**$ 9,944**	**$ 4,184**	**$ 87,418**	**$ 222**	**$ 101,768**
Other current assets	**34,937**	**36,060**	**4,556**	**4,593**	**80,146**
Non-current assets	**23,884**	**37,103**	**172,818**	**10,434**	**244,239**
Total assets	**$ 68,765**	**$ 77,347**	**$ 264,792**	**$ 15,249**	**$ 426,153**
Liabilities					
Contract liabilities	**$ 7,817**	**$ —**	**$ 76,481**	**$ 52**	**$ 84,350**
Other current liabilities (excluding current portion of long-term debt)	**5,145**	**29,216**	**33,122**	**1,871**	**69,354**
Long-term debt (including current portion)	**9,631**	**36,596**	**132,818**	**6,221**	**185,266**
Non-current liabilities	**4,985**	**—**	**589**	**174**	**5,748**
Total liabilities	**$ 27,578**	**$ 65,812**	**$ 243,010**	**$ 8,318**	**$ 344,718**
Net investments in affiliates and joint ventures	**$ 41,187**	**$ 11,535**	**$ 21,782**	**$ 6,931**	**$ 81,435**

December 31, 2022	Nuna	MNALP	Fargo	Other entities	Total
Assets					
Cash	$ 6,559	$ 1,467	$ 81,326	$ 800	$ 90,152
Other current assets	82,147	39,106	1,776	3,495	126,524
Non-current assets	18,422	29,143	93,007	12,510	153,082
Total assets	$ 107,128	$ 69,716	$ 176,109	$ 16,805	$ 369,758
Liabilities					
Contract liabilities	$ 8,788	$ —	$ 66,490	$ 4	$ 75,282
Other current liabilities (excluding current portion of long-term debt)	21,858	38,397	11,967	1,415	73,637
Long-term debt (including current portion)	17,900	26,180	89,295	5,906	139,281
Non-current liabilities	4,778	—	612	531	5,921
Total liabilities	$ 53,324	$ 64,577	$ 168,364	$ 7,856	$ 294,121
Net investments in affiliates and joint ventures	$ 53,804	$ 5,139	$ 7,745	$ 8,949	$ 75,637

Included within our portion of Nuna's December 31, 2023, current assets are contract assets of $ 8,701 from variable consideration related to unapproved contract modifications (December 31, 2022 - $1,391).

Statements of Operations

Year ended December 31, 2023	Nuna	MNALP	Fargo	Other entities	Total
Revenue	**$ 165,741**	**$ 395,040**	**$ 117,543**	**$ 7,975**	**$ 686,299**
Gross profit	**9,622**	**13,954**	**25,353**	**709**	**49,638**
Income (loss) before taxes	**1,246**	**10,869**	**15,344**	**(639)**	**26,820**
Net income (loss)	**$ 1,098**	**$ 10,869**	**$ 14,522**	**$ (674)**	**$ 25,815**

Year ended December 31, 2022	Nuna	MNALP	Fargo	Other entities	Total
Revenue	$ 213,745	$ 330,259	$ 40,598	$ 11,431	$ 596,033
Gross profit	30,667	10,216	6,575	2,123	49,581
Income before taxes	21,741	8,825	7,049	1,881	39,496
Net income	$ 19,298	$ 8,825	$ 7,049	$ 1,881	$ 37,053

b) Related parties

The following table provides the material aggregate outstanding balances with affiliates and joint ventures. Accounts payable and accrued liabilities due to joint ventures and affiliates do not bear interest, are unsecured and without fixed terms of repayment. Accounts receivable from certain joint ventures and affiliates bear interest at various rates, and all other accounts receivable amounts are non-interest bearing.

	December 31, 2023	December 31, 2022
Accounts receivable	**$ 41,157**	$ 65,294
Contract assets	**12,019**	—
Other assets	**350**	2,444
Accounts payable and accrued liabilities	**15,087**	13,773

The Company enters into transactions with a number of its joint ventures and affiliates that involve providing services primarily consisting of subcontractor services, equipment rental revenue and sales of equipment and components. These transactions were conducted in the normal course of operations, which were established and agreed to as consideration by the related parties. For the years ended December 31, 2023 and 2022, revenue earned from these services was $773,512 and $666,069, respectively. The majority of services are completed through the Mikisew North American Limited Partnership ("MNALP") which performs the role of contractor and subcontracts work to the Company. Accounts receivable balances from MNALP are recorded when MNALP invoices the external customer and are settled when MNALP receives payment. At December 31, 2023, MNALP had recorded accounts receivable of $61,111 on its balance sheet (December 31, 2022 - $66,680).

10. Other assets

	Note	**December 31, 2023**	December 31, 2022
Deferred financing costs		**$ 5,891**	$ 887
Goodwill		**526**	543
Loans to affiliates and joint ventures		**350**	2,444
Derivative financial instruments	*15(b)*	**229**	778
Long-term prepaid lease payments		**148**	1,085
Deferred lease inducement asset		**—**	71
		$ 7,144	$ 5,808

11. Income taxes

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory income tax rates to income before income taxes. The reasons for the differences are as follows:

Year ended December 31,	2023	2022
Income before income taxes	**$ 85,963**	$ 84,445
Equity earnings in affiliates and joint ventures	**(25,815)**	(37,053)
	$ 60,148	$ 47,392
Tax rate	**23.00 %**	23.00 %
Expected expense	**$ 13,834**	$ 10,900
Adjustments related to:		
Stock-based compensation	**1,092**	1,090
Foreign tax rate differential	**2,164**	183
Tax on equity earnings in affiliates and joint ventures	**5,936**	5,162
Other	**(204)**	(262)
Total income tax expense	**$ 22,822**	$ 17,073
Current income tax expense	**$ 6,841**	$ 1,627
Deferred income tax expense	**15,981**	15,446
Total income tax expense	**$ 22,822**	$ 17,073

The deferred tax assets and liabilities are summarized below:

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Non-capital and net capital loss carryforwards	**$ 26,713**	$ 33,630
Finance lease obligations	**23,116**	17,981
Operating lease obligations	**6,161**	3,415
Stock-based compensation	**4,913**	4,200
Transaction costs	**1,858**	—
Other	**10,051**	2,241
	$ 72,812	$ 61,467
Deferred tax liabilities:		
Contract assets	**$ 5,693**	$ 3,199
Property, plant and equipment	**168,813**	123,274
Other	**7,130**	6,494
	$ 181,636	$ 132,967
Net deferred income tax liability	**$ 108,824**	$ 71,500

Classified as:

	December 31, 2023	December 31, 2022
Deferred tax asset	**$ —**	$ 387
Deferred tax liability	**(108,824)**	(71,887)
	$ (108,824)	$ (71,500)

The Company and its subsidiaries file income tax returns in the Canadian federal jurisdiction, multiple Canadian provincial jurisdictions, the U.S. federal jurisdiction, three U.S state jurisdictions and the Australia federal jurisdiction.

At December 31, 2023, the Company has non-capital loss carryforwards of $ 116,143, which expire as follows:

	December 31, 2023
2026	**$ 3**
2027	**278**
2032	**175**
2033	**9,095**
2037	**5**
2039	**118**
2040	**82,668**
2041	**16,816**
2042	**3,677**
2043	**3,308**
	$ 116,143

12. Accrued liabilities

	Note	**December 31, 2023**	December 31, 2022
Payroll liabilities		**$ 28,524**	$ 16,082
Current portion of DSU liabilities	*20(c)*	**—**	5,099
Income and other taxes payable		**26,515**	8,189
Loans from affiliates and joint ventures		**11,387**	—
Obligation related to MacKellar acquisition		**20,070**	—
Obligation related to DGI acquisition		**2,431**	1,720
Deferred consideration related to ML Northern acquisition	*21(b)*	**—**	5,002
Dividends payable	*16(d)*	**2,674**	2,098
Other		**3,125**	5,594
		$ 94,726	$ 43,784

13. Long-term debt

	Note	**December 31, 2023**	December 31, 2022
Credit Facility	*13(a)*	**$ 317,488**	$ 180,000
Convertible debentures	*13(b)*	**129,750**	129,750
Equipment financing	*13(c)*	**220,466**	85,931
Mortgage	*13(f)*	**28,429**	29,231
Unamortized deferred financing costs	*13(g)*	**(3,514)**	(4,371)
		$ 692,619	$ 420,541
Less: current portion of long-term debt		**(81,306)**	(42,089)
		$ 611,313	$ 378,452

The aggregate maturities of long-term debt for each of the five years subsequent to December 31, 2023, are: $ 83.0 million in 2024, $64.3 million in 2025, $412.1 million in 2026, $28.8 million in 2027 and $ 107.8 million in 2028 and thereafter.

a) Credit Facility

On October 3, 2023, the Company entered into an Amended and Restated Credit Agreement (the "Credit Facility") with a banking syndicate. On October 26, 2023, the Company exercised the accordion feature to increase the size of the tranches as included in the amended agreement. The amended agreement matures on October 3, 2026, with an option to extend on an annual basis, subject to certain conditions. The agreement is comprised solely of a revolving facility that includes a Canadian dollar tranche of $280.0 million and an Australian dollar tranche of A$220.0 million, totaling $478.0 million of lending capacity using the exchange rate in effect as at December 31, 2023. The Credit Facility permits finance lease obligations to a limit of $350.0 million and certain other borrowings outstanding to a limit of $ 20.0 million. The permitted amount of $350.0 million for finance lease obligations includes guarantees provided by the Company to certain joint ventures. During the year ended December 31, 2023, financing costs of $5.8 million were incurred in connection with the amended Credit Facility and are recorded in other assets on the Consolidated Balance Sheets.

As at December 31, 2023, there was $ 31.3 million (December 31, 2022 - $ 32.0 million) in issued letters of credit under the Credit Facility and the unused borrowing availability was $129.3 million (December 31, 2022 - $ 88.0 million).

As at December 31, 2023, there was an additional $ 60.1 million in borrowing availability under finance lease obligations (December 31, 2022 - $46.6 million). Borrowing availability under finance lease obligations considers the current and long-term portion of finance lease obligations and financing obligations, including the finance lease obligations for the joint ventures that the Company guarantees.

The Credit Facility has two financial covenants that must be tested quarterly on a trailing four-quarter basis. As at December 31, 2023, the Company was in compliance with its financial covenants.

- The first covenant is the Total Debt to Bank EBITDA Ratio.
  - "Total Debt" is defined as the sum of the outstanding principal balance (current and long-term portions) of: (i) finance leases; (ii) borrowings under our credit facilities (excluding outstanding Letters of Credit); (iii) mortgage; (iv) promissory notes; (v) financing obligations; and (vi) vendor financing, excluding convertible debentures.
  - "Bank EBITDA" is defined as earnings before interest, taxes, depreciation and amortization, excluding the effects of unrealized foreign exchange gain or loss, realized and unrealized gain or loss on derivative financial instruments, cash and non-cash stock-based compensation expense, gain or loss on disposal of property, plant and equipment, acquisition costs, and certain other non-cash items included in the calculation of net income.
  - The Total Debt to Bank EBITDA Ratio must be less than or equal to 3.5:1.
- The second covenant is the Fixed Charge Coverage Ratio which is defined as Bank EBITDA less maintenance capital expenditures, cash distributions (dividends, share buybacks, etc.), and cash taxes compared to Fixed Charges.
  - "Fixed Charges" is defined as cash interest and all scheduled principal debt repayments.
  - The Fixed Charge Coverage Ratio is to be maintained at a ratio greater than 1.1:1.

The Credit Facility bears interest at Canadian prime rate, U.S. Dollar Base Rate, Australian Bank Bill Swap Reference Rate ("BBSY"), Canadian bankers' acceptance rate or the Secured Overnight Financing Rate ("SOFR") (all such terms as used or defined in the Credit Facility), plus applicable margins. The Company is also subject to non-refundable standby fees, 0.40% to 0.70% depending on the Company's Total Debt to Bank EBITDA Ratio. The Credit Facility is secured by a lien on all of the Company's existing and after-acquired property.

The Company acts as a guarantor for drawn amounts under revolving equipment lease credit facilities which have a combined capacity of $ 110.0 million for Mikisew North American Limited Partnership ("MNALP"), an affiliate of the Company. This equipment lease credit facility will allow MNALP to avail the credit through a lease agreement and/or equipment finance contract with appropriate supporting documents. As at December 31, 2023, the Company has provided guarantees on this facility of $74.7 million. At this time, there have been no instances or indication that payments will not be made by MNALP. Therefore, no liability has been recorded related to this guarantee.

b) Convertible debentures

	December 31, 2023	December 31, 2022
5.50% convertible debentures	**$ 74,750**	$ 74,750
5.00% convertible debentures	**55,000**	55,000
	$ 129,750	$ 129,750

The terms of the convertible debentures are summarized as follows:

	Date of issuance	Maturity	Conversion price	Debt issuance costs
5.50% convertible debentures	June 1, 2021	June 30, 2028	$ 24.50	$ 3,531
5.00% convertible debentures	March 20, 2019	March 31, 2026	$ 25.60	$ 2,691

Interest on the 5.50% convertible debentures is payable semi-annually in arrears on June 30 and December 31 of each year. Interest on the 5.00% convertible debentures is payable semi-annually on March 31 and September 30 of each year.

The conversion price is adjusted upon certain events, including: the subdivision or consolidation of the outstanding common shares, issuance of certain options, rights or warrants, distribution of cash dividends in an amount greater

than $0.192 for the 5.50% convertible debentures or $ 0.12 per common share for the 5.00% convertible debentures, and other reorganizations such as amalgamations or mergers.

The 5.50% convertible debentures are not redeemable prior to June 30, 2024, except under certain exceptional circumstances. On and after June 30, 2024, and prior to June 30, 2026, the debentures may be redeemed at the option of the Company at the redemption price equal to the principal amount of the debentures plus accrued and unpaid interest thereon up to but excluding the date set for redemption provided, among other things, the current market price is at least 125% of the conversion price on the date on which notice of the redemption is given. On or after June 30, 2026, the debentures may be redeemed at the option of the Company at the redemption price equal to the principal amount of the debentures plus accrued and unpaid interest.

Both the 5.00% convertible debentures and the 5.50% convertible debentures are redeemable under certain conditions after a change in control has occurred. If a change in control occurs, we are required to offer to purchase all of the convertible debentures at a price equal to 101% of the principal amount plus accrued and unpaid interest to the date of purchase. The 5.00% convertible debentures are otherwise not redeemable by the Company.

c) Equipment financing

	Note	**December 31, 2023**	December 31, 2022
Finance lease obligations	*8*	**$ 52,851**	$ 41,804
Financing obligations	*13(d)*	**162,266**	32,889
Promissory notes	*13(e)*	**5,349**	11,238
Equipment financing		**$ 220,466**	$ 85,931

Year ended,	**December 31, 2023**			December 31, 2022	
	Additions	**Payments**	**Change in foreign exchange rates**	Additions	Payments
Finance lease obligations	**$ 58,675**	**$ (48,601)**	**$ 973**	$ 14,526	$ (27,443)
Financing obligations	**233,668**	**(110,306)**	**6,015**	—	(15,056)
Promissory notes	**—**	**(5,889)**	**—**	3,400	(5,372)
	$ 292,343	**$ (164,796)**	**$ 6,988**	$ 17,926	$ (47,871)

The Company assumed $30,516 and $173,430 of finance lease obligations and financing obligations, respectively, upon the MacKellar acquisition (note 21(a)). Subsequent to the acquisition, the Company paid out $18,509 and $73,657 of the acquired financing lease obligations and financing obligations, respectively.

d) Financing obligations

During the year ended December 31, 2023, the Company recorded new financing obligations of $ 233,668. Of the new financing obligations, $173,430 was assumed upon the MacKellar acquisition (note 21(a)) and $ 73,657 was extinguished subsequent to the acquisition. The remaining financing contracts assumed upon acquisition expire between March 2024 and October 2028 with annual interest rates between 1.99% and 8.11%. Other new financing contracts expire in September 2026. The Company is required to make monthly payments over the life of the contracts with annual interest rates between 6.72% and 7.17%. The financing obligations are secured by the corresponding property, plant and equipment.

During the year ended December 31, 2022, the Company recorded no new financing obligations.

e) Promissory notes

During the year ended December 31, 2023, the Company recorded no new promissory notes.

During the year ended December 31, 2022, the Company recorded a new equipment promissory note of $ 3.4 million. The contract expires on May 13, 2026. The Company is required to make monthly payments over the life of the contract with an annual interest rate of 5.85%. The promissory note is secured by the corresponding property, plant and equipment.

f) Mortgage

The mortgage has a maturity date of November 1, 2046, and bears variable interest at a floating base rate of 5.60% minus a variance of 2.20%, equal to 3.40%. The mortgage is secured by the corresponding land and building in Acheson, Alberta.

g) Deferred financing costs

	December 31, 2023	December 31, 2022
Cost	**$ 6,336**	$ 6,336
Accumulated amortization	**2,822**	1,965
	$ 3,514	$ 4,371

14. Other long-term obligations

	Note	December 31, 2023	December 31, 2022
DSU liabilities	*20(c)*	**$ 21,361**	$ 13,159
Long-term contract liabilities	*5(b)*	**16,114**	—
Obligation related to MacKellar acquisition		**93,356**	—
Obligation related to DGI acquisition		**—**	2,142
Other		**3,526**	3,275
		$ 134,357	$ 18,576

15. Financial instruments and risk management

a) Fair value measurements

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing on each reporting date. Standard market conventions and techniques, such as discounted cash flow analysis are used to determine the fair value of the Company's financial instruments. All methods of fair value measurement result in a general approximation of fair value and such value may never actually be realized.

The fair values of the Company's cash, accounts receivable, accounts payable, and accrued liabilities approximate their carrying amounts due to the nature of the instrument or the relatively short periods to maturity for the instruments. The Credit Facility has a carrying value that approximates the fair value due to the floating rate nature of the debt. The promissory notes have a carrying value that is not materially different than their fair value due to similar instruments bearing similar interest rates.

Financial instruments with carrying amounts that differ from their fair values are as follows:

		December 31, 2023		December 31, 2022	
	Fair Value Hierarchy Level	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Convertible debentures	Level 1	**129,750**	**160,072**	129,750	131,795
Financing obligations	Level 2	**162,266**	**159,900**	32,889	30,783
Mortgage	Level 2	**28,429**	**22,780**	29,231	24,329

Contingent consideration

The Company uses projected financial results to value the anticipated future earn-out payments. The estimated liability is based on forecasted information and as such, could result in a range of outcomes. The impact of a reasonably possible change of +/- 10% in forecasted net income on the fair value of the earn-out obligation is estimated to be between a $7,970 decrease to a $7,970 increase on the fair value as at December 31, 2023.

Reconciliation of Level 3 recurring fair value measurements:

	December 31, 2023	December 31, 2022
Balance, beginning of the year	**$ 3,862**	$ 4,669
Additions to level 3	**114,096**	—
Changes in fair value recognized in earnings	**4,681**	292
Changes in foreign exchange rates	**3,587**	—
Payments	**(10,369)**	(1,099)
Balance, end of the year	**$ 115,857**	$ 3,862

The contingent payment is based on forecasted performance for a specific customer which is expected to be paid in full. The deferred consideration is an even payout of vendor provided debt that was calculated on unaudited financial statements at acquisition and is not dependent on any future events.

The contingent payment, earn-out amounts, and deferred consideration liabilities are measured at fair value by discounting estimated future payments to their net present value using Level 3 inputs. The Company has classified

the contingent consideration as Level 3 due to the lack of relevant observable market data over fair value inputs. The Company believes the discount rates used to discount the contingent consideration reflect market participant assumptions.

Changes in estimated fair values are recorded in the Consolidated Statements of Operations and Comprehensive Income.

b) Swap agreement

On October 5, 2022, the Company entered into a swap agreement on its common shares with a financial institution for investment purposes. As at December 31, 2023, the Company recognized a realized gain of $6,612 (December 31, 2022 - $nil) and an unrealized gain of $ 229 (December 31, 2022 - $778) on this agreement based on the difference between the par value of the converted shares and the expected price of the Company's shares at contract maturity. The agreement is for 200,678 shares at a par value of $ 14.38, and an additional 458,400 shares at a par value of $18.94. The fair value of the shares as at December 31, 2023, was $ 27.65. The fair value of the unrealized shares is recorded in other assets (note 10) on the Consolidated Balance Sheets. The swap has not been designated as a hedge for accounting purposes and therefore changes in the fair value of the derivative are recognized in the Consolidated Statements of Operations and Comprehensive Income. Subsequent to year-end, this swap agreement was completed on January 3, 2024.

c) Risk management

The Company is exposed to liquidity, market and credit risks associated with its financial instruments. The Company will from time to time use various financial instruments to reduce market risk exposures from changes in foreign currency exchange rates and interest rates. Management performs a risk assessment on a continual basis to help ensure that all significant risks related to the Company and its operations have been reviewed and assessed to reflect changes in market conditions and the Company's operating activities.

The Company is also exposed to concentration risk through its revenues which is mitigated by the customers being large investment grade organizations. The credit worthiness of new customers is subject to review by management through consideration of the type of customer and the size of the contract. The Company has further mitigated this risk through diversification of its operations. This diversification has primarily come through investments in joint ventures which are accounted for using the equity method. Revenues from these investments are not included in consolidated revenue.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages this risk by monitoring and reviewing actual and forecasted cash flows and the effect on bank covenants. The Company meets its liquidity needs from various sources including cash generated by operating activities, cash borrowings under the Credit Facility and financing through operating and financing leases and capital equipment financing. The Company has unused borrowing availability of $129.3 million on the Credit Facility (December 31, 2022 - $88.0 million) and an additional $ 60.1 million in borrowing availability under finance lease obligations (December 31, 2022 - $46.6 million). The Company believes that it has sufficient cash balances and availability under the Credit Facility to meet its foreseeable operating requirements.

e) Market risk

Market risk is the risk that the future revenue or operating expense related cash flows, the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign currency exchange rates and interest rates. The level of market risk to which the Company is exposed at any point in time varies depending on market conditions, expectations of future price or market rate movements and composition of the Company's financial assets and liabilities held, non-trading physical assets and contract portfolios.

To manage the exposure related to changes in market risk, the Company has used various risk management techniques. Such instruments may be used to establish a fixed price for a commodity, an interest-bearing obligation or a cash flow denominated in a foreign currency.

The sensitivities provided below are hypothetical and should not be considered to be predictive of future performance or indicative of earnings on these contracts.

i) Foreign exchange risk

The Company is exposed to foreign exchange risk due to a significant portion of our operations occurring in currencies other than CAD, primarily AUD and USD. Fluctuations in FX rates may result in a positive or negative

impact on our Consolidated Statements of Operations and Comprehensive Income and the translation of the Consolidated Balance Sheet. The Company does not hedge for this foreign exchange translation risk.

The Company regularly transacts in foreign currencies when purchasing equipment and spare parts as well as certain general and administrative goods and services. These exposures are generally of a short-term nature and the impact of changes in exchange rates has not been significant in the past. The Company may fix its exposure in Canadian Dollar, US Dollar or the Australian Dollar for these short-term transactions, if material. The Company's Credit Facility allows for borrowings in both the Canadian Dollar and Australian Dollar to help manage these transactions.

ii) Interest rate risk

The Company is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments. Interest expense on borrowings with floating interest rates, including the Company's Credit Facility, varies as market interest rates change. At December 31, 2023, the Company held $317.5 million of floating rate debt pertaining to its Credit Facility (December 31, 2022 – $180.0 million). As at December 31, 2023, holding all other variables constant, a 100 basis point change to interest rates on the outstanding floating rate debt will result in $3.2 million corresponding change in annual interest expense.

The fair value of financial instruments with fixed interest rates fluctuate with changes in market interest rates. However, these fluctuations do not affect earnings, as the Company's debt is carried at amortized cost and the carrying value does not change as interest rates change.

The Company manages its interest rate risk exposure by using a mix of fixed and variable rate debt.

f) Credit risk

Credit risk is the risk that financial loss to the Company may be incurred if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages the credit risk associated with its cash by holding its funds with what it believes to be reputable financial institutions. The Company is exposed to concentration risk through its revenue which is mitigated by the customers being large investment grade organizations. The Company is also exposed to credit risk through its accounts receivable and contract assets as a significant portion of revenue is derived from a small group of customers. Credit risk for trade and other accounts receivables and contract assets are managed through established credit monitoring activities. The credit worthiness of new customers is subject to review by management though consideration of type of customer and the size of the contract. The Company has also mitigated risk through diversification of its operations through investments in joint ventures and acquisitions. Joint ventures are accounted for using the equity method and therefore our share of revenues, accounts receivable and contract assets are not included in the tables below.

Where the Company generates revenue under its subcontracting arrangement with MNALP, the final end customer is represented in the tables below.

The following customers accounted for 10% or more of total revenues:

Year ended December 31,	**2023**	2022
Customer A	**27 %**	21 %
Customer B	**23 %**	31 %
Customer C	**20 %**	24 %
Customer D	**9 %**	14 %

All significant customers that exceed 10% of revenue in 2023 and 2022 fall under the Heavy Equipment - Canada segment.

The following customers represented 10% or more of accounts receivable and contract assets:

	December 31, 2023	December 31, 2022
Customer 1	**22 %**	— %
Customer 2	**16 %**	32 %
Customer 3	**13 %**	16 %
Customer 4	**9 %**	15 %
Customer 5	**2 %**	11 %

Customer 1 relates to the Heavy Equipment - Australia segment. All remaining significant customers that exceed 10% of accounts receivable and contract assets in 2023 and 2022 fall under the Heavy Equipment - Canada segment.

The Company's exposure to credit risk for accounts receivable and contract assets is as follows:

	December 31, 2023	December 31, 2022
Trade accounts receivable	**$ 65,386**	$ 39,625
Holdbacks	**363**	372
Accrued trade receivables	**16,556**	33,207
Contract receivables, included in accounts receivable	**$ 82,305**	$ 73,204
Other receivables	**15,550**	10,607
Total accounts receivable	**$ 97,855**	$ 83,811
Contract assets	**35,027**	15,802
Total	**$ 132,882**	$ 99,613

Payment terms are per the negotiated customer contracts and generally range between net 15 days and net 60 days. As at December 31, 2023, and December 31, 2022, trade receivables and holdbacks are aged as follows:

	December 31, 2023	December 31, 2022
Not past due	**$ 53,007**	$ 31,923
Past due 1-30 days	**8,790**	6,190
Past due 31-60 days	**1,772**	1,174
More than 61 days	**2,180**	710
Total	**$ 65,749**	$ 39,997

As at December 31, 2023, the Company has recorded an allowance for credit losses of $ nil (December 31, 2022 - $nil).

16. Shares

a) Common shares

	Common shares	Treasury shares	Common shares, net of treasury shares
Issued and outstanding at December 31, 2021	30,022,928	(1,564,813)	28,458,115
Retired through share purchase program	(2,195,646)	—	(2,195,646)
Purchase of treasury shares	—	(26,012)	(26,012)
Settlement of certain equity classified stock-based compensation	—	184,364	184,364
Issued and outstanding at December 31, 2022	27,827,282	(1,406,461)	26,420,821
Purchase of treasury shares	**—**	**(20,955)**	**(20,955)**
Settlement of certain equity classified stock-based compensation	**—**	**337,229**	**337,229**
Issued and outstanding at December 31, 2023	**27,827,282**	**(1,090,187)**	**26,737,095**

Upon settlement of certain equity classified stock-based compensation during the year ended December 31, 2023, the Company withheld the cash equivalent of 234,728 shares for $5,479 to satisfy the recipient tax withholding requirements (year ended December 31, 2022 - 112,583 shares for $1,591).

b) Net income per share

Year ended December 31,	2023	2022
Net income	**$ 63,141**	$ 67,372
Interest from convertible debentures (after tax)	**5,925**	5,893
Diluted net income available to common shareholders	**$ 69,066**	$ 73,265
Weighted-average number of common shares	**26,566,846**	27,406,140
Weighted-average effect of dilutive securities		
Dilutive effect of treasury shares	**1,260,436**	1,485,275
Dilutive effect of 5.00% convertible debentures	**2,148,438**	2,095,236
Dilutive effect of 5.50% convertible debentures	**3,051,020**	3,020,199
Weighted-average number of diluted common shares	**33,026,740**	34,006,850
Basic net income per share	**$ 2.38**	$ 2.46
Diluted net income per share	**$ 2.09**	$ 2.15

For the years ended December 31, 2023, and December 31, 2022, all securities were dilutive.

c) Share purchase program

On April 11, 2022, the Company commenced a normal course issuer bid ("NCIB") under which a maximum number of 2,113,054 common shares were authorized to be purchased. During the year ended December 31, 2022, the Company purchased and subsequently cancelled 2,113,054 shares under this NCIB, which resulted in a decrease to common shares of $ 16,824 and a decrease to additional paid-in capital of $15,827. This NCIB is now complete, with the purchase and cancellation of the maximum number of shares.

During the year ended December 31, 2022, the Company purchased and subsequently cancelled 82,592 shares under another NCIB which commenced on April 9, 2021, which resulted in a decrease to common shares of $665 and a decrease to additional paid-in capital of $ 816. This NCIB terminated April 8, 2022.

d) Dividends

	Date declared	Per share	Shareholders on record as of	Paid or payable to shareholders	Total paid or payable
Q1 2022	February 15, 2022	$ 0.08	March 4, 2022	April 8, 2022	$ 2,277
Q2 2022	April 26, 2022	$ 0.08	May 27, 2022	July 8, 2022	$ 2,232
Q3 2022	July 26, 2022	$ 0.08	August 31, 2022	October 7, 2022	$ 2,127
Q4 2022	October 25, 2022	$ 0.08	November 30, 2022	January 6, 2023	$ 2,098
Q1 2023	February 14, 2023	$ 0.10	March 3, 2023	April 6, 2023	$ 2,621
Q2 2023	April 25, 2023	$ 0.10	May 26, 2023	July 7, 2023	$ 2,641
Q3 2023	July 25, 2023	$ 0.10	August 31, 2023	October 6, 2023	$ 2,674
Q4 2023	October 31, 2023	$ 0.10	November 30, 2023	January 5, 2024	$ 2,674

17. Segmented information

a) General information

The Company provides a wide range of mining and heavy civil construction services to customer in the resource development and industrial construction sectors within Canada, the United States, and Australia. A significant portion of our services are primarily focused on supporting the construction and operation of surface mines. The Company considers the basis on which it is organized, including geographic areas, to identify its operating segments. Operating segments of the Company are defined as components of the Company for which separate financial information is available and are evaluated regularly by the chief operating decision maker when allocating resources and assessing performance. The chief operating decision makers ("CODMs") are the President & CEO and the CFO of the Company.

The Company's reportable segments are Heavy Equipment - Canada, Heavy Equipment - Australia, and Other. Heavy Equipment - Canada and Heavy Equipment - Australia include all of aspects of the mining and heavy civil construction services provided within those geographic areas. Other includes our mine management contract work in the United States, our external maintenance and rebuild programs and our equity method investments.

Segment performance is evaluated by the CODMs based on gross profit and is measured consistently with gross profit in the consolidated financial statements. Inter-segment revenues are eliminated on consolidation and reflected in the Eliminations column.

b) Results by reportable segment

For the year ended December 31, 2023	Heavy Equipment - Canada	Heavy Equipment - Australia	Other	Eliminations	Total
Revenue from external customers	**$ 760,590**	**$ 153,877**	**$ 17,981**	**$ —**	**$ 932,448**
Revenue from intersegment transactions	**6,330**	**4,731**	**21,982**	**(8,271)**	**24,772**
Depreciation expense	**116,660**	**13,240**	**—**	**1,419**	**131,319**
Segment gross profits	**104,167**	**40,607**	**11,986**	**(2,543)**	**154,217**
Segment assets	**1,079,370**	**718,114**	**101,709**	**(352,715)**	**1,546,478**
Purchase of property, plant and equipment	**146,442**	**56,367**	**—**	**—**	**202,809**

For the year ended December 31, 2022	Heavy Equipment - Canada	Heavy Equipment - Australia	Other	Eliminations	Total
Revenue from external customers	$ 700,863	$ 30,693	$ 21,016	$ —	$ 752,572
Revenue from intersegment transactions	7,923	—	35,947	(26,903)	16,967
Depreciation expense	119,054	183	—	31	119,268
Segment gross profits	81,754	6,721	15,627	(2,554)	101,548
Segment assets	874,374	29,361	94,702	(18,924)	979,513
Purchase of property, plant and equipment	111,295	204	—	—	111,499

Revenue from intersegment transactions includes transactions with the Company's joint ventures accounted for using the equity method which are not eliminated upon consolidation.

c) Reconciliation

Income before income taxes

For the year ended December 31,	**2023**	2022
Total gross profit for reportable segments	**$ 154,217**	$ 101,548
Less: unallocated corporate items:		
General and administrative costs	**56,844**	29,855
Loss on disposal of property, plant and equipment	**1,659**	536
Equity earnings in affiliates and joint ventures	**(25,815)**	(37,053)
Interest expense	**36,948**	24,543
Change in fair value of contingent consideration	**4,681**	—
Gain on derivative financial instruments	**(6,063)**	(778)
Income before income taxes	**$ 85,963**	$ 84,445

d) Geographic information

Revenue

	2023	2022
Canada	**$ 795,472**	733,328
Australia	**151,789**	24,187
United States	**9,959**	12,024
	$ 957,220	769,539

Revenue from external customers is attributed to countries on the basis of the customer's location.

Long lived assets

	2023	2022
Canada	**$ 601,537**	665,936
Australia	**568,306**	7,581
	$ 1,169,843	673,517

Long lived assets consists of property, plant and equipment, lease assets, deferred tax assets, and other assets including intangibles. Geographic information is attributed to countries based on the location of the assets.

18. Cost of sales

Year ended December 31,	2023	2022
Salaries, wages and benefits	**$ 292,226**	$ 241,113
Repair parts and consumable supplies	**198,730**	131,460
Subcontractor services	**100,572**	91,666
Equipment and component sales	**46,084**	41,302
Third-party equipment rentals	**18,727**	22,964
Fuel	**8,410**	12,963
Other	**6,935**	7,255
	$ 671,684	$ 548,723

19. Interest expense, net

Year ended December 31,	2023	2022
Credit Facility	**$ 16,781**	$ 9,250
Convertible debentures	**6,843**	6,861
Equipment financing	**5,046**	3,344
Interest on customer supply chain financing	**4,493**	2,196
Mortgage	**979**	1,006
Amortization of deferred financing costs	**1,635**	1,076
Interest expense	**35,777**	23,733
Other interest expense, net	**1,171**	810
	$ 36,948	$ 24,543

20. Stock-based compensation

Stock-based compensation expenses included in general and administrative expenses are as follows:

Year ended December 31,	*Note*	2023	2022
Restricted share unit plan	*20(a)*	**$ 2,702**	$ 2,154
Performance restricted share unit plan	*20(b)*	**2,677**	2,522
Deferred stock unit plan	*20(c)*	**10,449**	104
		$ 15,828	$ 4,780

a) Restricted share unit plan

Restricted Share Units ("RSUs") are granted each year to executives and other key employees with respect to services to be provided in that year and the following two years. The majority of RSUs vest at the end of a three-year term. The Company settles RSUs with common shares purchased on the open market through a trust arrangement.

	Number of units	Weighted-average exercise price $ per share
Outstanding at December 31, 2021	553,411	13.55
Granted	167,631	15.55
Vested	(169,689)	14.13
Forfeited	(15,455)	13.41
Outstanding at December 31, 2022	535,898	14.44
Granted	**199,468**	**27.44**
Vested	**(256,193)**	**8.77**
Forfeited	**(13,867)**	**17.60**
Outstanding at December 31, 2023	**465,306**	**23.04**

At December 31, 2023, there were approximately $ 5,662 of unrecognized compensation costs related to non-vested share-based payment arrangements under the RSU plan (December 31, 2022 – $3,479) and these costs are expected to be recognized over the weighted-average remaining vesting term of the RSUs of 1.6 years (December 31, 2022 – 1.3 years). During the year ended December 31, 2023, 256,193 units vested, which were settled with common shares purchased through a trust arrangement (December 31, 2022 - 169,689 units vested and settled).

b) Performance restricted share unit plan

Performance Restricted Share Units ("PSUs") are granted each year to senior management employees with respect to services to be provided in that year and the following two years. The PSUs vest at the end of a three-year term and are subject to performance criteria approved by the Human Resources and Compensation Committee at the grant date. The Company settles PSUs with common shares purchased through a trust arrangement.

	Number of units	Weighted-average exercise price $ per share
Outstanding at December 31, 2021	426,569	12.06
Granted	116,775	15.55
Vested	(111,630)	14.13
Outstanding at December 31, 2022	431,714	12.47
Granted	**101,597**	**25.62**
Vested	**(213,623)**	**8.48**
Outstanding at December 31, 2023	**319,688**	**19.32**

At December 31, 2023, there were approximately $ 3,655 of total unrecognized compensation costs related to non–vested share–based payment arrangements under the PSU plan (December 31, 2022 - $3,251) and these costs are expected to be recognized over the weighted-average remaining vesting term of the PSUs of 1.5 years (December 31, 2022 - 1.3 years). During the year ended December 31, 2023, 213,623 units vested, which were settled with common shares purchased through a trust arrangement at a factor of 1.48 common shares per PSU based on performance against grant date criteria (December 31, 2022 - 111,630 units at a factor of 1.14 vested and settled).

The Company estimated the fair value of the PSUs granted during the years ended December 31, 2023 and 2022 using a Monte Carlo simulation with the following assumptions:

	2023	2022
Risk-free interest rate	**4.21 %**	3.14 %
Expected volatility	**38.90 %**	48.70 %

c) Deferred stock unit plan

Prior to January 1, 2021, under the Company's shareholding guidelines non-officer directors of the Company were required to receive at least 50% and up to 100% of their annual fixed remuneration in the form of DSUs, at their election. The shareholding guidelines were amended effective January 1, 2021, to require directors to take at least 60% of their annual fixed remuneration in the form of DSUs if they do not meet shareholding guidelines, and to take between 0% and 100% of their annual fixed remuneration in the form of DSUs if they do meet shareholding guidelines. In addition to directors, eligible executives can elect to receive up to 50% of their annual short term incentive plan compensation in the form of DSUs.

The DSUs vest immediately upon issuance and are only redeemable upon departure, retirement or death of the participant. DSU holders that are not US taxpayers may elect to defer the redemption date until a date no later than December 1 of the calendar year following the year in which the departure, retirement or death occurred.

	Number of units
Outstanding at December 31, 2021	932,644
Granted	87,569
Redeemed	—
Outstanding at December 31, 2022	1,020,213
Granted	**31,575**
Redeemed	**(286,152)**
Outstanding at December 31, 2023	**765,636**

At December 31, 2023, the fair market value of these units was $ 27.90 per unit (December 31, 2022 – $ 17.90 per unit). At December 31, 2023, the current portion of DSU liabilities of $nil was included in accrued liabilities (December 31, 2022 - $ 5,099) and the long-term portion of DSU liabilities of $21,361 was included in other long-term obligations (December 31, 2022 - $ 13,159) in the Consolidated Balance Sheets. During the year ended December 31, 2023, there were 286,152 units redeemed and settled in cash for $ 7,817 (December 31, 2022 - 0 units were redeemed and settled in cash for $nil). There is no unrecognized compensation expense related to the DSUs since these awards vest immediately upon issuance.

21. Business acquisitions

a) MacKellar Group

On October 1, 2023, the Company acquired 100% of the shares and business of MacKellar Group ("MacKellar"), a privately owned Australia-based provider of heavy earthworks solutions to the mining and civil sectors for total consideration of $179,668 including a cash payment and contingent consideration comprised of a contingent payment based on forecasted performance for a specific customer which is expected to be paid in full, an earn-out mechanism based on MacKellar's future net income generated over four years, and deferred consideration which is a vendor provided debt mechanism to be paid out evenly over four years and is estimated based on unaudited financial statements at closing. The acquisition of MacKellar significantly expands the Company's capability and allows the Company to serve a highly valuable and diversified base of customers globally.

The following table summarizes the total consideration paid for MacKellar and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	October 1, 2023
Cash consideration	$ 65,572
Earn-out at estimated fair value	79,839
Deferred consideration at estimated fair value	27,014
Contingent payment at estimated fair value	7,243
Total consideration transferred	$ 179,668
Equipment financing assumed	203,946
Total purchase price	$ 383,614
Purchase price allocation to assets acquired and liabilities assumed:	
Cash	$ 13,901
Accounts receivable	65,033
Contract assets	713
Inventories	12,155
Prepaid expenses	2,187
Property, plant and equipment	394,394
Investments in affiliates and joint ventures	85
Intangible assets	690
Accounts payable	(45,829)
Accrued liabilities	(22,464)
Other long-term obligations	(16,934)
Deferred income tax liabilities	(20,317)
Third party equipment financing assumed:	
Financing obligations	(173,430)
Finance leases	(30,516)
Total identifiable net assets at fair value	$ 179,668

NACG's existing Credit Facility funded the payout of the third party equipment financing assumed as part of the Transaction in the amount of $73,657 for financing obligations and $ 18,509 for finance leases.

The fair value of the assets acquired includes $ 65,033 of accounts receivable, comprised of trade and other receivables. The gross amount of accounts receivable approximates its fair value with no expected uncollectible amounts as of the acquisition date.

The fair value of the assets acquired includes $ 394,394 of property, plant and equipment. The Company engaged a third-party specialist to determine the fair value of the property, plant and equipment using a market based approach based primarily on the selling price of comparable assets.

During the period from acquisition to December 31, 2023, the Company recognized $ 122,519 or 12.8% of revenue and $ 13,946 or 22.1% of net income from MacKellar recorded in the Consolidated Statement of Operations and Comprehensive Income.

The following unaudited pro forma information gives effect to the transaction as if it had occurred on January 1, 2022. The unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations of the combined company would have been if the acquisition had occurred on January 1, 2022, nor are they indicative of future results of operations.

Year ended December 31,	2023	2022
Revenue	**$ 1,296,328**	$ 1,086,460
Net income	**89,658**	78,261

These pro forma amounts have been calculated after applying NACG's accounting policies and adjusting the results of MacKellar to reflect the depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant, and equipment had been applied from January 1, 2022, with the consequential tax effects.

During the year ended December 31, 2023, the Company recognized $ 7,095 of acquisition-related costs in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income. The fiscal 2023 unaudited pro forma net income above was adjusted to exclude the impact of acquisition-related transaction costs. These acquisition costs have been reflected in the pro forma earnings for the year ended December 31, 2022, in the table above.

b) ML Northern Services Ltd.

On October 1, 2022, the Company acquired 100% of the shares and business of ML Northern Services Ltd. ("ML Northern"), a privately-owned heavy equipment servicing company specializing in mobile fuel, lube, and steaming services based in Fort McMurray, Alberta, for total consideration of $8,002, comprised of a purchase price of $ 13,723 for property, plant and equipment and working capital, less assumed lease liabilities of $5,721.

The following table summarizes the total consideration paid for ML Northern and the fair value of the assets acquired and liabilities assumed at the acquisition date:

Purchase price allocation to assets acquired and liabilities assumed:	October 1, 2022
Property, plant and equipment and working capital	
Cash	$ 795
Accounts receivable	4,068
Prepaid expenses	30
Property, plant and equipment	9,562
Operating lease right-of-use asset	131
Accounts payable	(48)
Accrued liabilities	(599)
Deferred tax liabilities	(216)
	$ 13,723
Lease liabilities	
Finance lease liabilities	$ (5,595)
Operating lease liabilities	(126)
	$ (5,721)
Total identifiable net assets at fair value	**$ 8,002**

The Company paid cash consideration of $ 3,000 and recorded deferred consideration of $ 5,002 included in accrued liabilities at December 31, 2022. During the year ended December 31, 2022, the Company recognized $95 of acquisition-related costs associated with professional and legal advisory fees in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income.

During the year ended December 31, 2022, the Company recognized $ 5,224 of revenue and $ 1,094 of net income from ML Northern recorded in the Consolidated Statement of Operations and Comprehensive Income. Pro forma disclosures related to the effect of the acquisition have been excluded on the basis of immateriality.

Deferred consideration of $ 5,002 was paid during the year ended December 31, 2023.

22. Other information

a) Supplemental cash flow information

Year ended December 31,	2023	2022
Cash paid during the year for:		
Interest	**$ 33,498**	$ 24,084
Income taxes	**1,370**	—
Cash received during the year for:		
Interest	**446**	177
Non-cash transactions:		
Addition of property, plant and equipment by means of finance leases	**28,159**	8,931
Addition of property, plant and equipment by means of finance leases assumed through acquisition	**30,516**	—
Increase in assets held for sale, offset by property, plant and equipment	**10,927**	4,276
Non-cash working capital exclusions:		
Net increase in accounts receivable related to realized gain on derivative financial instruments	**4,015**	—
Net decrease (increase) in accounts payable and accrued liabilities related to loans from affiliates and joint ventures	**2,113**	(13,500)
Net decrease in accrued liabilities related to conversion of bonus compensation to deferred stock units	**—**	639
Net increase in accrued liabilities related to the current portion of deferred stock unit liability	**—**	(5,099)
Net increase in accrued liabilities related to the current portion of contingent consideration	**(7,342)**	—
Net increase in accrued liabilities related to taxes payable	**367**	(362)
Net increase in accrued liabilities related to dividend payable	**(576)**	(961)
Net increase in accrued liabilities related to deferred consideration for acquisition of MacKellar	**(13,439)**	—
Net increase in accrued liabilities related to deferred consideration for acquisition of ML Northern	**—**	(5,002)
Non-cash working capital transactions related to acquisitions (note 21)		
Increase in accounts receivable	**65,033**	4,068
Increase in contract assets	**713**	—
Increase in inventory	**12,155**	—
Increase in prepaid expenses	**2,187**	30
Increase in accounts payable	**(45,829)**	(48)
Increase in accrued liabilities	**(22,464)**	(599)
Non-cash working capital movement from change in foreign exchange rates		
Increase in accounts receivable	**2,073**	—
Increase in contract assets	**23**	—
Increase in inventory	**387**	—
Increase in prepaid expenses	**70**	—
Increase in accounts payable	**(1,727)**	—
Increase in accrued liabilities	**(828)**	—

b) Net change in non-cash working capital

The table below represents the cash provided by (used in) non-cash working capital:

Year ended December 31,	2023	2022
Operating activities:		
Accounts receivable	**$ 57,077**	$ (10,956)
Contract assets	**(18,489)**	(6,043)
Inventories	**(2,522)**	(5,354)
Contract costs	**—**	2,673
Prepaid expenses and deposits	**6,379**	(3,453)
Accounts payable	**9,585**	12,750
Accrued liabilities	**372**	(989)
Contract liabilities	**(1,352)**	(1,938)
	$ 51,050	$ (13,310)

23. Comparative figures

Certain comparative figures have been reclassified from statements previously presented to conform to the presentation of the current year.

24. Contingencies

During the normal course of the Company's operations, various disputes, legal and tax matters are pending. In the opinion of management involving the use of significant judgement and estimates, these matters will not have a material effect on the Company's consolidated financial statements.

NORTH AMERICAN CONSTRUCTION GROUP

EVERYONE GETS HOME SAFE



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management’s Discussion and Analysis

March 13, 2024

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023, and notes that follow. These statements have been prepared in accordance with United States ("US") generally accepted accounting principles ("GAAP"). Except where otherwise specifically indicated, all summary information contained in this MD&A has also been prepared in accordance with GAAP and all dollar amounts are expressed in Canadian dollars. The audited consolidated financial statements and additional information relating to our business, including our most recent Annual Information Form ("AIF"), are available on the Canadian Securities Administrators' SEDAR+ System at www.sedarplus.ca*, the Securities and Exchange Commission's website at* www.sec.gov *and our company website at* www.nacg.ca.

Our MD&A presents non-GAAP financial measures, non-GAAP ratios, and supplementary financial measures that provide useful financial information to our investors to better understand our performance. A "non-GAAP financial measure" is a financial measure that depicts historical or future financial performance, financial position or cash flows, but excludes amounts included in, or includes amounts excluded from, the most directly comparable GAAP measure. A "non-GAAP ratio" is a ratio, fraction, percentage or similar expression that has a non-GAAP financial measure as one or more of its components. Non-GAAP financial measures and ratios do not have standardized meanings under GAAP and therefore may not be comparable to similar measures presented by other issuers. A "supplementary financial measure" is a financial measure disclosed, or intended to be disclosed, on a periodic basis to depict historical or future financial performance, financial position or cash flows that does not fall within the definition of a non-GAAP financial measure or non-GAAP ratio. In our MD&A, we use non-GAAP financial measures and ratios such as "adjusted EBIT", "adjusted EBITDA", "adjusted EBITDA margin", "adjusted EPS", "adjusted net earnings", "backlog", "capital additions", "capital expenditures, net", "capital inventory", "capital work in progress", "cash provided by operating activities prior to change in working capital", "combined backlog", "combined gross profit", "combined gross profit margin", "equity investment depreciation and amortization", "equity investment EBIT", "equity method investment backlog", "free cash flow", "growth capital", "general and administrative expenses (excluding stock-based compensation)", "growth spending", "invested capital", "net debt", "share of affiliate and joint venture capital additions", "sustaining capital", "total capital liquidity", "total combined revenue", and "total debt". We also use supplementary financial measures such as "gross profit margin" and "total net working capital (excluding cash and current portion of long-term debt)" in our MD&A. We provide tables in this document that reconcile non-GAAP and capital management measures used to GAAP measures reported on the face of the consolidated financial statements. A summary of our financial measures is included below under the heading "Financial Measures".

OVERALL PERFORMANCE

(Expressed in thousands of Canadian Dollars, except per share amounts)	Year ended December 31,		
	2023	2022	Change
Revenue	**$ 957,220**	$ 769,539	$ 187,681
Total combined revenue[i]	**1,273,628**	1,054,265	219,363
Gross profit	**154,217**	101,548	52,669
Gross profit margin[i]	**16.1 %**	13.2 %	2.9 %
Combined gross profit[i]	**203,855**	151,129	52,726
Combined gross profit margin[i][ii]	**16.0 %**	14.3 %	1.7 %
Operating income	**95,714**	71,157	24,557
Adjusted EBITDA[i]	**296,963**	245,352	51,611
Adjusted EBITDA margin[i][iii]	**23.3 %**	23.3 %	— %
Net income	**63,141**	67,372	(4,231)
Adjusted net earnings[i]	**75,228**	65,912	9,316
Cash provided by operating activities	**270,391**	169,201	101,190
Cash provided by operating activities prior to change in working capital[i]	**219,341**	182,511	36,830
Free cash flow[i]	**89,972**	70,312	19,660
Purchase of PPE	**202,809**	111,499	91,310
Sustaining capital additions[i]	**168,586**	113,095	55,491
Growth capital additions[i]	**40,416**	—	40,416
Basic net income per share	**$ 2.38**	$ 2.46	$ (0.08)
Adjusted EPS[i]	**$ 2.83**	$ 2.41	$ 0.42

[i]See "Non-GAAP Financial Measures".
[ii]Combined gross profit margin is calculated using combined gross profit over total combined revenue.
[iii]Adjusted EBITDA margin is calculated using adjusted EBITDA over total combined revenue.

Revenue of $957.2 million represents a $187.7 million (or 24%) increase for the full year of 2023, compared to 2022, as a result of the acquisition of the MacKellar Group ("MacKellar") effective October 1, 2023. Due to the change of control that was effective October 1, 2023, MacKellar generated a full quarter of revenue totaling $122.5 million and continued its growth profile with the fourth quarter being over 40% higher than Q4 2022 and double that of Q4 2021. Significant rainfall in November and early December impacted MacKellar's top-line but in general, the revenue achieved was consistent with pre-acquisition expectations. The most significant mine sites for MacKellar are the Carmichael and Middlemount mines, located in the Queensland region, which provided strong top-line contributions in the quarter.

Excluding MacKellar, the full year equipment utilization profiles for 2023 and 2022 generated consistent revenue with the equipment and unit rate adjustments applied in late Q3 2022 to reflect the specific inflationary cost pressures experienced in the Fort McMurray region providing the primary driver of the year-over-year increase. The purchase of ML Northern Services Ltd.'s ("ML Northern") fuel and lube equipment fleet, which occurred on October 1, 2022, was integrated into our operations and generated full-year equipment operating hours in 2023. Lastly, revenues generated by DGI (Aust) Trading Pty Ltd. ("DGI") were significantly higher than 2022 on strong global demand for used components and major parts required by heavy equipment fleets.

Combined revenue of $1,273.6 million in 2023 represents a $219.4 million (or 21%) year-over-year increase. Our share of revenue generated in 2023 by joint ventures and affiliates was $686.3 million, compared to $596.0 million in 2022 (an increase of 15%). The Fargo Moorhead project was the primary driver of the year-over-year increase with 2023 being the year of achieving full scale operations. Based on our share of revenue, the project generated $117.5 million in 2023, compared to $40.6 million in 2022, while progressing the project past the 30% completion mark with over 10% being completed in the fourth quarter alone. In addition, positive momentum was generated by the continued growth from rebuilt ultra-class haul trucks now being owned by the Mikisew North American Limited Partnership ("MNALP"). Offsetting these increases, the Nuna Group of Companies ("Nuna") ramped down activities in early Q3 2023 at the gold mine in Northern Ontario and consequently posted lower overall revenue in 2023.

For the full year of 2023, gross profit was $154.2 million, or 16.1% of revenue, up from $101.5 million and 13.2% in the previous year. Included in the gross profit margin for the year was depreciation of $131.3 million, or 13.7% of revenue, which is an increase from our prior year expense of $119.3 million but, more importantly, a decrease from our prior year rate of 15.5%. The acquisition of MacKellar, steady operating conditions in the Fort McMurray region, and inflation-adjusted equipment and unit rates resulted in gross profit margin returning to historical levels in 2023. In addition to our core heavy equipment fleet, margins were bolstered by the full-year contributions from ML Northern and DGI, which yielded higher margins on service and component sales, and the operations support contracts at coal mines in Texas and Wyoming.

Combined gross profit margin of 16.0% for the full year of 2023 was consistent with the wholly-owned entities but was notably impacted by the negative gross profit posted by Nuna in the fourth quarter. The primary drivers of this were three projects in Northern BC and the Northwest Territories that had costs exceed, and equipment productivity fall short of, project estimates. Based on historical precedent, the gross margin and EPS impacts of these projects in the quarter was approximately $7.5 million and 20 cents per share. These projects are now substantially complete with NACG, as the joint venture operator, intervening in early Q1 2024 by taking major restructuring steps to establish a turnaround plan to promptly return Nuna to operational excellence.

General and administrative expenses (excluding stock-based compensation) were $41.0 million, or 4.3% of revenue, compared to $25.1 million, or 3.3% of revenue, in the previous year. General and administrative expenses in the year include one-time costs of $7.1 million related to the acquisition of MacKellar. MacKellar's administrative cost profile is similar to the Canadian and U.S. operations.

Adjusted EBITDA of $297.0 million represents a 21% increase from the prior year result of $245.4 million and was coincidently consistent with overall revenue activity as adjusted EBITDA margin of 23.3% was identical to the prior year margin of 23.3%. The strong performance of the various wholly-owned businesses lines, including MacKellar, and the Fargo-Moorhead project was offset by weaker operational performance by Nuna in the back half of 2023.

Net interest expense was $36.9 million for the year, including approximately $1.6 million of non-cash interest, compared to $24.5 million and $1.1 million, respectively, in the previous year. Our average cash cost of debt for the year was 7.5% as rate increases posted by the Bank of Canada directly impact our Credit Facility and have a delayed impact as well on the rates for secured equipment-backed financing. Adjusted EPS of $2.83 on adjusted net earnings of $75.2 million is 17.4%, up from the prior year figure of $2.41, and is consistent with the relative increase of adjusted EBITDA as depreciation, tax, and interest rates generally tracked consistently with the prior year. Weighted-average common shares outstanding were fairly steady for the full years of 2023 and 2022 being 26.6 million and 27.4 million, respectively, with the full year of 2023 being impacted by share redemptions during the second and third quarters of 2022.

Free cash flow of $90.0 million is the culmination of adjusted EBITDA of $297.0 million, mentioned above, less sustaining capital additions of $168.6 million, cash interest paid during the year of $33.5 million and current income taxes of $6.8 million. Sustaining capital additions during the year were comprised exclusively of routine maintenance spending on and replenishment of heavy equipment and, as a percentage of reported revenue, increased from 14.7% in 2022 to 17.6% in 2023 due to component quality issues experienced in the first half of the year. Albeit seasonal in nature, the percentage in the fourth quarter was 12.5% with a full quarter contribution from MacKellar and the ramp-up of the active winter program in Canada. Included in free cash flow are the capital, interest and tax costs required of and incurred by our joint ventures of which our share totaled $18.4 million during the year.

The remaining differences in free cash flow generation are related to timing impacts. Changes in routine working capital balances had a positive impact on cash generated in 2023, primarily from working capital management at MacKellar in the fourth quarter. In addition, temporary impacts on free cash flow in the year included i) an increase in capital work in process and capital inventory investments as we build our maintenance programs and ii) growth of equity in our joint ventures which require cash discipline to manage growth capital spending and working capital balances. As quantitative evidence of this latter timing impact, our equity in joint ventures grew by $5.8 million during the year which we expect to translate into cash distributions over time. Excluding the debt funding required for both MacKellar's upfront acquisition costs and growth capital in the fourth quarter, free cash flow generation was primarily directed to debt reduction ($66.4 million) with secondary uses being dividends and trust purchases ($16.0 million) and growth capital in Canada ($5.5 million).

FINANCIAL HIGHLIGHTS

Five-year financial performance

	Year ended December 31,				
(dollars in thousands except ratios and per share amounts)	**2023**	2022	2021	2020[iii]	2019[iii]
Operating Data					
Revenue	**$ 957,220**	$ 769,539	$ 654,143	$ 498,468	$ 715,110
Gross profit	**154,217**	101,548	90,417	92,218	94,338
Gross profit margin[i]	**16.1 %**	13.2 %	13.8 %	18.5 %	13.2 %
Operating income	**95,714**	71,157	55,128	67,122	57,131
Adjusted EBIT[i]	**145,238**	113,845	92,661	81,418	70,962
Adjusted EBITDA[i]	**296,963**	245,352	207,333	174,336	174,379
Adjusted EBITDA margin[ii]	**23.3 %**	23.3 %	25.5 %	29.9 %	23.4 %
Comprehensive income	**62,428**	67,676	51,410	49,208	36,878
Adjusted net earnings[i]	**75,228**	65,912	58,243	48,746	43,721
Per share information					
Basic net income per share	**$ 2.38**	$ 2.46	$ 1.81	$ 1.75	$ 1.45
Diluted net income per share	**$ 2.09**	$ 2.15	$ 1.64	$ 1.60	$ 1.23
Adjusted EPS[i]	**$ 2.83**	$ 2.41	$ 2.06	$ 1.73	$ 1.72
Balance Sheet Data					
Total assets	**$ 1,546,478**	$ 979,513	$ 869,278	$ 839,063	$ 793,152
Current portion of long-term debt	**81,306**	42,089	44,728	43,158	47,680
Non-current portion of long-term debt (excluding convertible debentures)	**485,077**	253,073	211,148	331,169	270,381
Current obligation related to MacKellar acquisition	**20,070**	—	—	—	—
Non-current obligation related to MacKellar acquisition	**93,356**	—	—	—	—
Total debt[i]	**679,809**	295,162	255,876	374,327	318,061
Convertible debentures	**129,750**	129,750	129,750	55,000	94,031
Cash	**(88,614)**	(69,144)	(16,601)	(43,447)	(5,208)
Net debt[i]	**720,945**	355,768	369,025	385,880	406,884
Total shareholders' equity	**356,654**	305,919	278,463	248,443	180,119
Invested capital[i]	**$ 1,077,599**	$ 661,687	$ 647,488	$ 634,323	$ 587,003
Outstanding common shares, excluding treasury shares	**26,737,095**	26,420,821	28,458,115	29,166,630	25,777,445
Cash dividend declared per share	**0.40**	0.32	0.16	0.16	0.12

[i] See "Non-GAAP Financial Measures".
[ii] Adjusted EBITDA margin is calculated using adjusted EBITDA over total combined revenue.
[iii] The prior year amounts are adjusted to reflect a change in accounting policy. See "Accounting Estimates, Pronouncements and Measures".

Summary of net income

(dollars in thousands, except per share amounts)	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	**$ 326,298**	$ 233,417	**$ 957,220**	$ 769,539
Cost of sales	**218,853**	154,967	**671,684**	548,723
Depreciation	**41,990**	35,860	**131,319**	119,268
Gross profit	**$ 65,455**	$ 42,590	**$ 154,217**	$ 101,548
Gross profit margin[(i)]	**20.1 %**	18.2 %	**16.1 %**	13.2 %
General and administrative expenses (excluding stock-based compensation)[(i)]	**18,702**	6,648	**41,016**	25,075
Stock-based compensation (benefit) expense	**(496)**	4,910	**15,828**	4,780
Operating income	**45,779**	31,565	**95,714**	71,157
Interest expense, net	**14,007**	7,774	**36,948**	24,543
Net income	**17,646**	26,081	**63,141**	67,372
Adjusted EBITDA[(i)]	**101,136**	85,875	**296,963**	245,352
Adjusted EBITDA margin[(ii)]	**25.1 %**	26.8 %	**23.3 %**	23.3 %
Per share information				
Basic net income per share	**$ 0.66**	$ 0.99	**$ 2.38**	$ 2.46
Diluted net income per share	**$ 0.58**	$ 0.84	**$ 2.09**	$ 2.15
Adjusted EPS[(i)]	**$ 0.87**	$ 1.10	**$ 2.83**	$ 2.41

[(i)]See "Non-GAAP Financial Measures".
[(ii)]Adjusted EBITDA margin is calculated using adjusted EBITDA over total combined revenue.

Reconciliation of total reported revenue to total combined revenue

(dollars in thousands)	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from wholly-owned entities per financial statements	**$ 326,298**	$ 233,417	**$ 957,220**	$ 769,539
Share of revenue from investments in affiliates and joint ventures	**169,662**	183,006	**686,299**	596,033
Elimination of joint venture subcontract revenue	**(92,522)**	(96,315)	**(369,891)**	(311,307)
Total combined revenue[(i)]	**$ 403,438**	$ 320,108	**$ 1,273,628**	$ 1,054,265

[(i)]See "Non-GAAP Financial Measures".

Reconciliation of reported gross profit to combined gross profit

(dollars in thousands)	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Gross profit from wholly-owned entities per financial statements	**$ 65,455**	$ 42,590	**$ 154,217**	$ 101,548
Share of gross profit from investments in affiliates and joint ventures	**8,670**	14,541	**49,638**	49,581
Combined gross profit[(i)]	**$ 74,125**	$ 57,131	**$ 203,855**	$ 151,129

[(i)]See "Non-GAAP Financial Measures".

Reconciliation of net income to adjusted net earnings, adjusted EBIT and adjusted EBITDA

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Net income	**$ 17,646**	$ 26,081	**$ 63,141**	$ 67,372
Adjustments:				
Loss (gain) on disposal of property, plant and equipment	**1,470**	(533)	**1,659**	536
Stock-based compensation (benefit) expense	**(496)**	4,910	**15,828**	4,780
Acquisition costs	**5,934**	—	**7,095**	—
Loss on equity investment customer bankruptcy claim settlement	**—**	—	**759**	—
Loss (gain) on derivative financial instruments	**916**	(778)	**(6,063)**	(778)
Equity investment (gain) loss on derivative financial instruments	**(713)**	364	**(1,362)**	(4,776)
Tax effect of the above items	**(1,589)**	(1,006)	**(5,829)**	(1,222)
Adjusted net earnings[(i)]	**$ 23,168**	$ 29,038	**$ 75,228**	$ 65,912
Adjustments:				
Tax effect of the above items	**1,589**	1,006	**5,829**	1,222
Change in fair value of contingent consideration	**4,681**	—	**4,681**	—
Interest expense, net	**14,007**	7,774	**36,948**	24,543
Income tax expense	**10,930**	6,889	**22,822**	17,073
Equity earnings in affiliates and joint ventures[(i)]	**(2,401)**	(8,401)	**(25,815)**	(37,053)
Equity investment EBIT[(i)]	**1,787**	9,363	**25,545**	42,148
Adjusted EBIT[(i)]	**$ 53,761**	$ 45,669	**$ 145,238**	$ 113,845
Adjustments:				
Depreciation and amortization	**42,277**	36,094	**132,516**	120,124
Equity investment depreciation and amortization[(i)]	**5,098**	4,112	**19,209**	11,383
Adjusted EBITDA[(i)]	**$ 101,136**	$ 85,875	**$ 296,963**	$ 245,352
Adjusted EBITDA margin[(ii)]	**25.1 %**	26.8 %	**23.3 %**	23.3 %

[(i)]See "Non-GAAP Financial Measures".
[(ii)]Adjusted EBITDA margin is calculated using adjusted EBITDA over total combined revenue.

Reconciliation of equity earnings in affiliates and joint ventures to equity investment EBIT

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Equity (earnings) loss in affiliates and joint ventures	**$ 2,401**	$ 8,401	**$ 25,815**	$ 37,053
Adjustments:				
Interest (income) expense, net	**(268)**	688	**(1,183)**	2,589
Income tax (recovery) expense	**(324)**	275	**970**	2,442
(Gain) loss on disposal of property, plant and equipment	**(22)**	(1)	**(57)**	64
Equity investment EBIT[(i)]	**$ 1,787**	$ 9,363	**$ 25,545**	$ 42,148
Depreciation	**4,983**	3,936	**18,555**	10,679
Amortization of intangible assets	**115**	176	**654**	704
Equity investment depreciation and amortization[(i)]	**$ 5,098**	$ 4,112	**$ 19,209**	$ 11,383

[(i)]See "Non-GAAP Financial Measures".

Analysis of three months and year ended December 31, 2023, results

Revenue

A breakdown of revenue by reportable segment is as follows:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Heavy Equipment - Canada	**$ 187,545**	$ 221,375	**$ 766,920**	$ 708,786
Heavy Equipment - Australia	**134,698**	6,089	**158,608**	30,693
Other	**10,133**	8,483	**39,963**	56,963
Eliminations	**(6,078)**	(2,530)	**(8,271)**	(26,903)
	$ 326,298	$ 233,417	**$ 957,220**	$ 769,539

A breakdown of revenue by source is as follows:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Operations support services	**$ 308,513**	$ 212,870	**$ 886,963**	$ 688,734
Equipment and component sales	**13,899**	9,179	**57,822**	48,728
Construction services	**3,886**	11,368	**12,435**	32,077
	$ 326,298	$ 233,417	**$ 957,220**	$ 769,539

For the three months ended December 31, 2023, revenue was $326.3 million, up from $233.4 million in the same period last year. The majority of the quarter-over-quarter increase in revenue was driven by the October 2023 acquisition of MacKellar, represented in the Heavy Equipment - Australia segment of $134.7 million. Heavy Equipment - Canada equipment utilization of 65%, compared to the record Q4 metric of 73% last year, was primarily impacted by the late start of winter reclamation scopes at the Syncrude Mine. Heavy Equipment - Canada revenue was down over the same period in 2022 as a result of changes in timing of reclamation projects beginning later than the previous year and certain construction scopes concluding earlier in 2023, relative to the same period in 2022. Further quarter-over-quarter revenue decrease is related to regional labour incentive pay for the Fort McMurray region which ended in Q2 2023.

For the year ended December 31, 2023, revenue was $957.2 million, up from $769.5 million for the year ended December 31, 2022. The increase of 24% reflects the Q4 factors noted above in addition to strong Q1 performance resulting from high utilization. Q1 2022 was also heavily impacted by shortages in heavy equipment technicians and general workforce availability caused by high case counts of the COVID-19 Omicron variant, while Q1 2023 was not impacted by these factors to the same extent.

Gross profit

A breakdown of gross profit by reportable segment is as follows:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Heavy Equipment - Canada	**$ 31,365**	$ 38,135	**$ 104,167**	$ 81,754
Heavy Equipment - Australia	**31,574**	472	**40,607**	6,721
Other	**3,149**	4,168	**11,986**	15,627
Eliminations	**(633)**	(185)	**(2,543)**	(2,554)
	$ 65,455	$ 42,590	**$ 154,217**	$ 101,548

A breakdown of cost of sales is as follows:

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Salaries, wages and benefits	**$ 99,216**	$ 69,979	**$ 292,226**	$ 241,113
Repair parts and consumable supplies	**65,971**	36,494	**198,730**	131,460
Subcontractor services	**28,543**	30,449	**100,572**	91,666
Equipment and component sales	**12,446**	6,637	**46,084**	41,302
Third-party equipment rentals	**7,982**	5,885	**18,727**	22,964
Fuel	**3,470**	3,604	**8,410**	12,963
Other	**1,225**	1,919	**6,935**	7,255
Cost of sales	**$ 218,853**	$ 154,967	**$ 671,684**	$ 548,723

For the three months ended December 31, 2023, gross profit was $65.5 million or 20.1% of revenue, up from a gross profit of $42.6 million and 18.2% gross margin in the same period last year. The quarter-over-quarter increase is the result of the October 2023 acquisition of MacKellar, represented in the Heavy Equipment - Australia segment. The decrease in gross profit in the Heavy Equipment - Canada segment is driven by the decrease in revenue. For the three months ended December 31, 2023, cost of sales were $218.9 million, up from cost of sales of $155.0 million in the same period last year. The increase in cost of sales is driven by the acquisition of MacKellar. This increase was partially offset by a reduction in the Heavy Equipment - Canada segment in line with the revenue results discussed above.

For the year ended December 31, 2023, gross profit was $154.2 million, or 16.1% of revenue, up from $101.5 million, or 13.2% of revenue, in the previous year. For the year ended December 31, 2023, cost of sales were $671.7 million, up from cost of sales of $548.7 million in the same period last year. The increase in gross profit in the Heavy Equipment - Australia segment is due to the Q4 factors discussed above, while the year-over-year increase in gross profit in the Heavy Equipment - Canada segment was due to efficiencies in mobilization of the larger truck and loading equipment fleets at certain sites and higher equipment utilization in the first half of the year. Gross margin was further impacted in the prior year by workforce availability issues in January due to high COVID-19 Omicron cases and the significant impact of cost inflation and skilled labour shortages in Q1 2022.

A breakdown of depreciation by reportable segment is as follows:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Heavy Equipment - Canada	**$ 28,393**	$ 35,795	**$ 116,660**	$ 119,054
Heavy Equipment - Australia	**13,100**	65	**13,240**	183
Eliminations	**497**	—	**1,419**	31
	$ 41,990	$ 35,860	**$ 131,319**	$ 119,268

For the three months ended December 31, 2023, depreciation was $42.0 million (12.9% of revenue) up from $35.9 million (15.4% of revenue) in the same period last year. Depreciation for the year ended December 31, 2023, was $131.3 million (13.7% of revenue) up from $119.3 million (15.5% of revenue) for the year ended December 31, 2022. The decrease in Q4 2023 in Heavy Equipment - Canada relates to decreased operating equipment hours by the fleet when compared to 2022. The decreases in depreciation as a percentage of revenue relate to diversification efforts and the heavy equipment fleet in Canada being less of a proportion of revenue and depreciation.

Operating income

For the three months ended December 31, 2023, operating income was $45.8 million, up from $31.6 million during the same period last year. G&A expense, excluding stock-based compensation expense, was $18.7 million, or 5.7% of revenue, for the three months ended December 31, 2023, up from $6.6 million, or 2.8% of revenue, in the same period last year. The increase was due to increased business activity levels with the recent acquisitions and non-recurring acquisition costs for MacKellar totaling $5.9 million.

For the year ended December 31, 2023, operating income was $95.7 million, up from $71.2 million for the year ended December 31, 2022. G&A expense, excluding stock-based compensation expense, was $41.0 million for the year ended December 31, 2023, or 4.3% of revenue, up from the $25.1 million and 3.3% of revenue, recorded in the year ended December 31, 2022. The year-over-year gross increase was due to increased business activity levels with the recent acquisitions and non-recurring acquisition costs for MacKellar totaling $7.1 million.

For the three months and year ended December 31, 2023, stock-based compensation was a $0.5 million benefit and $15.8 million expense, respectively. For the three months and year ended December 31, 2022, stock-based compensation expense was $4.9 million and $4.8 million, respectively. The year-over-year change is primarily due to the impact of the fluctuating share price on the carrying value of our liability classified award plans.

Non-operating income and expense

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Interest expense				
Credit Facility	**$ 7,519**	$ 3,367	**$ 16,781**	$ 9,250
Convertible debentures	**1,708**	1,729	**6,843**	6,861
Equipment financing	**2,585**	769	**5,046**	3,344
Interest on customer supply chain financing	**1,355**	1,087	**4,493**	2,196
Mortgage	**242**	249	**979**	1,006
Other interest (income) expense	**(160)**	289	**1,171**	810
Cash interest expense	**$ 13,249**	$ 7,490	**$ 35,313**	$ 23,467
Amortization of deferred financing costs	**758**	284	**1,635**	1,076
Total interest expense	**$ 14,007**	$ 7,774	**$ 36,948**	$ 24,543
Equity earnings in affiliates and joint ventures	**(2,401)**	(8,401)	**(25,815)**	(37,053)
Change in fair value of contingent consideration	**4,681**	—	**4,681**	—
Loss (gain) on derivative financial instruments	**916**	(778)	**(6,063)**	(778)
Income tax expense	**10,930**	6,889	**22,822**	17,073

Total interest expense was $14.0 million during the three months ended December 31, 2023, up from $7.8 million in the same period last year. In the year ended December 31, 2023, total interest expense was $36.9 million, up from the $24.5 million in the year ended December 31, 2022. The increase in interest expense in both periods is due to the higher balance on the Credit Facility and increases in the variable rate.

Cash related interest expense for the three months ended December 31, 2023, calculated as interest expense excluding amortization of deferred financing costs of $0.8 million was $13.2 million and represents an average cost of debt of 8.8% when factoring in the Credit Facility balances during the quarter (compared to $7.5 million and 7.1% respectively for the three months ended December 31, 2022). Cash related interest expense for the year ended December 31, 2023, excluding deferred financing cost of amortization of $1.6 million was $35.3 million and represents an average cost of debt of 7.5% (compared to 5.6% for the year ended December 31, 2022).

For the year ended December 31, 2023, we recognized a change in fair value of contingent consideration of $4.7 million (December 31, 2022 - $nil).

For the year ended December 31, 2023, we recognized a realized gain of $6.6 million (December 31, 2022 - $nil) and an unrealized gain of $0.2 million (December 31, 2022 - $0.8 million) on a swap agreement. Subsequent to year-end, this swap agreement was completed on January 3, 2024.

We recorded income tax expense of $10.9 million and $22.8 million, respectively, during the three months and year ended December 31, 2023, an increase from the $6.9 million and $17.1 million income tax expense recorded in the respective prior year periods, mostly due to the addition of MacKellar resulting in higher net income before taxes.

Statements of Operations for affiliates and joint ventures

Three months ended December 31, 2023	Nuna	MNALP	Fargo	Other entities	Total
Revenue	**$ 19,042**	**$ 97,161**	**$ 50,301**	**$ 3,158**	**$ 169,662**
Gross profit (loss)	**(4,754)**	**3,547**	**9,679**	**198**	**8,670**
Income (loss) before taxes	**(6,855)**	**2,762**	**6,094**	**111**	**2,112**
Net income (loss)	**$ (6,161)**	**$ 2,762**	**$ 5,724**	**$ 76**	**$ 2,401**

Three months ended December 31, 2022	Nuna	MNALP	Fargo	Other entities	Total
Revenue	$ 55,544	$ 110,784	$ 13,254	$ 3,424	$ 183,006
Gross profit	6,653	3,934	3,286	669	14,542
Income before taxes	3,910	3,375	946	446	8,677
Net income	$ 3,634	$ 3,375	$ 946	$ 446	$ 8,401

Year ended December 31, 2023	Nuna	MNALP	Fargo	Other entities	Total
Revenue	**$ 165,741**	**$ 395,040**	**$ 117,543**	**$ 7,975**	**$ 686,299**
Gross profit	**9,622**	**13,954**	**25,353**	**709**	**49,638**
Income (loss) before taxes	**1,246**	**10,869**	**15,344**	**(639)**	**26,820**
Net income (loss)	**$ 1,098**	**$ 10,869**	**$ 14,522**	**$ (674)**	**$ 25,815**

Year ended December 31, 2022	Nuna	MNALP	Fargo	Other entities	Total
Revenue	$ 213,745	$ 330,259	$ 40,598	$ 11,431	$ 596,033
Gross profit	30,667	10,216	6,575	2,123	49,581
Income before taxes	21,741	8,825	7,049	1,881	39,496
Net income	$ 19,298	$ 8,825	$ 7,049	$ 1,881	$ 37,053

Equity earnings in affiliates and joint ventures was $2.4 million for the three months ended December 31, 2023, down from $8.4 million in the same period last year. In the year ended December 31, 2023, equity earnings in affiliates and joint ventures were $25.8 million, down from the $37.1 million in the year ended December 31, 2022. The Fargo-Moorhead joint ventures continued their strong performance as construction of the flood diversion project ramped up significantly throughout 2023. MNALP continued the expansion of its fleet with the addition of four ultra-class haul trucks in 2023, while Q4 results were impacted by the same delayed starts in certain reclamation scopes and early completion of winter scopes impacting NACG revenue. Earnings from Nuna were down year-over-year as a result of the wind up of Nuna's scope of work at the gold mine in Northern Ontario, which was completed in Q3 of 2023 as well as project losses experienced during the second half of 2023.

A reconciliation of basic net income per share to adjusted EPS is as follows:

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Net income	**$ 17,646**	$ 26,081	**$ 63,141**	$ 67,372
Interest from convertible debentures (after tax)	**1,484**	1,488	**5,925**	5,893
Diluted net income available to common shareholders	**$ 19,130**	$ 27,569	**$ 69,066**	$ 73,265
Adjusted net earnings[(i)]	**$ 23,168**	$ 29,038	**$ 75,228**	$ 65,912
Weighted-average number of common shares	**26,737,435**	26,421,459	**26,566,846**	27,406,140
Weighted-average number of diluted shares	**33,026,740**	32,942,717	**33,026,740**	34,006,850
Basic net income per share	**$ 0.66**	$ 0.99	**$ 2.38**	$ 2.46
Diluted net income per share	**$ 0.58**	$ 0.84	**$ 2.09**	$ 2.15
Adjusted EPS[(i)]	**$ 0.87**	$ 1.10	**$ 2.83**	$ 2.41

[(i)]See "Non-GAAP Financial Measures".

Summary of consolidated quarterly results

A number of factors contribute to variations in our quarterly financial results between periods, including:

- changes in the mix of work from earthworks, with heavy equipment, to more labour intensive, light construction projects;
- seasonal weather and ground conditions;
- certain types of work that can only be performed during cold, winter conditions when the ground is frozen;
- the timing and size of capital projects undertaken by our customers on large oil sands projects;
- the timing of equipment maintenance and repairs;
- the timing of project ramp-up costs as we move between seasons or types of projects;
- the timing of resolution for claims and unsigned change-orders;
- the timing of "mark-to-market" expenses related to the effect of a change in our share price on stock-based compensation plan liabilities; and
- the level of borrowing under our convertible debentures, Credit Facility and finance leases and the corresponding interest expense recorded against the outstanding balance of each.

The table, below, summarizes our consolidated results for the eight preceding quarters:

(dollars in millions, except per share amounts)	**Q4 2023**	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue	**$ 326.3**	$ 194.7	$ 193.6	$ 242.6	$ 233.4	$ 191.4	$ 168.0	$ 176.7
Gross profit[(i)]	**65.5**	26.3	21.5	40.9	42.6	24.6	12.4	22.0
Adjusted EBITDA[(i)]	**101.1**	59.4	51.8	84.6	85.9	60.1	41.6	57.7
Net income	**17.6**	11.4	12.2	21.9	26.1	20.6	7.5	13.5
Basic income per share[(ii)]	**$ 0.66**	$ 0.43	$ 0.46	$ 0.83	$ 0.99	$ 0.75	$ 0.27	$ 0.48
Diluted income per share[(ii)]	**$ 0.58**	$ 0.39	$ 0.42	$ 0.70	$ 0.84	$ 0.65	$ 0.25	$ 0.43
Adjusted EPS[(i)(ii)]	**$ 0.87**	$ 0.54	$ 0.47	$ 0.95	$ 1.10	$ 0.65	$ 0.17	$ 0.51
Cash dividend per share[(iii)]	**$ 0.10**	$ 0.10	$ 0.10	$ 0.10	$ 0.08	$ 0.08	$ 0.08	$ 0.08

[(i)] See "Non-GAAP Financial Measures".
[(ii)] Net income and adjusted earnings per share for each quarter have been computed based on the weighted-average number of shares issued and outstanding during the respective quarter. Therefore, quarterly amounts are not additive and may not add to the associated annual or year-to-date totals.
[(iii)] The timing of payment of the cash dividend per share may differ from the dividend declaration date.

Mine support revenue in the oil sands region is traditionally highest during December to March as ground conditions are most favorable for work requiring frozen ground access. Delays in the start of the winter freeze required to perform this type of work reduce revenues or have an adverse effect on project performance in the winter period. The oil sands mine support activity levels decline when frost leaves the ground and access to excavation and dumping areas, as well as associated roads, are rendered temporarily incapable of supporting the weight of heavy equipment. The end of this period, which can vary considerably from year-to-year, is referred to as "spring breakup" and has a direct impact on our mine support activity levels.

Rental and production-related mine support revenue in the Queensland region can be impacted by the rainy cyclone season from November through February. During this period, heavy rains can temporarily suspend mining operations from both the direct impacts to the mine itself as well as flooding that can damage perimeter roads required for critical supplies and parts. As a result of these weather events, production-related heavy equipment fleet is typically parked and safeguarded in dedicated holding areas. This reduction in equipment utilization can be somewhat offset by the use of support equipment to bring mine operations back to full capacity such as road clean-up, civil construction and dewatering scopes.

The level of project work executed by Nuna in each fiscal quarter is highly contingent on the relative mix of varying projects scopes and the geographic area where the work is executed. In general, activity peaks in the third quarter when temperatures in the remote North allow for project work to occur. On the most remote of projects, the active construction season can be less than 14 weeks. Projects executed in more southern regions of Canada are not as heavily impacted. On other seasonal projects, the spring/summer project execution season can be longer, spanning from June to October or November. However, site access is limited at times due to road bans. Other major projects, mainly winter road construction and maintenance occur in Q4 and Q1.

Overall, full-year results are not likely to be a direct multiple or combination of any one quarter or quarters. In addition to revenue variability, gross margins can be negatively impacted in less active periods because we are likely to incur higher maintenance and repair costs due to our equipment being available for servicing.

LIQUIDITY AND CAPITAL RESOURCES

Summary of consolidated financial position

(dollars in thousands)	December 31, 2023	December 31, 2022	Change
Cash	**$ 88,614**	$ 69,144	$ 19,470
Working capital assets			
Accounts receivable	**$ 97,855**	$ 83,811	$ 14,044
Contract assets	**35,027**	15,802	19,225
Inventories	**64,962**	49,898	15,064
Prepaid expenses and deposits	**7,402**	10,587	(3,185)
Working capital liabilities			
Accounts payable	**(146,190)**	(102,549)	(43,641)
Accrued liabilities	**(94,726)**	(43,784)	(50,942)
Contract liabilities	**(59)**	(1,411)	1,352
Total net working capital (excluding cash and current portion of long-term debt)[ii]	**$ (35,729)**	$ 12,354	$ (48,083)
Property, plant and equipment	**1,142,946**	645,810	497,136
Total assets	**1,546,478**	979,513	566,965
Credit Facility[i]	**317,488**	180,000	137,488
Equipment financing[i]	**220,466**	85,931	134,535
Mortgage[i]	**28,429**	29,231	(802)
Obligation related to MacKellar acquisition[i]	**113,426**	—	113,426
Total debt[ii]	**$ 679,809**	$ 295,162	$ 384,647
Convertible debentures[i]	**129,750**	129,750	—
Cash	**(88,614)**	(69,144)	(19,470)
Net debt[ii]	**$ 720,945**	$ 355,768	$ 365,177
Total shareholders' equity	**356,654**	305,919	50,735
Invested capital[ii]	**$ 1,077,599**	$ 661,687	$ 415,912

[i]Includes current portion.
[ii]See "Non-GAAP Financial Measures".

As at December 31, 2023, we had $88.6 million in cash and $129.3 million of unused borrowing availability on the Credit Facility for total liquidity of $217.9 million (defined as cash plus available and unused Credit Facility borrowings). As at December 31, 2022, we had $69.1 million in cash and $88.0 million of unused borrowing availability on the Credit Facility for total liquidity of $157.1 million. Total net working capital (excluding cash and current portion of long-term debt) was $35,729 at December 31, 2023 ($12,354 at December 31, 2022). The decrease is mostly due to recognition of the current portion of the obligation related to the MacKellar acquisition in Q4 2023.

Our liquidity is complemented by available borrowings through our equipment leasing partners. As at December 31, 2023, our total available capital liquidity was $292.6 million (defined as total liquidity plus unused finance lease and other borrowing availability under our Credit Facility). As at December 31, 2022, our total capital liquidity was $212.4 million. Borrowing availability under finance lease obligations considers the current and long-term portion of finance lease obligations and financing obligations, including specific finance lease obligations for the joint ventures that we guarantee. There are no restrictions within the terms of our Credit Facility relating to the use of operating leases.

(dollars in thousands)	December 31, 2023	December 31, 2022
Cash	**$ 88,614**	$ 69,144
Credit Facility borrowing limit	**478,022**	300,000
Credit Facility drawn	**(317,488)**	(180,000)
Letters of credit outstanding	**(31,272)**	(32,030)
Cash liquidity[i]	**$ 217,876**	$ 157,114
Finance lease borrowing limit	**350,000**	175,000
Other debt borrowing limit	**20,000**	20,000
Equipment financing drawn	**(220,466)**	(85,931)
Guarantees provided to joint ventures	**(74,831)**	(53,744)
Total capital liquidity[i]	**$ 292,579**	$ 212,439

[i]See "Non-GAAP Financial Measures".

As at December 31, 2023, we had $4.0 million in trade receivables that were more than 30 days past due, compared to $1.9 million as at December 31, 2022. As at December 31, 2023, and December 31, 2022, we did not have an allowance for credit losses related to our trade receivables as we believe that there is minimal risk in the collection of past due trade receivables. We continue to monitor the credit worthiness of our customers.

Our working capital assets and liabilities are affected by the timing of the completion of projects and the contractual terms of the project. In some cases, our customers are permitted to withhold payment of a percentage of the amount owing to us for a stipulated period of time (such percentage and time period is usually defined by the contract and in some cases legislation). This amount acts as a form of security for our customers and is referred to as a "holdback". Typically, we are only entitled to collect payment on holdbacks if substantial completion of the contract has been performed, there are no outstanding claims by subcontractors or others related to work performed by us, and we have met the period specified by the contract, usually 45 days after completion of the work. However, in some cases, we are able to negotiate the progressive release of holdbacks as the job reaches various stages of completion. As at December 31, 2023, holdbacks totaled $0.4 million, comparable to the $0.4 million balance as at December 31, 2022.

Capital resources

Our capital resources consist primarily of cash flow provided by operating activities, cash borrowings under our Credit Facility and financing through operating leases and capital equipment financing.

Our primary uses of cash are for capital expenditures, to fulfill debt repayment and interest payment obligations, to fund operating and finance lease obligations, to finance working capital requirements, and to pay dividends. When prudent, we have also used cash to repurchase our common shares.

We anticipate that we will have enough cash from operations to fund our annual expenses, planned capital spending program and meet current and future working capital, debt servicing and dividend payment requirements in 2024 from existing cash balances, cash provided by operating activities and borrowings under our Credit Facility.

Reconciliation of capital additions

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Purchase of PPE	**$ 88,599**	$ 27,908	**$ 202,809**	$ 111,499
Additions to intangibles	**560**	507	**683**	3,765
Gross capital expenditures	**$ 89,159**	$ 28,415	**$ 203,492**	$ 115,264
Proceeds from sale of PPE	**(5,610)**	(1,033)	**(10,419)**	(3,400)
Change in capital inventory and capital work in progress[(i)]	**(7,745)**	(1,681)	**(12,230)**	(7,700)
Capital expenditures, net[(i)]	**75,804**	25,701	**180,843**	104,164
Finance lease additions	**931**	236	**28,159**	8,931
Capital additions[(i)]	**$ 76,735**	$ 25,937	**$ 209,002**	$ 113,095

[(i)]See "Non-GAAP Financial Measures".

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Sustaining	**$ 39,863**	$ 25,701	**$ 140,427**	$ 104,164
Growth	**35,941**	—	**40,416**	—
Capital expenditures, net[(i)]	**75,804**	25,701	**180,843**	104,164
Sustaining	**931**	236	**28,159**	8,931
Growth	**—**	—	**—**	—
Finance lease additions	**931**	236	**28,159**	8,931
Sustaining	**40,794**	25,937	**168,586**	113,095
Growth	**35,941**	—	**40,416**	—
Capital additions[(i)]	**$ 76,735**	$ 25,937	**$ 209,002**	$ 113,095

[(i)]See "Non-GAAP Financial Measures".

A breakdown of net capital expenditures by reportable segment is as follows:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Heavy Equipment - Canada	**$ 32,303**	$ 27,748	**$ 146,442**	$ 111,295
Heavy Equipment - Australia	**56,296**	160	**56,367**	204
Purchase of PPE	**$ 88,599**	$ 27,908	**$ 202,809**	$ 111,499

(i)See "Non-GAAP Financial Measures".

Sustaining capital additions of $40.8 million ($25.9 million in the prior year) for the three months ended December 31, 2023, and $168.6 million ($113.1 million in the prior year) for the year ended December 31, 2023, are primarily made up of routine capital maintenance performed on the existing fleet as required to maintain equipment. Earlier in the year, smaller heavy equipment assets were purchased for the summer construction season.

Growth capital additions of $35.9 million ($nil in the prior year) for the three months ended December 31, 2023, and $40.4 million ($nil in the prior year) for the year ended December 31, 2023, are primarily related heavy equipment additions by MacKellar in Q4 in addition to fuel and lube trucks for ML Northern. Further to the growth capital additions above is the acquisition of MacKellar for $179.7 million in 2023 and the acquisition of ML Northern for $8.0 million in 2022.

A portion of our heavy construction fleet is financed through finance leases. We continue to lease our motor vehicle fleet through our finance lease facilities. Our equipment fleet is currently split among owned (75%), finance leased (23%) and rented equipment (2%).

Summary of capital additions in affiliates and joint ventures

Not included in the above reconciliation of capital additions, this table reflects our share of capital additions made by our affiliates and joint ventures.

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Nuna	**$ 392**	$ 943	**$ 2,935**	$ 8,190
MNALP	**4,802**	3,994	**15,635**	22,690
Fargo	**4,107**	3,549	**18,527**	16,364
Other	**111**	454	**(1,258)**	3,062
Share of affiliate and joint venture capital additions(i)	**$ 9,412**	$ 8,940	**$ 35,839**	$ 50,306

(i)See "Non-GAAP Financial Measures".

Capital additions within the Nuna joint ventures are considered to be sustaining in nature while the capital additions made by the MNALP & Fargo joint ventures were for growth.

Summary of consolidated cash flows

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Cash provided by operating activities	**$ 160,870**	$ 78,099	**$ 270,391**	$ 169,201
Cash used in investing activities	**(137,756)**	(17,524)	**(244,879)**	(97,469)
Cash provided by (used in) financing activities	**21,892**	(14,524)	**(7,747)**	(19,493)
Net increase (decrease) in cash	**$ 45,006**	$ 46,051	**$ 17,765**	$ 52,239

Operating activities

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Cash provided by operating activities prior to change in working capital(i)	**$ 84,695**	$ 64,474	**$ 219,341**	$ 182,511
Net changes in non-cash working capital	**76,175**	13,625	**51,050**	(13,310)
Cash provided by operating activities	**$ 160,870**	$ 78,099	**$ 270,391**	$ 169,201

(i)See "Non-GAAP Financial Measures".

Cash provided by operating activities for the three months ended December 31, 2023, was $160.9 million, compared to cash provided by operating activities of $78.1 million for the three months ended December 31, 2022. Cash provided by operating activities for the year ended December 31, 2023, was $270.4 million, compared to cash provided by operating activities of $169.2 million for the year ended December 31, 2022.

The increase in cash flow in both current year period is a result of improved EBITDA. Cash provided by (used by) the net change in non-cash working capital specific to operating activities is detailed below.

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Accounts receivable	**$ 51,836**	$ 7,449	**$ 57,077**	$ (10,956)
Contract assets	**(20,809)**	(4,864)	**(18,489)**	(6,043)
Inventories	**4,666**	(5,756)	**(2,522)**	(5,354)
Contract costs	**—**	207	**—**	2,673
Prepaid expenses and deposits	**2,438**	559	**6,379**	(3,453)
Accounts payable	**22,461**	3,885	**9,585**	12,750
Accrued liabilities	**15,593**	10,891	**372**	(989)
Contract liabilities	**(10)**	1,254	**(1,352)**	(1,938)
	$ 76,175	$ 13,625	**$ 51,050**	$ (13,310)

Investing activities

During the three months ended December 31, 2023, cash used by investing activities was $137.8 million, compared to $17.5 million in cash used by investing activities in the three months ended December 31, 2022. Current period investing activities largely relate to $88.6 million for the purchase of property, plant and equipment, and the acquisition of MacKellar for net cash consideration of $51.7 million offset by $5.6 million in proceeds on disposal of property, plant and equipment and cash settlement of derivative financial instruments of $2.6 million. Prior year investing activities included $27.9 million for the purchase of property, plant, equipment and the acquisition of ML Northern for net cash consideration of $2.2 million offset by $1.0 million in proceeds on disposal of property, plant and equipment.

During the year ended December 31, 2023, cash used by investing activities was $244.9 million, compared to $97.5 million used by investing activities during the year ended December 31, 2022. Current period investing activities largely relate to $202.8 million for the purchase of property, plant and equipment, and the acquisition of MacKellar for net cash consideration of $51.7 million offset by $10.4 million in proceeds from the disposal of property, plant and equipment and cash settlement of derivative financial instruments of $2.6 million. Prior year investing activities included $111.5 million for the purchase of property, plant, equipment, additions to intangible assets of $3.8 million, and the acquisition of ML Northern for net cash consideration of $2.2 million offset by $3.4 million in proceeds for the disposal of property, plant and equipment.

Financing activities

Cash provided by financing activities during the three months ended December 31, 2023, was $21.9 million, which included $245.0 million in proceeds from long-term debt offset by $204.2 million of long-term debt repayments, $10.4 million of contingent consideration payments, $5.8 million in financing costs, and $2.7 million in dividends paid. Cash used by financing activities for the three months ended December 31, 2022, was $14.5 million, which included $12.3 million of long-term debt repayments and $2.1 million in dividends paid.

For the year ended December 31, 2023, cash used by financing activities was $7.7 million, which included $340.0 million of proceeds of long-term debt offset by $315.6 million of long-term debt repayments, $10.4 million of contingent consideration payments, $5.8 million in financing costs, $6.0 million of treasury share purchases, and $10.0 million in dividends paid. Cash used by financing activities during the year ended December 31, 2022, was $19.5 million, driven by proceeds of long-term debt of $83.4 million offset by $58.6 million of long-term debt repayments, $2.0 million of treasury share purchases, $7.8 million in dividends paid and $34.1 million in purchases under the share purchase program.

Free cash flow

Free cash flow is a non-GAAP measure (see "Explanatory Notes - Non-GAAP Financial Measures" in this MD&A). Below is our reconciliation from the consolidated statement of cash flows ("Cash provided by operating activities" and "Cash used in investing activities") to our definition of free cash flow.

	Three months ended December 31,		Year ended December 31,	
(dollars in thousands)	**2023**	2022	**2023**	2022
Consolidated Statements of Cash Flows				
Cash provided by operating activities	**$ 160,870**	$ 78,099	**$ 270,391**	$ 169,201
Cash used in investing activities	**(137,756)**	(17,524)	**(244,879)**	(97,469)
Effect of exchange rate on changes in cash	**3,167**	(94)	**1,705**	304
Add back of growth and non-cash items included in the above figures:				
Acquisition of MacKellar[(i)]	**51,671**	—	**51,671**	—
Acquisition costs	**5,934**	—	**7,095**	—
Growth capital additions[(ii)]	**35,941**	—	**40,416**	—
Acquisition of ML Northern[(iii)]	**—**	7,207	**—**	7,207
Non-cash changes in fair value of contingent consideration	**(8,268)**	—	**(8,268)**	—
Capital additions financed by leases[(ii)]	**(931)**	(236)	**(28,159)**	(8,931)
Free cash flow[(i)]	**$ 110,628**	$ 67,452	**$ 89,972**	$ 70,312

[(i)]Acquisition of Mackellar is the purchase price less cash acquired.
[(ii)]See "Non-GAAP Financial Measures".
[(iii)]Acquisition of ML Northern is the purchase price less debt assumed and cash acquired. For the determination of free cash flow, the figure includes deferred consideration of $5,002.

Free cash flow of $90.0 million is the culmination of adjusted EBITDA of $297.0 million, mentioned above, less sustaining capital additions of $168.6 million, cash interest paid during the year of $33.5 million and current income taxes of $6.8 million. Sustaining capital additions during the year were comprised exclusively to routine maintenance spending on and replenishment of heavy equipment and, as a percentage of reported revenue, increased from 14.7% in 2022 to 17.6% in 2023 due to component quality issues experienced in the first half of the year. Albeit seasonal in nature, the percentage in the fourth quarter was 12.5% with a full quarter contribution from MacKellar and the ramp-up of the active winter program in Canada. Included in free cash flow are the capital, interest and tax costs required of and incurred by our joint ventures of which our share totaled $18.4 million during the year.

The remaining differences in free cash flow generation are related to timing impacts. Changes in routine working capital balances had a positive impact on cash generated in 2023, primarily from working capital management at MacKellar in the fourth quarter. In addition, temporary constraints on free cash flow in the year included i) capital work in process and capital inventory investments as we build our maintenance and component rebuild capabilities and ii) growth in our joint ventures which require cash discipline to manage growth capital spending and working capital balances. As quantitative evidence of this latter timing impact, our equity in joint ventures grew by $5.8 million during the year which should translate into future cash distributions over time. Excluding debt funding required for MacKellar's upfront acquisition costs and growth capital, free cash flow generation was primarily directed to debt reduction ($65.9 million) with secondary uses being dividends and trust purchases ($16.0 million) and growth capital in Canada ($5.5 million).

Free cash flow for the year ended December 31, 2022, was $70.3 million. Key routine drivers of free cash flow were adjusted EBITDA of $245.4 million, less sustaining capital additions of $113.1 million, cash interest paid of $24.1 million and current income taxes of $1.6 million. The remaining differences relates to the timing impacts of working capital accounts and cash held by and the spending required within our joint ventures.

Contractual obligations and other commitments

Our principal contractual obligations relate to our long-term debt; finance and operating leases; and supplier contracts. The following table summarizes our future contractual obligations as of December 31, 2023, excluding interest where interest is not defined in the contract (operating leases and supplier contracts). The future interest payments were calculated using the applicable interest rates and balances as at December 31, 2023, and may differ from actual results.

	Payments due by fiscal year					
(dollars in thousands)	Total	2024	2025	2026	2027	2028 and thereafter
Credit Facility	**$ 390,025**	$ 26,364	$ 26,292	$ 337,369	$ —	$ —
Convertible debentures[iii]	**154,411**	6,861	6,861	59,789	4,111	76,789
Equipment financing	**244,625**	92,318	70,108	42,397	29,830	9,972
Obligation related to MacKellar acquisition	**169,893**	38,905	41,869	54,248	34,871	—
Mortgage	**41,022**	1,783	1,783	1,783	1,783	33,890
Operating leases[i]	**16,352**	2,307	1,727	1,579	1,381	9,358
Non-lease components of building lease commitments[ii]	**73**	230	7	7	6	(177)
Supplier contracts	**7,886**	7,886	—	—	—	—
Total contractual obligations	**$ 1,024,287**	**$ 176,654**	**$ 148,647**	**$ 497,172**	**$ 71,982**	**$ 129,832**

[i] Operating leases are net of receivables on subleases of $666 (2024 - $666).
[ii] Non-lease components of lease commitments are net of receivables on subleases of $36 (2024 - $36). These commitments include common area maintenance, management fees, property taxes and parking related to operating leases.
[iii] If not converted earlier.

Our total contractual obligations of $1,024.3 million as at December 31, 2023, have increased from $537.5 million as at December 31, 2022, primarily related to an increase of $173.9 million related to our Credit Facility and an increase to equipment financing of $155.0 million, offset by a decrease in convertible debentures of $6.9 million and a decrease in supplier contracts of $5.4 million. For a discussion on our Credit Facility see "Credit Facility" below and for a more detailed discussion of our convertible debentures, see "Capital Structure and Securities" in our most recent AIF, which section is expressly incorporated by reference into this MD&A.

Credit Facility

On October 3, 2023, we entered into an Amended and Restated Credit Agreement (the "Credit Facility") with a banking syndicate. On October 26, 2023, we exercised the accordion feature to increase the size of the tranches as included in the amended agreement. The amended agreement matures on October 3, 2026, with an option to extend on an annual basis, subject to certain conditions. The agreement is comprised solely of a revolving facility that includes a Canadian dollar tranche of $280.0 million and an Australian dollar tranche of A$220.0 million, totaling $478.0 million (up from $300.0 million) of lending capacity using the exchange rate in effect as at December 31, 2023. The Credit Facility permits finance lease obligations to a limit of $350.0 million (up from $175.0 million) and certain other borrowings outstanding to a limit of $20.0 million. The permitted amount of $350.0 million includes guarantees provided by us to certain joint ventures.

The Credit Facility has two financial covenants that must be tested quarterly on a trailing four-quarter basis.

- The first covenant is the Total Debt to Bank EBITDA Ratio.
    - "Total Debt" is defined as the sum of the outstanding principal balance (current and long-term portions) of: (i) finance leases; (ii) borrowings under our credit facilities (excluding outstanding Letters of Credit); (iii) mortgage; (iv) promissory notes; (v) financing obligations; and (vi) vendor financing, excluding convertible debentures.
    - "Bank EBITDA" is defined as earnings before interest, taxes, depreciation and amortization, excluding the effects of unrealized foreign exchange gain or loss, realized and unrealized gain or loss on derivative financial instruments, cash and non-cash stock-based compensation expense, gain or loss on disposal of property, plant and equipment, acquisition costs, and certain other non-cash items included in the calculation of net income.
    - The Total Debt to Bank EBITDA Ratio must be less than or equal to 3.5:1.
- The second covenant is the Fixed Charge Coverage Ratio which is defined as Bank EBITDA less maintenance capital expenditures, cash distributions (dividends, share buybacks, etc.), and cash taxes compared to Fixed Charges.
    - "Fixed Charges" is defined as cash interest and all scheduled principal debt repayments.

- The Fixed Charge Coverage Ratio is to be maintained at a ratio greater than 1.1:1.

As at December 31, 2023, we were in compliance with our financial covenants. The Total Debt to Bank EBITDA Ratio was 1.83:1, in compliance with the maximum of 3.5:1. The Fixed Charge Coverage Ratio was 1.30:1, in compliance with the minimum of 1.1:1.

Borrowing activity under our Credit Facility

As at December 31, 2023, there was $317.5 million borrowed against our Credit Facility along with $31.3 million in issued letters of credit under our Credit Facility (December 31, 2022 - $180.0 million and $32.0 million, respectively) and the unused borrowing availability was $129.3 million (December 31, 2022 - $88.0 million).

Guarantees

We act as a guarantor for drawn amounts under revolving equipment lease credit facilities which have a combined capacity of $110.0 million for MNALP, an affiliate of the Company. This equipment lease credit facility allows MNALP to avail the credit through a lease agreement and/or equipment finance contract with appropriate supporting documents. We are the primary operator of MNALP's equipment through the subcontractor agreement. The loan is supported by the pledged equipment and the guarantee is in place in case of a shortfall in an insolvency. As at December 31, 2023, we have provided guarantees on this facility of $74.7 million. At this time, there have been no instances or indication that payments will not be made by MNALP. Therefore, no liability has been recorded.

Outstanding share data

Common shares

We are authorized to issue an unlimited number of voting common shares and an unlimited number of non-voting common shares. On June 12, 2014, we entered into a trust agreement whereby the trustee may purchase and hold voting common shares, classified as treasury shares on our Consolidated Balance Sheets, until such time that units issued under the equity classified long-term incentive plans are to be settled. Units granted under such plans typically vest at the end of a three-year term.

As at March 8, 2024, there were 27,827,282 total voting common shares outstanding, which included 1,094,163 commo n shares held by the trust and classified as treasury shares on our consolidated balance sheets (27,827,282 common shares, including 1,090,187 common shares classified as treasury shares at December 31, 2023). We had no non-voting common shares outstanding on any of the foregoing dates.

Convertible debentures

	March 8, 2024	**December 31, 2023**	December 31, 2022
5.50% convertible debentures	**$ 74,750**	**$ 74,750**	$ 74,750
5.00% convertible debentures	**55,000**	**55,000**	55,000
	$ 129,750	**$ 129,750**	$ 129,750

The summarized terms of these convertible debentures are:

	Date of issuance	Maturity	Conversion price	Debt issuance costs
5.50% convertible debentures	June 1, 2021	June 30, 2028	$ 24.50	$ 3,531
5.00% convertible debentures	March 20, 2019	March 31, 2026	$ 25.60	$ 2,691

Interest on the 5.50% convertible debentures is payable semi-annually in arrears on June 30 and December 31 of each year. Interest on the 5.00% convertible debentures is payable semi-annually on March 31 and September 30 of each year.

The conversion price is adjusted upon certain events, including: the subdivision or consolidation of the outstanding common shares, issuance of certain options, rights or warrants, distribution of cash dividends in an amount greater than $0.192 for the 5.50% convertible debentures or $0.12 per common share for the 5.00% convertible debentures, and other reorganizations such as amalgamations or mergers.

The 5.50% convertible debentures are not redeemable prior to June 30, 2024, except under certain exceptional circumstances. On and after June 30, 2024, and prior to June 30, 2026, the debentures may be redeemed at the option of the Company at the redemption price equal to the principal amount of the debentures plus accrued and unpaid interest thereon up to but excluding the date set for redemption provided, among other things, the current market price is at least 125% of the conversion price on the date on which notice of the redemption is given. On or

after June 30, 2026, the debentures may be redeemed at the option of the Company at the redemption price equal to the principal amount of the debentures plus accrued and unpaid interest.

Both the 5.00% convertible debentures and the 5.50% convertible debentures are redeemable under certain conditions after a change in control has occurred. If a change in control occurs, we are required to offer to purchase all of the convertible debentures at a price equal to 101% of the principal amount plus accrued and unpaid interest to the date of purchase. The 5.00% convertible debentures are otherwise not redeemable by the Company.

Share purchase program

On April 11, 2022, we commenced a normal course issuer bid ("NCIB") under which a maximum number of 2,113,054 common shares were authorized to be purchased. During the year ended December 31, 2022, we purchased and subsequently cancelled 2,113,054 shares at an average price of $15.45 per share under this NCIB, which resulted in a decrease to common shares of $16.8 million and a decrease to additional paid-in capital of $15.8 million.

During the year ended December 31, 2022, we purchased and subsequently cancelled 82,592 shares at an average price of $17.92 under another NCIB which commenced on April 9, 2021, which resulted in a decrease to common shares of $0.7 million and a decrease to additional paid-in capital of $0.8 million. This latter NCIB terminated April 8, 2022. On a combined basis, a total of 119,592 shares were purchased and cancelled under this NCIB.

Swap Agreement

On October 5, 2022, we entered into a swap agreement on our common shares with a financial institution for investment purposes. As at December 31, 2023, we recognized a realized gain of $6,612 (December 31, 2022 - $nil) and an unrealized gain of $229 (December 31, 2022 - $778) on this agreement based on the difference between the par value of the converted shares and the expected price of the Company's shares at contract maturity. The agreement is for 200,678 shares at a par value of $14.38, and an additional 458,400 shares at a par value of $18.94. The fair value of the shares as at December 31, 2023, was $27.65. The fair value of this swap is recorded in other assets (note 10) on the Consolidated Balance Sheets. The swap has not been designated as a hedge for accounting purposes and therefore changes in the fair value of the derivative are recognized in the Consolidated Statements of Operations and Comprehensive Income. Subsequent to year-end, this swap agreement was completed on January 3, 2024.

Backlog

The following summarizes our non-GAAP reconciliation of backlog as at December 31, 2023, and December 31, 2022:

(dollars in thousands)	**December 31, 2023**	December 31, 2022
Performance obligations per financial statements	**$ 22,797**	$ 52,526
Add: undefined committed volumes	**2,171,718**	516,311
Backlog[(i)]	**$ 2,194,515**	$ 568,837
Equity method investment backlog[(i)]	**536,623**	717,849
Combined backlog[(i)]	**$ 2,731,138**	$ 1,286,686

[(i)]See "Non-GAAP Financial Measures".

Backlog increased by $1,625.7 million while combined backlog increased by $1,444.5 million on a net basis, during the year ended December 31, 2023, as a result of the acquisition of MacKellar.

Revenue generated from backlog during the year ended December 31, 2023, was $690.4 million and we estimate that $631.3 million of our backlog reported above will be performed over 2024. For the year ended December 31, 2022, revenue generated from backlog was $433.6 million.

Related parties

Accounts payable due to joint ventures and affiliates do not bear interest, are unsecured and without fixed terms of repayment. Accounts receivable from certain joint ventures and affiliates bear interest at various rates, and all other accounts receivable amounts are non-interest bearing. The following table provides the material aggregate outstanding balances with affiliates and joint ventures.

	December 31, 2023	December 31, 2022
Accounts receivable	**$ 41,157**	$ 65,294
Other assets	**350**	2,444
Contract assets	**12,019**	—
Accounts payable and accrued liabilities	**15,087**	13,773

We enter into transactions with a number of our joint ventures and affiliates that involve providing services primarily consisting of subcontractor services, management fees, equipment rental revenue, and sales of equipment and components. These transactions were conducted in the normal course of operations, which were established and agreed to as consideration by the related parties. The majority of services provided in the oil sands region are being completed through MNALP. This joint venture performs the role of contractor and sub-contracts work to us. For the years ended December 31, 2023, and 2022, revenue earned from these services was $773.5 million and $666.1 million, respectively.

OUTLOOK

Our strategic focus areas in 2024 are:

- Safety - now on a global basis, maintain our uncompromising commitment to health and safety while elevating the standard of excellence in the field;
- Execution - enhance equipment availability in Canada and Australia through in-house fleet maintenance, reliability programs, technical improvements and management systems;
- Operational excellence - with a specific focus on Nuna Group of Companies, put into action practical and experienced-based protocols to ensure predictable high-quality project execution;
- Integration - implement ERP and best practices at MacKellar, including identification of opportunities to better utilize our capital and equipment in Australia;
- Diversification - pursue diversification of customers and resources through strategic partnerships, industry expertise and investment in Indigenous joint ventures; and
- Sustainability - further develop and deliver into our environmental, social and governance targets as disclosed and committed to in our annual reporting.

The following table provides projected key measures for 2024 and actual results of 2023 and 2022. These measures are predicated on contracts currently in place, including expected renewals, and the heavy equipment fleet that we own and operate.

Key measures	**2022 Actual**	**2023 Actual**	**2024 Outlook**
Combined revenue	$1.1B	**$1.3B**	$1.5 - $1.7B
Adjusted EBITDA[(i)]	$245M	**$297M**	$430 - $470M
Sustaining capital[(i)]	$113M	**$169M**	$170 - $190M
Adjusted EPS[(i)]	$2.41	**$2.83**	$4.25 - $4.75
Free cash flow[(i)]	$70M	**$90M**	$160 - $185M
Capital allocation			
Growth spending	$13M	**$40M**	$55 - $70M
Net debt leverage[(i)]	1.5x	**1.7x**	Targeting 1.5x

[(i)]See "Non-GAAP Financial Measures".

ACCOUNTING ESTIMATES, PRONOUNCEMENTS AND MEASURES

Critical accounting estimates

The preparation of our consolidated financial statements in conformity with US GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

Significant estimates and judgments made by us include:

- the assessment of the percentage of completion on time-and-materials, unit-price, lump-sum and cost-plus contracts with defined scope (including estimated total costs and provisions for estimated losses) and the recognition of variable revenue from unapproved contract modifications and change orders on revenue contracts;
- the determination of whether an acquisition meets the definition of a business combination;
- the fair value of the assets acquired and liabilities assumed as part of an acquisition;
- the evaluation of whether we are a primary beneficiary of an entity or has a controlling interest in an investee and is required to consolidate it;
- assumptions used in measuring the fair value of contingent consideration;
- assumptions used in impairment testing; and
- estimates and assumptions used in the determination of the allowance for credit losses, the recoverability of deferred tax assets and the useful lives of property, plant and equipment and intangible assets.

Actual results could differ materially from those estimates.

The accuracy of our revenue and profit recognition in a given period is dependent on the accuracy of the estimates of the cost to complete each project. Cost estimates for all significant projects use a detailed "bottom up" approach and we believe our experience allows us to provide reasonably dependable estimates. There are a number of factors that can contribute to changes in estimates of contract cost and profitability that are recognized in the period in which such adjustments are determined. The most significant of these include:

- the completeness and accuracy of the original bid;
- costs associated with added scope changes;
- extended overhead due to owner, weather and other delays;
- subcontractor performance issues;
- changes in economic indices used for the determination of escalation or de-escalation for contractual rates on long-term contracts;
- changes in productivity expectations;
- site conditions that differ from those assumed in the original bid;
- contract incentive and penalty provisions;
- the availability and skill level of workers in the geographic location of the project; and
- a change in the availability and proximity of equipment and materials.

The foregoing factors as well as the mix of contracts at different margins may cause fluctuations in gross profit between periods. With many projects of varying levels of complexity and size in process at any given time, changes in estimates can offset each other without materially impacting our profitability. Major changes in cost estimates, particularly in larger, more complex projects, can have a significant effect on profitability.

For a complete discussion of how we apply these critical accounting estimates in our significant accounting policies adopted, see the "Significant accounting policies" section of our consolidated financial statements for the year ended December 31, 2023, and notes that follow, which sections are expressly incorporated by reference into this MD&A.

Change in significant accounting policy - Basis of presentation

During the first quarter of 2023, we updated the presentation of finance lease obligations within the Consolidated Balance Sheets to be included in long-term debt. Within the long-term debt note, finance lease obligations, financing obligations, and promissory notes have been combined as equipment financing. Finance lease obligations are the finance lease liabilities recognized in accordance with our lease policy. Financing obligations arise when we finance owned equipment. There has been no change in our accounting policy for finance lease obligations or change in the recognition or measurement of the related balances now recognized within long-term debt. The change in presentation had no effect on the reported results of operations. The comparative period has been updated to reflect this presentation change.

Recent accounting pronouncements not yet adopted

Joint venture formations

In August 2023, the FASB issued ASU 2023-05, Business Combinations - Joint Venture Formations. This accounting standard update was issued to create new requirements for valuing contributions made to a joint venture upon formation. This standard is effective January 1, 2025, with early adoption permitted. We are assessing the impact the adoption of this standard may have on its consolidated financial statements.

Segment reporting

In November 2023, the FASB issued ASU 2023-07, Segment Reporting: Improvements to Reportable Segment Disclosures. This accounting standard update was issued to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This standard is effective for the fiscal year beginning January 1, 2024. We are assessing the impact the adoption of this standard will have on its consolidated financial statements.

Income taxes

In December 2023, the FASB issued ASU 2023-09, Income Taxes: Improvements to Income Tax Disclosures. This accounting standard update was issued to increase transparency by improving income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This standard is effective for the fiscal year beginning January 1, 2025, with early adoption permitted. We are assessing the impact the adoption of this standard will have on its consolidated financial statements.

Financial instruments

For a complete discussion of our use of financial instruments, see note 15 of our consolidated financial statements for the year ended December 31, 2023.

Financial measures

Non-GAAP financial measures

We believe that the below Non-GAAP financial measures are all meaningful measures of business performance because they include or exclude items that are or are not directly related to the operating performance of our business. Management reviews these measures to determine whether property, plant and equipment are being allocated efficiently.

"Adjusted EBIT" is defined as adjusted net earnings before the effects of interest expense, income taxes and equity earnings in affiliates and joint ventures, but including the equity investment EBIT from our affiliates and joint ventures accounted for using the equity method.

"Adjusted EBITDA" is defined as adjusted EBIT before the effects of depreciation, amortization and equity investment depreciation and amortization.

"Adjusted EPS" is defined as adjusted net earnings, divided by the weighted-average number of common shares.

"Adjusted net earnings" is defined as net income and comprehensive income available to shareholders excluding the effects of unrealized foreign exchange gain or loss, realized and unrealized gain or loss on derivative financial instruments, cash and non-cash (liability and equity classified) stock-based compensation expense, gain or loss on disposal of property, plant and equipment and certain other non-cash items included in the calculation of net income.

As adjusted EBIT, adjusted EBITDA, adjusted EPS, and adjusted net earnings are non-GAAP financial measures, our computations may vary from others in our industry. These measures should not be considered as alternatives to operating income or net income as measures of operating performance or cash flows and they have important limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under US GAAP. For example, adjusted EBITDA does not:

- reflect our cash expenditures or requirements for capital expenditures or capital commitments or proceeds from capital disposals;
- reflect changes in our cash requirements for our working capital needs;
- reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- include tax payments or recoveries that represent a reduction or increase in cash available to us; or
- reflect any cash requirements for assets being depreciated and amortized that may have to be replaced in the future.

"Backlog" is a measure of the amount of secured work we have outstanding and, as such, is an indicator of a base level of future revenue potential. We define backlog as work that has a high certainty of being performed as evidenced by the existence of a signed contract or work order specifying expected job scope, value and timing. Backlog, while not a GAAP term is similar in nature and definition to the "transaction price allocated to the remaining performance obligations", defined under US GAAP and reported in "Note 5 - Revenue" in our financial statements. When the two numbers differ, the variance relates to expected scope where we have a contractual commitment, but the customer has not yet provided specific direction.

"Capital additions" is defined as capital expenditures, net and lease additions.

"Capital expenditures, net" is defined as growth capital and sustaining capital. We believe that capital expenditures, net and its components are a meaningful measure to assess resource allocation.

"Capital inventory" is defined as rotatable parts included in property, plant and equipment held for use in the overhaul of property, plant and equipment.

"Capital work in progress" is defined growth capital and sustaining capital prior to commissioning and not available for use.

"Cash liquidity" is defined as cash plus available and unused Credit Facility less outstanding letters of credit.

"Cash provided by operating activities prior to change in working capital" is defined as cash used in or provided by operating activities excluding net changes in non-cash working capital.

"Cash related interest expense" is defined as total interest expense less amortization of deferred financing costs.

"Combined backlog" is a measure of the total of backlog from wholly-owned entities plus equity method investment backlog.

"Combined gross profit" is defined as consolidated gross profit per the financial statements combined with our share of gross profit from affiliates and joint ventures that are accounted for using the equity method. This measure is reviewed by management to assess the impact of affiliates and joint ventures' gross profit on our adjusted EBITDA margin.

"Equity investment depreciation and amortization" is defined as our proportionate share (based on ownership interest) of depreciation and amortization in other affiliates and joint ventures accounted for using the equity method.

"Equity investment EBIT" is defined as our proportionate share (based on ownership interest) of equity earnings in affiliates and joint ventures before the effects of gain or loss on disposal of property, plant and equipment, interest expense and income taxes.

"Equity method investment backlog" is a measure of our proportionate share (based on ownership interest) of backlog from affiliates and joint ventures that are accounted for using the equity method.

"Free cash flow" is defined as cash from operations less cash used in investing activities including finance lease additions, non-cash changes in the fair value of contingent consideration, and the effect of exchange rates on the changes in cash but excluding cash used for growth capital and acquisitions. We believe that free cash flow is a

relevant measure of cash available to service our total debt repayment commitments, pay dividends, fund share purchases and fund both growth capital expenditures and potential strategic initiatives.

"General and administrative expenses (excluding stock-based compensation)" is a measure of general and administrative expenses recorded on the statement of operations less expenses related to stock-based compensation.

"Growth capital" is defined as new or used revenue-generating and customer facing assets which are not intended to replace an existing asset and have been commissioned and are available for use. These expenditures result in a meaningful increase to earnings and cash flow potential.

"Invested capital" is defined as total shareholders' equity plus net debt.

"Net debt" is defined as total debt plus convertible debentures less cash recorded on the balance sheets. Net debt is used by us in assessing our debt repayment requirements after using available cash.

"Share of affiliate and joint venture capital additions" is defined as our proportionate share (based on ownership interest) of capital expenditures, net and lease additions from affiliates and joint ventures that are accounted for using the equity method

"Sustaining capital" is defined as expenditures, net of routine disposals, related to property, plant and equipment which have been commissioned and are available for use operated to maintain and support existing earnings and cash flow potential and do not include the characteristics of growth capital.

"Total capital liquidity" is defined as total liquidity plus unused finance lease and other borrowing availability under our Credit Facility.

"Total combined revenue" is defined as consolidated revenue per the financial statements combined with our share of revenue from affiliates and joint ventures that are accounted for using the equity method. This measure is reviewed by management to assess the impact of affiliates and joint ventures' revenue on our adjusted EBITDA margin.

"Total debt" is defined by the Credit Facility agreement as the sum of the outstanding principal balance (current and long-term portions) of: (i) finance leases; (ii) borrowings under our credit facilities (excluding outstanding Letters of Credit); (iii) mortgage; (iv) promissory notes; (v) financing obligations; and (vi) vendor financing, excluding convertible debentures. We believe total debt is a meaningful measure in understanding our complete debt obligations.

Non-GAAP ratios

"Margin" is defined as the financial number as a percent of total reported revenue. We will often identify a relevant financial metric as a percentage of revenue and refer to this as a margin for that financial metric.

"Combined gross profit margin" is defined as combined gross profit divided by total combined revenue.

"Adjusted EBITDA Margin" is defined as adjusted EBITDA divided by total combined revenue.

We believe that presenting relevant financial metrics as a percentage of revenue is a meaningful measure of our business as it provides the performance of the financial metric in the context of the performance of revenue. Management reviews margins as part of its financial metrics to assess the relative performance of its results.

Supplementary Financial Measures

"Gross profit margin" represents gross profit as a percentage of revenue.

"Total net working capital (excluding cash and current portion of long-term debt)" represents net working capital, less the cash and current portion of long-term debt balances.

INTERNAL SYSTEMS AND PROCESSES

Evaluation of disclosure controls and procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose is recorded, processed, summarized and reported within the time periods specified under Canadian and US securities laws. They include controls and procedures designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer to allow timely decisions regarding required disclosures.

An evaluation was carried out under the supervision of and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the US Securities Exchange Act of 1934, as amended; and in National Instrument 52-109 under the Canadian Securities Administrators Rules and Policies. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2023, such disclosure controls and procedures were effective.

Management's report on internal control over financial reporting

Internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Management, including the Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"), as such term is defined in Rule 13a -15(f) under the US Securities Exchange Act of 1934, as amended; and in National Instrument 52-109 under the Canadian Securities Administrators Rules and Policies. A material weakness in ICFR exists if a deficiency, or a combination of deficiencies, is such that there is reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Because of its inherent limitations, ICFR may not prevent or detect misstatements. Also, projections or any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of December 31, 2023, we applied the criteria set forth in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to assess the effectiveness of our ICFR. Based on this assessment, management has concluded that, as of December 31, 2023, our internal control over financial reporting is effective. In accordance with the published guidance of the U.S. Securities and Exchange Commission (SEC), management's assessment of and conclusion on the effectiveness of our internal control over financial reporting did not include the internal controls of MacKellar, which is included in our 2023 consolidated financial statements and represented approximately 37% of total assets, 13% of revenues and 22% net income, respectively for the year ended December 31, 2023. Our independent auditor, KPMG LLP, has issued an audit report stating that we, maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by COSO. KPMG LLP's audit of internal control over financial reporting of the Company also excluded an evaluation of the internal controls over financial reporting of MacKellar.

FORWARD-LOOKING INFORMATION

Our MD&A is intended to enable readers to gain an understanding of our current results and financial position. To do so, we provide information and analysis comparing results of operations and financial position for the current period to that of the preceding periods. We also provide certain forward-looking information, based on current plans and expectations, for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our financial performance objectives, vision and strategic goals. Such forward-looking information may not be appropriate for other purposes. Our forward-looking information is subject to known and unknown risks and other factors that may cause future actions, conditions or events to differ materially from the anticipated actions, conditions or events expressed or implied by such forward-looking information. Readers are cautioned that actual events and results may vary materially from the forward-looking information.

Forward-looking information is information that does not relate strictly to historical or current facts and can be identified by the use of the future tense or other forward-looking words such as "anticipate", "believe", "could", "estimate", "expect", "intend", "possible", "predict", "project", "will" or the negative of those terms or other variations of them or comparable terminology.

Examples of such forward-looking information in this document include, but are not limited to, statements with respect to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions which may prove to be incorrect:

- our expectation that equity growth in joint ventures will translate into cash distributions over time;
- our belief that there is minimal risk in the collection of past due trade receivables;

- our anticipation that we will have enough cash from operations to fund our annual expenses, planned capital spending program and meet current and future working capital, debt servicing and dividend payment requirements in 2024 from existing cash balances, cash provided by operating activities and borrowings under our Credit Facility;
- calculations of future interest payments that depend on variable rates;
- statements regarding backlog, including our expectation that $631.3 million of our backlog will be performed over 2024; and
- all financial guidance provided in the "Outlook" section of this MD&A, including projections related to revenue, Adjusted EBITDA, Adjusted EPS, sustaining capital, free cash flow, growth spending and net debt leverage.

While we anticipate that subsequent events and developments may cause our views to change, we do not have an intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents our views as of the date of this document and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations.
There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

These factors are not intended to represent a complete list of the factors that could affect us. See "Assumptions" and "Risk Factors" below and risk factors highlighted in materials filed with the securities regulatory authorities filed in the United States and Canada from time to time, including, but not limited to, risk factors that appear in the "Forward-Looking Information, Assumptions and Risk Factors" section of our most recent AIF, which section is expressly incorporated by reference in this MD&A.

Assumptions

The material factors or assumptions used to develop the above forward-looking statements include, but are not limited to:

- oil and coal prices remaining stable and not dropping significantly in 2024;
- worldwide demand for metallurgical coal remaining stable;
- oil sands production continuing to be resilient to drops in oil prices due to our customer's desire to lower their operating cost per barrel;
- continuing demand for heavy construction and earth-moving services, including in diversified resources and geographies;
- continuing demand for external heavy equipment maintenance services and our ability to hire and retain sufficient qualified personnel and to have sufficient maintenance facility capacity to capitalize on that demand;
- our ability to maintain our expenses at current levels in proportion to our revenue;
- work continuing to be required under our master services agreements with various customers and such master services agreements remaining intact;
- our customers' continued willingness and ability to meet their contractual obligations to us;
- our customers' continued economic viability, including their ability to pay us in a timely fashion;
- our customers and potential customers continuing to outsource activities for which we are capable of providing services;
- our ability to source and maintain the right size and mix of equipment in our fleet and to secure specific types of rental equipment to support project development activity that enables us to meet our customers' variable service requirements while balancing the need to maximize utilization of our own equipment and that our equipment maintenance costs are similar to our historical experience;
- our continued ability to access sufficient funds to meet our funding requirements;

- our success in executing our business strategy, identifying and capitalizing on opportunities, managing our business, maintaining and growing our relationships with customers, retaining new customers, competing in the bidding process to secure new projects and identifying and implementing improvements in our maintenance and fleet management practices;
- our relationships with the unions representing certain of our employees continuing to be positive; and
- our success in improving profitability and continuing to strengthen our balance sheet through a focus on performance, efficiency and risk management.

Risk factors

The following are the key risk factors that affect us and our business. These factors could materially and adversely affect our operating results and could cause actual results to differ materially from those described in forward-looking statements.

- ***Customer Insourcing.*** Outsourced heavy construction and mining services constitute a large portion of the work we perform for our customers. The election by one or more of our customers to perform some or all of these services themselves, rather than outsourcing the work to us, could have a material adverse impact on our business and results of operations. Certain customers perform some of this work internally and may choose to expand on the use of internal resources to complete this work if they believe they can perform this work in a more cost effective and efficient manner using their internal resources.
- ***Availability of Skilled Labour.*** The success of our business depends on our ability to attract and retain skilled labour. Our industry is faced with a shortage of skilled labour in certain disciplines, particularly in remote locations that require workers to live away from home for extended periods. The resulting competition for labour may limit our ability to take advantage of opportunities otherwise available or alternatively may impact the profitability of such endeavors on a going forward basis. We believe that our size and industry reputation will help mitigate this risk but there can be no assurance that we will be successful in identifying, recruiting or retaining a sufficient number of skilled workers.
- ***Customer Concentration.*** Most of our revenue comes from the provision of services to a small number of customers. If we lose or experience a significant reduction of business or profit from one or more of our significant customers, we may not be able to replace the lost work or income with work or income from other customers. Certain of our long-term contracts can allow our customers to unilaterally reduce or eliminate the work that we are to perform under the contract. Additionally, certain contracts allow the customer to terminate the contract without cause with minimal or no notice to us. The loss of or significant reduction in business with one or more of our major customers could have a material adverse effect on our business and results of operations. Our combined revenue from our four largest customers represented approximately 79% and 90% of our total combined revenue for the years ended December 31, 2023, and 2022, respectively.
- ***Large Projects and Joint Ventures.*** A portion of our revenue is derived from large projects, some of which are conducted through joint ventures. These projects provide opportunities for significant revenue and profit contributions but, by their nature, carry significant risk and, as such, can result in significant losses. The risks associated with such large-scale projects are often proportionate to their size and complexity, thereby placing a premium on risk assessment and project execution. The contract price on large projects is based on cost estimates using several assumptions. Given the size of these projects, if assumptions prove incorrect, whether due to faulty estimates, unanticipated circumstances, or a failure to properly assess risk, profit may be materially lower than anticipated or, in a worst-case scenario, result in a significant loss. The recording of the results of large project contracts can distort revenues and earnings on both a quarterly and an annual basis and can, in some cases, make it difficult to compare the financial results between reporting periods. Joint ventures are often formed to undertake a specific project, jointly controlled by the partners, and are dissolved upon completion of the project. We select our joint venture partners based on a variety of criteria including relevant expertise, past working relationships, as well as analysis of prospective partners' financial and construction capabilities. Joint venture agreements spread risk between the partners and they generally state that companies will supply their proportionate share of operating funds and share profits and losses in accordance with specified percentages. Nevertheless, each participant in a joint venture is usually liable to the client for completion of the entire project in the event of a default by any of its partners. Therefore, in the event that a joint venture partner fails to perform its obligations due to financial or other difficulties or is disallowed from performing or is otherwise unable to perform its obligations as a result of the client's determination, whether pursuant to the relevant contract or because of modifications to government or agency procurement policies or

rules or for any other reason, we may be required to make additional investments or provide additional services which may reduce or eliminate profit, or even subject us to significant losses with respect to the joint venture. As a result of the complexity and size of such projects that we undertake or are likely to undertake going forward, the failure of a joint venture partner on a large complex project could have a significant impact on our results.

- ***Resolution of Claims.*** Changes to the nature or quantity of the work to be completed under our contracts are often requested by clients or become necessary due to conditions and circumstances encountered while performing work. Formal written agreement to such changes, or in pricing of the same, is sometimes not finalized until the changes have been started or completed. As such, disputes regarding the compensation for changes could impact our profitability on a particular project, our ability to recover costs or, in a worst-case scenario, result in project losses. If we are not able to resolve claims and undertake legal action in respect of these claims, there is no guarantee that a court will rule in our favour. There is also the possibility that we could choose to accept less than the full amount of a claim as a settlement to avoid legal action. In either such case, a resolution or settlement of the claims in an amount less than the amount recognized as claims revenue could lead to a future write-down of revenue and profit. Included in our revenues is a total of $8.0 million relating to disputed claims or unapproved change orders.
- ***Cyber Security and Information Technology Systems.*** We utilize information technology systems for some of the management and operation of our business and are subject to information technology and system risks, including hardware failure, cyber-attack, security breach and destruction or interruption of our information technology systems by external or internal sources. Although we have policies, controls and processes in place that are designed to mitigate these risks, an intentional or unintentional breach of our security measures or loss of information could occur and could lead to a number of consequences, including but not limited to: the unavailability, interruption or loss of key systems applications, unauthorized disclosure of material and confidential information and a disruption to our business activities. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences. We attempt to prevent breaches through the implementation of various technology-based security measures, contracting consultants and expert third-parties, hiring qualified employees to manage our systems, conducting periodic audits and reviewing and updating policies, controls and procedures when appropriate. To date, we have not been subject to a material cyber security breach that has had a serious impact on our business or operations; however, there is a possibility that the measures we take to protect our information technology systems may not be effective in protecting against a significant specific breach in the future.
- ***Unit-price Contracts.*** Approximately 40%, 32% and 41% of our revenue for the years ended December 31, 2023, 2022 and 2021, respectively, was derived from unit-price contracts and, to a lesser degree, lump-sum contracts. Unit-price contracts require us to guarantee the price of the services we provide and thereby potentially expose us to losses if our estimates of project costs are lower than the actual project costs we incur and contractual relief from the increased costs is not available. The costs we actually incur may be affected by a variety of factors including those that are beyond our control, such as:
  - site conditions differing from those assumed in the original bid;
  - the availability and cost of skilled workers;
  - the availability and proximity of materials;
  - unfavorable weather conditions hindering productivity;
  - equipment availability and timing differences resulting from project construction not starting on time; and
  - the general coordination of work inherent in all large projects we undertake.

  Further, under these contracts any errors in quantity estimates or productivity losses for which contractual relief is not available, must be absorbed within the price. When we are unable to accurately estimate and adjust for the costs of unit-price contracts, or when we incur unrecoverable cost overruns, the related projects may result in lower margins than anticipated or may incur losses, which could adversely affect our results of operations, financial condition and cash flow.
- ***Backlog.*** There can be no assurance that the revenues projected in our backlog at any given time will be realized or, if realized, that they will perform as expected with respect to margin. Project suspensions, terminations or reductions in scope do occur from time to time due to considerations beyond our control and may have a material impact on the amount of reported backlog with a corresponding impact on future revenues and profitability.

- ***Interest Rates.*** The rate of interest paid on our outstanding debt fluctuates with changes to general prime interest lending rates. Increases to prime lending rates will, according, adversely affect our profitability at a level that depends on our total outstanding debt.
- ***Project Management.*** Our business requires effective project management. We are reliant on having skilled managers to effectively complete our contracted work on time and on budget. Increased costs or reduced revenues due to productivity issues caused by poor management are usually not recoverable and will result in lower profits or potential project losses. Project managers also rely on our business information systems to provide accurate and timely information in order to make decisions in relation to projects. The failure of such systems to provide accurate and timely information may result in poor project management decisions and ultimately in lower profits or potential project losses.
- ***Internal Controls Over Financial Reporting.*** Ineffective internal controls over financial reporting could result in an increased risk of material misstatements in our financial reporting and public disclosure record. Inadequate controls could also result in system downtime, give rise to litigation or regulatory investigation, fraud or the inability to continue our business as presently constituted. We have designed and implemented a system of internal controls and a variety of policies and procedures to provide reasonable assurance that material misstatements in the financial reporting and public disclosures are prevented and detected on a timely basis and that other business risks are mitigated. The acquisition of the MacKellar Group has increased this risk factor as we design, integrate, assimilate and implement various internal controls over financial reporting in 2024. See the section entitled "Internal Systems and Processes" in our MD&A for further details.
- ***Cash flow, Liquidity and Debt.*** As of December 31, 2023, we had $696.1 million of total debt and convertible debentures outstanding. While we have achieved a significant improvement in the flexibility to borrow against our borrowing capacity over the past three years, our current indebtedness may:
    - limit our ability to obtain additional financing to fund our working capital, capital expenditures, debt service requirements, potential growth or other purposes;
    - limit our ability to use operating cash flow in other areas of our business as such funds are instead used to service debt;
    - limit our ability to post surety bonds required by some of our customers;
    - place us at a competitive disadvantage compared to competitors with less debt;
    - increase our vulnerability to, and reduce our flexibility in planning for, adverse changes in economic, industry and competitive conditions; and
    - increase our vulnerability to increases in interest rates because borrowings under our Credit Facility and payments under our mortgage along with some of our equipment leases and promissory notes are subject to variable interest rates.

    Further, if we do not have sufficient cash flow to service our debt, we would need to refinance all or part of our existing debt, sell assets, borrow more money or sell securities, none of which we can guarantee we will be able to achieve on commercially reasonable terms, if at all.
- ***Foreign Exchange.*** With the revenues and costs of our Australia operations being almost entirely in Australian dollars, we are exposed to currency fluctuations between the Australian dollar and the Canadian dollar. While those exchange rates have historically remained relatively stable, there is no assurance that will continue. To a lesser degree we are also exposed to U.S. dollar exchange rates from our operations in the United States as well as when we purchase equipment and spare parts or incur certain general and administrative expenses from U.S. suppliers. These latter exposures are generally of a short-term nature and the impact of changes in exchange rates has not been significant in the past.
- ***Competition.*** We compete for work with other contractors of various sizes and capabilities. New contract awards and contract margins are dependent on the level of competition and the general state of the markets in which we operate. Fluctuations in demand may also impact the degree of competition for work. Competitive position is based on a multitude of factors including pricing, ability to obtain adequate bonding, backlog, financial strength, appetite for risk, reputation for safety, quality, timeliness and experience. If we are unable to effectively respond to these competitive factors, results of operations and financial condition will be adversely impacted.

- ***Health and Safety.*** We are subject to, and comply with, all health and safety legislation applicable to our operations. We have a comprehensive health and safety program designed to ensure our business is conducted in a manner that protects both our workforce and the general public. There can be no guarantee that we will be able to maintain our high standards and level of health and safety performance. An inability to maintain excellent safety performance could adversely affect our business by customers reducing existing work in response and by hampering our ability to win future work.
- ***Heavy Equipment Demand.*** As our work mix changes over time, we adjust our fleet to match anticipated future requirements. This can involve reallocation of equipment to better match fleet requirements of particular sites, but also can involve both purchasing and disposing of heavy equipment. If the global demand for mining, construction and earthworks services is reduced, we expect that the global demand for the type of heavy equipment used to perform those services would also be reduced. While we may be able to take advantage of reduced demand to purchase certain equipment at lower prices, we would be adversely impacted to the extent we seek to sell excess equipment. If we are unable to recover our cost base on a sale of excess heavy equipment, we would be required to record an impairment charge which would reduce net income. If it is determined that market conditions have impaired the valuation of our heavy equipment fleet, we also may be required to record an impairment charge against net income.
- ***Labour Disputes.*** The majority of our workforce resides in Canada and Australia. In Canada, the bulk of our hourly employees are subject to collective bargaining agreements. Any work stoppage resulting from a strike or lockout could have a material adverse effect on our business, financial condition, and results of operations. To minimize this risk, NACG has a no strike and no lockout provision in our collective agreements. In addition, our customers employ workers under collective bargaining agreements. Any work stoppage or labour disruption experienced by our key customers could significantly reduce the amount of our services that they need. In Australia, our hourly work force is regulated by the *Fair Work Act* and *Modern Awards* agreement. This agreement outlines the minimum pay rates and conditions of employment for employees. Our Company is legally required to adhere to the terms of the relevant modern award that applies to the industry we work in. Failure to comply with the provisions of a modern award can result in penalties and legal action. The modern awards agreement minimizes the risk of any labour disputes or unrest.
- ***Equipment Utilization.*** Our business depends on our fleet being operable and in ready-to-work condition. We often operate in conditions that inflict a high degree of wear on our equipment. If we are unable to maintain our fleet so as to obtain our planned utilization rates, or if we are required to expend higher than expected amounts on maintenance or to rent replacement equipment at high rates due to equipment breakdowns, our operating revenues and profits will be adversely impacted. We endeavor to mitigate these risks through our maintenance planning and asset management processes and procedures, though there is no assurance that we can anticipate our future equipment utilization rates with certainty.
- ***Short-notice Reductions in Work.*** We allocate and mobilize our equipment and hire personnel based on estimated equipment and service plans supplied by our customers. At the start of each new project, we incur significant start-up costs related to the mobilization and maintenance configuration of our heavy equipment along with personnel hiring, orientation, training and housing costs for staff ramp-ups and redeployments. We expect to recover these start-up costs over the planned volumes of the projects we are awarded. Significant reductions in our customer's required equipment and service needs, with short notice, could result in our inability to redeploy our equipment and personnel in a cost-effective manner. In the past, such short-notice reductions have occurred due to changes in customer production schedules or mine planning or due to unplanned shutdowns of our customers' processing facilities due to events outside our control or the control of our customers, such as fires, mechanical breakdowns and technology failures. Our ability to maintain revenues and margins may be adversely affected to the extent these events cause reductions in the utilization of equipment and we can no longer recover our full start-up costs over the reduced volume plan of our customers.
- ***Inflation.*** The costs of performing work for our customers has recently been subject to inflationary pressures that are unusually high from an historical perspective, particularly with respect to the costs of skilled labour and equipment parts. We have price escalation clauses in most of our contracts that allow us to increase prices as costs rise, but not all of our contracts contain such clauses. Even when our contracts do contain such clauses, the mechanism for adjusting prices may lag the actual cost increases thereby reducing our margins in the short-term. Where a contract contains no price escalation clause, we normally factor expected inflation into our pricing. The ability to meet our forecasted profitability is at risk if we do not properly predict future rates of inflation or have contractual provisions that adjust pricing accurately or in a timely manner.

- ***Price Escalators.*** Our ability to maintain planned project margins on longer-term contracts with contracted price escalators is dependent on the contracted price escalators accurately reflecting increases in our costs. If the contracted price escalators do not reflect actual increases in our costs, we will experience reduced project margins over the remaining life of these longer-term contracts. In strong economic times, the cost of labour, equipment, materials and sub-contractors is driven by the market demand for these project inputs. The level of increased demand for project inputs may not have been foreseen at the inception of the longer-term contracts with fixed or indexed price escalators resulting in reduced margins over the remaining life of the longer-term contracts.
- ***Impact of Extreme Weather Conditions and Natural Disasters.*** Extreme weather conditions or natural disasters, such as fires, floods and similar events, may cause delays in the progress of our work due to restricted site access or inefficiency of operations due to weather-related ground conditions, which to the extent that such risk is not mitigated through contractual terms, may result in loss of revenues while certain costs continue to be incurred. Our Australian operations are particularly susceptible to heavy rainfall and flooding from November through to the end of February. Such delays may also lead to incurring additional non-compensable costs, including overtime work, that are necessary to meet customer schedules. Delays in the commencement of a project due to extreme weather or natural disaster may also result in customers choosing to defer or even cancel planned projects entirely. Such events may also impact availability and cost of equipment, parts, labour or other inputs to our business that could have a material adverse effect on our financial position. If the frequency or severity of such events rises in the future as a result of climate change, our risk and potential impacts will also rise.
- **Equipment Buy-Out Provisions.** Certain of our contracts in Australia provide the client with the option to buy out our owned equipment at predetermined values. While the buy-outs generally provide pricing at market values, they do introduce a longer-term risk of reduced revenue generation should they be executed.
- ***Management.*** Our continued growth and future success depends on our ability to identify, recruit, assimilate and retain key management, technical, project and business development personnel. There can be no assurance that we will be successful in identifying, recruiting or retaining such personnel.
- ***Shifting Customer Priorities Related to Climate Change.*** Climate change continues to attract considerable public and regulatory attention, with greenhouse gas emission regulations becoming more commonplace and stringent. The transition to a lower-carbon economy has the potential to be disruptive to traditional business models and investment strategies. Government action intended to address climate change may involve both economic instruments such as carbon taxation as well as restrictions on certain sectors such as cap-and-trade schemes. Certain jurisdictions in which we operate impose carbon taxes on significant emitters and there is a possibility of similar taxation in other jurisdictions in the future. Other government restrictions on certain market sectors could also adversely impact current or potential clients resulting in a reduction of available work and supplies. Our clients may also alter their long-term plans due to government regulation, changes in policies of investors or lenders or simply due to changes in public perception of their business. This risk can be mitigated to an extent by identifying changing market demands to offset lower demand for some services with opportunities in others, forming strategic partnerships and pursuing sustainable innovations.
- ***Climate Change Related Financial Risks.*** As new climate change measures are introduced or strengthened our cost of business may increase as we incur expenses related to complying with environmental regulations and policies. We may be required to purchase new or retrofit current equipment to reduce emissions in order to comply with new regulatory standards or to mitigate the financial impact of carbon taxation. We may also incur costs related to monitoring regulatory trends and implementing adequate compliance processes. Our inability to comply with climate change laws and regulations could result in penalties or reputational damage that may impair our prospects.
- ***Climate Change Related Reputational Risks.*** Investors and other stakeholders worldwide are becoming more attuned to climate change action and sustainability matters, including the efforts made by issuers to reduce their carbon footprint. Our reputation may be harmed if it is not perceived by our stakeholders to be sincere in our sustainability commitment and our long-term results may be impacted as a result. In addition, our approach to climate change issues may increasingly influence stakeholders' views of the company in relation to its peers and their investment decisions.

ADDITIONAL INFORMATION

Corporate head office is located at 27287 - 100 Avenue, Acheson, Alberta, T7X 6H8.

Telephone and facsimile are 780-960-7171 and 780-969-5599, respectively.

Exhibit 99.5

KPMG LLP
2200, 10175 - 101 Street
Edmonton AB T5J 0H3
Telephone (780) 429-7300
Fax (780) 429-7379
www.kpmg.ca

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of North American Construction Group Ltd.

We consent to the use of our reports, each dated March 13, 2024, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting included in this annual report on Form 40-F.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada
March 13, 2024

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP

Exhibit 99.6

CERTIFICATION OF FORM 40-F
REQUIRED BY RULE 13a-14(a)
OR RULE 15d-14(a), PURSUANT TO SECTION 302
OF THE SARBANES–OXLEY ACT OF 2002

I, Joseph Lambert, the Chief Executive Officer of North American Construction Group Ltd., certify that:

1. I have reviewed this annual report on Form 40-F for the fiscal year ended December 31, 2023 of North American Construction Group Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 13, 2024

/s/ Joseph Lambert
Name: Joseph Lambert
Title: Chief Executive Officer

Exhibit 99.7

CERTIFICATION OF FORM 40-F
REQUIRED BY RULE 13a-14(a)
OR RULE 15d-14(a), PURSUANT TO SECTION 302
OF THE SARBANES–OXLEY ACT OF 2002

I, Jason Veenstra, the Chief Financial Officer of North American Construction Group Ltd., certify that:

1. I have reviewed this annual report on Form 40-F for the fiscal year ended December 31, 2023 of North American Construction Group Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 13, 2024

/s/ Jason Veenstra

Name: Jason Veenstra
Title: Chief Financial Officer

Exhibit 99.8

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 40-F for the fiscal year ended December 31, 2023 (the "Report") of North American Construction Group Ltd. (the "Company"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 13, 2024

/s/ Joseph Lambert

Name: Joseph Lambert

Title: Chief Executive Officer

Exhibit 99.9

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 40-F for the fiscal year ended December 31, 2023 (the "Report") of North American Construction Group Ltd. (the "Company"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 13, 2024

/s/ Jason Veenstra

Name: Jason Veenstra

Title: Chief Financial Officer