



**Interim Condensed Financial Statements of  
Canadian Spirit Resources Inc.**

*(unaudited)*

**September 30, 2019**

2. STATEMENTS OF FINANCIAL POSITION
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**NOTICE: The interim condensed financial statements and notes thereto for the three and nine months ended September 30, 2019 have not been reviewed by the Corporation's external auditors.**

## Canadian Spirit Resources Inc.

### STATEMENTS OF FINANCIAL POSITION

	September 30, 2019	December 31, 2018
	<i>(unaudited)</i>	<i>(audited)</i>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 928,105	\$ 1,944,702
Accounts receivable	50,457	14,668
Prepaid expenses and deposits	22,227	62,582
	1,000,789	2,021,952
Exploration and evaluation assets (note 4)	32,342,469	32,161,360
Property, plant and equipment (note 5)	3,600,830	3,811,793
Right-of-use assets (note 6)	44,355	-
Restricted deposits (note 7)	1,749,420	1,749,420
Royalty credits (note 8)	456,055	456,055
	38,193,129	38,178,628
	\$ 39,193,918	\$ 40,200,580
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable & other accrued liabilities	\$ 107,440	\$ 101,781
Lease liability (note 10)	3,533	-
	110,973	101,781
<b>Non-current liabilities</b>		
Decommissioning liability (note 9)	2,781,051	2,350,222
Lease liability (note 10)	42,021	-
	2,823,072	2,350,222
<b>Shareholders' equity</b>		
Common shares (note 11)	118,177,558	118,177,558
Contributed surplus (note 13)	9,490,975	9,452,680
Deficit	(91,408,660)	(89,881,661)
	36,259,873	37,748,577
	\$ 39,193,918	\$ 40,200,580

Corporate information, going concern and basis of presentation (note 1)

ON BEHALF OF THE BOARD:

*(signed)* "Donald R. Gardner"

Director

*(signed)* "Jeffrey E. Dyck"

Director

## Canadian Spirit Resources Inc.

### STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(unaudited)

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2019	2018	2019	2018
<b>Revenue</b>				
Petroleum and natural gas sales	\$ -	\$ -	\$ -	\$ 114,749
Royalties	-	-	-	(552)
	-	-	-	114,197
<b>Other income (note 14)</b>	4,905	2,797	77,821	18,247
<b>Expenses</b>				
Operating costs	94,928	21,746	236,013	168,042
General and administrative (note 5)	231,304	171,400	711,027	550,070
Exploration and evaluation (note 9)	186,955	-	354,426	-
Depletion and depreciation	72,532	71,188	218,822	285,312
Finance expense (note 15)	10,900	12,097	46,237	35,972
Share-based compensation (note 12)	14,920	60,163	38,295	79,112
	611,539	336,593	1,604,820	1,118,508
<b>Net loss and comprehensive loss</b>	\$ (606,634)	\$ (333,796)	\$ (1,526,999)	\$ (986,064)
<b>Basic and diluted loss per share (note 16)</b>	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

The accompanying notes are an integral part of these condensed interim financial statements

## Canadian Spirit Resources Inc.

### STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)

	<b>Common Shares</b>		<b>Contributed Surplus</b>		<b>Deficit</b>		<b>Total</b>
	(note 11)		(note 13)				
<b>As at January 1, 2019</b>	\$ 118,177,558	\$	9,452,680	\$	(89,881,661)	\$	37,748,577
Net loss and comprehensive loss	-		-		(1,526,999)		(1,526,999)
Share-based compensation (note 12)	-		38,295		-		38,295
<b>As at September 30, 2019</b>	\$ 118,177,558	\$	9,490,975	\$	(91,408,660)	\$	36,259,873
<b>As at January 1, 2018</b>	\$ 116,737,374	\$	9,334,484	\$	(82,518,730)	\$	43,553,128
Net loss and comprehensive loss	-		-		(986,064)		(986,064)
Share-based compensation (note 12)	-		106,238		-		106,238
<b>As at September 30, 2018</b>	\$ 116,737,374	\$	9,440,722	\$	(83,504,794)	\$	42,673,302

*The accompanying notes are an integral part of these condensed interim financial statements*

# Canadian Spirit Resources Inc.

## STATEMENTS OF CASH FLOWS

(unaudited)

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2019	2018	2019	2018
<b>Cash Flows from (used in) Operating Activities:</b>				
Net loss and comprehensive loss	\$ (606,634)	\$ (333,796)	\$ (1,526,999)	\$ (986,064)
Add items not affecting cash:				
Royalty credits applied	-	-	-	552
Depletion and depreciation	72,532	71,188	218,822	285,312
Exploration expense (note 9)	186,955	-	354,426	-
Gain on sale of property, plant and equipment (note 14)	-	-	(52,942)	-
Accretion (note 15)	10,900	12,097	41,070	35,972
Share-based compensation (note 12)	14,920	60,163	38,295	79,112
	(321,327)	(190,348)	(927,328)	(585,116)
Changes in non-cash working capital (note 17)	2,150	(52,745)	10,225	(150,814)
	(319,177)	(243,093)	(917,103)	(735,930)
<b>Cash Flows used in Financing Activities:</b>				
Payment of lease liabilities (note 10)	-	-	(2,833)	-
	-	-	(2,833)	-
<b>Cash Flows from (used in) Investing Activities:</b>				
Exploration and evaluation expenditures (note 4)	-	(152,347)	(149,159)	(458,299)
Property, plant and equipment expenditures (note 5)	(444)	4,514	(444)	(48,388)
Proceeds on sale of property, plant and equipment	-	-	52,942	-
Changes in non-cash working capital (note 17)	-	(229)	-	39,161
	(444)	(148,062)	(96,661)	(467,526)
<b>Change in cash and cash equivalents</b>	(319,621)	(391,155)	(1,016,597)	(1,203,456)
<b>Cash and cash equivalents, beginning of period</b>	1,247,726	1,246,441	1,944,702	2,058,742
<b>Cash and cash equivalents, end of period</b>	\$ 928,105	\$ 855,286	\$ 928,105	\$ 855,286
Cash taxes paid	\$ -	\$ -	\$ -	\$ -
Cash interest paid	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these condensed interim financial statements

**1. CORPORATE INFORMATION, GOING CONCERN AND BASIS OF PRESENTATION**

**Corporate Information**

Canadian Spirit Resources Inc. (“CSRI” or the “Corporation”) is a natural resources company focusing on the identification and development of opportunities in the unconventional natural gas sector of the energy industry and its shares are listed under the trading symbol “SPI” on the TSX Venture Exchange (the “Exchange”). The Corporation is continued under the laws of the province of Alberta and its head office is located at Suite 1520, First Alberta Place, 777 - 8<sup>th</sup> Avenue S.W., Calgary, Alberta, Canada T2P 3R5.

**Basis of Presentation**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and have been prepared following the same accounting policies and methods of computation in the Corporation’s annual financial statements for the year ended December 31, 2018, except for as stated below. The condensed interim financial statements do not include certain disclosures that are required to be included in annual financial statements and they should be read in conjunction with the annual financial statements for the year ended December 31, 2018.

These condensed interim financial statements were authorized for issuance by CSRI’s Board of Directors on November 26, 2019.

**Going Concern**

These unaudited interim condensed financial statements have been prepared using IFRS as they apply to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. For the nine months ended, September 30, 2019, the Corporation has reported a net loss and comprehensive loss of \$1,526,999 (2018: \$986,065) and an accumulated deficit of \$91.4 million as at that date (December 31, 2018: \$89.9 million). As at September 30, 2019, CSRI has working capital of \$0.9 million.

The Canadian natural gas market continues to experience low commodity prices due to excess supply and lack of egress to international markets. The lack of egress is particularly difficult for CSRI and other natural gas producers that currently can only market their natural gas through Station 2 in British Columbia. As a result, the Corporation faces considerable uncertainty regarding the timing of resuming production and generating positive cash flow. CSRI will need to secure additional funding to meet future working capital requirements and for any future exploration and development programs. These circumstances lend significant doubt as to the ability of the Corporation to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Corporation has maintained itself as a going concern through cost reductions and successful equity issues by way of a rights offering. The last equity raise by way of a rights offering was completed in November 2018 for net proceeds of \$1.4 million.

The Corporation will require financing prior to the end of the first quarter of 2020 for the Corporation to continue as a going concern. The necessary financing may be secured through either the issue of new equity or debt instruments or entering into new joint venture or farm-in arrangements. Nevertheless, there is no assurance that such initiatives will be successful.

CSRI's ability to continue as a going concern is dependent upon its ability to secure additional financing and generate positive cash flows from operating activities. These financial statements do not reflect any adjustments to the carrying values and classifications of assets and liabilities, or to

the reported revenues and expenses that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

## **2. CHANGES TO SIGNIFICANT ACCOUNTING POLICIES**

### **Adoption of IFRS 16 - Leases (“IFRS 16”)**

The Corporation adopted IFRS 16 effective January 1, 2019, and the standard was applied using the modified retrospective method. The modified retrospective method does not require restatement of prior period financial information as it recognizes the cumulative effect, if any, as an adjustment to opening retained earnings and applies the standard prospectively. Accordingly, comparative information in the Corporation’s condensed interim financial statements are not restated and continues to be reported under IAS 17.

On adoption of IFRS 16, the Corporation has recognized right-of-use (“ROU”) assets and a corresponding lease liability in relation to all lease arrangements, excluding commitments in relation to arrangements not containing leases (service agreements), measured at the present value of the remaining lease payments as at December 31, 2018. ROU assets and a lease liability of \$48,387 were recorded as of January 1, 2019, with no impact on the Corporation’s deficit. The ROU assets for CSRI arose from surface lease arrangements with landholders. When measuring the lease liability, the Corporation discounts lease payments using the interest rate implicit in the lease, or the Corporation’s incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The weighted-average incremental borrowing rate applied on adoption was 12%.

### **Update to Significant Accounting Policies**

The Corporation assesses new contracts at inception to determine whether it contains a lease. This assessment involves the exercise of judgement about whether the asset is specified for the Corporation, whether the Corporation obtains substantially all the economic benefits from use of that asset, and whether the Corporation has the right to direct the use of the asset.

Leases are recognized as a ROU asset with a corresponding liability at the date of which the leased asset is available for use by the Corporation. Each lease payment is allocated between the lease liability and finance expense. The finance expense is charged to the statement of comprehensive income over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each reporting period. The ROU asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, less any lease incentives receivable, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the late term reflects the lessee exercising that option. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Corporation will exercise a purchase, extension or termination option that is within the control of the Corporation. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Corporation’s incremental borrowing rate.

ROU assets are measured at cost comprising of the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, any initial direct costs and restoration costs.

## Canadian Spirit Resources Inc.

### NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (*unaudited*)

For the nine months ended September 30, 2019

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. The Corporation applies a single discount rate to portfolios of leases with similar characteristics.

A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Corporation will remeasure the lease liability using the Corporation's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the ROU asset, and recognizing a gain or loss in net income and comprehensive income that reflects the proportionate decrease in scope.

### 3. ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

#### IFRS 3 - Business Combinations ("IFRS 3")

IFRS 3 has been amended to revise the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendment to IFRS 3 is effective for the years beginning on or after January 1, 2020. The amendment to IFRS 3 is expected to have no impact for the Corporation.

#### IAS 1 - Presentation of financial statements ("IAS 1") and IAS 8 – Accounting policies, changes in accounting estimates and errors ("IAS 8")

IAS 1 and IAS 8 have been amended to (i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; (ii) clarify the explanation of the definition of material; and (iii) incorporate guidance in IAS 1 regarding immaterial information. The amendments to IAS 1 and IAS 8 are effective for the years beginning on or after January 1, 2020. These amendments are expected to have no impact for the Corporation.

### 4. EXPLORATION AND EVALUATION ASSETS

	Petroleum and		
	Natural Gas	Facilities and	
	Properties	Equipment	Total
<b>As at January 1, 2019</b>	\$ 31,763,894	\$ 397,466	\$ 32,161,360
Additions	149,898	-	149,898
Change in decommissioning liability	31,211	-	31,211
<b>As at September 30, 2019</b>	\$ 31,945,003	\$ 397,466	\$ 32,342,469
<b>As at January 1, 2018</b>	\$ 31,277,076	\$ 1,996,742	\$ 33,273,818
Additions	465,216	130,806	596,022
Change in decommissioning liability	75,198	(5,420)	69,778
Capitalized share-based compensation	31,404	338	31,742
	571,818	125,724	697,542
Exploration and evaluation expense	(85,000)	-	(85,000)
Impairment	-	(1,725,000)	(1,725,000)
<b>As at December 31, 2018</b>	\$ 31,763,894	\$ 397,466	\$ 32,161,360

## Canadian Spirit Resources Inc.

### NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (*unaudited*)

For the nine months ended September 30, 2019

There were no indicators of impairment for the Corporation's cash-generating units as at September 30, 2019, and therefore an impairment test was not performed.

## 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

	Petroleum and Natural Gas Properties		Facilities and Equipment		Office Equipment and Fixtures		Total
<i>Cost</i>							
<b>As at January 1, 2019</b>	\$	17,242,664	\$	8,888,430	\$	228,198	\$ 26,359,292
Additions		-		444		-	444
Change in decommissioning liability		(1,518)		4,901		-	3,383
<b>As at September 30, 2019</b>		17,241,146		8,893,775		228,198	26,363,119
<i>Accumulated depletion, depreciation and impairment</i>							
<b>As at January 1, 2019</b>		17,241,146		5,079,381		226,972	22,547,499
Depletion and depreciation charge for the year		-		213,564		1,226	214,790
<b>As at September 30, 2019</b>		17,241,146		5,292,945		228,198	22,762,289
<b>Carrying amount as at September 30, 2019</b>	\$	-	\$	<b>3,600,830</b>	\$	-	\$ <b>3,600,830</b>
<i>Cost</i>							
<b>As at January 1, 2018</b>	\$	17,224,112	\$	8,854,591	\$	226,860	\$ 26,305,563
Gross additions		1,223		51,680		1,338	54,241
Change in decommissioning liability		17,329		1,701		-	19,030
Capitalized share-based compensation		-		2,014		-	2,014
		18,552		55,395		1,338	75,285
Royalty credits earned		-		(21,556)		-	(21,556)
<b>As at December 31, 2018</b>	\$	17,242,664	\$	8,888,430	\$	228,198	\$ 26,359,292
<i>Accumulated depletion, depreciation and impairment</i>							
<b>As at January 1, 2018</b>	\$	16,295,517	\$	4,423,324	\$	226,047	\$ 20,944,888
Depletion and depreciation		59,629		296,057		925	356,611
Impairment		886,000		360,000		-	1,246,000
<b>As at December 31, 2018</b>		17,241,146		5,079,381		226,972	22,547,499
<b>Carrying amount as at December 31, 2018</b>	\$	<b>1,518</b>	\$	<b>3,809,049</b>	\$	<b>1,226</b>	\$ <b>3,811,793</b>

During the three months and nine months ended September 30, 2019, the Corporation capitalized \$ nil (2018: \$62,611 and \$192,914, respectively) of general and administrative costs within both E&E assets and property, plant and equipment directly related to the respective exploration and development activities. During the three and nine months ended September 30, 2019, the Corporation also capitalized \$ nil (2018: \$30,299 and \$37,316, respectively) of share-based compensation for those employees of the Corporation directly involved in exploration and development activities. Included in the calculation of depletion for the three and nine months ended September 30, 2018 are future development costs of \$10.6 million.

The Williston Reservoir Water Pipeline license term expires on December 31, 2031, thus on a straight-line basis the Corporation has recorded depreciation for the three months and nine months ended September 30, 2019 of \$71,188 and \$213,564, respectively (2018: \$71,188 and \$213,489).

There were no indicators of impairment for the Corporation's cash-generating units as at September 30, 2019, and therefore an impairment test was not performed.

## Canadian Spirit Resources Inc.

### NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)

For the nine months ended September 30, 2019

#### 6. RIGHT-OF-USE ASSETS

As at January 1, 2019	\$	48,387
Depreciation		(4,032)
<b>Balance as at September 30, 2019</b>	<b>\$</b>	<b>44,355</b>

#### 7. RESTRICTED DEPOSITS

For operations in British Columbia, the Corporation is required to provide deposits towards future abandonment and reclamation costs based on the number of wells and facilities for which the Corporation is the primary permit holder. Based on a Liability Management Rating (“LMR”) performed by the British Columbia Oil and Gas Commission (“BCOGC”), the Corporation has been assessed \$1,749,420 in aggregate as at September 30, 2019 (December 31, 2018: \$1,749,420) and these amounts are secured by cash deposits. Since these cash deposits are held against future abandonment and reclamation liabilities, the balance is considered by management to be restricted in use and is therefore classified as a non-current asset.

#### 8. ROYALTY CREDITS

A summary of the unapplied royalty credits available to the Corporation is as follows:

	September 30, 2019		December 31, 2018	
Balance, beginning of period	\$	456,055	\$	3,432,051
Royalty credits earned		-		21,556
Royalty credits applied		-		(552)
Impairment		-		(2,997,000)
Balance, end of period	\$	456,055	\$	456,055

#### 9. DECOMMISSIONING LIABILITY

	September 30, 2019		December 31, 2018	
Balance, beginning of period	\$	2,350,222	\$	2,213,342
Revisions to estimated future obligation		389,759		88,808
Accretion		41,070		48,072
Balance, end of period	\$	2,781,051	\$	2,350,222

## Canadian Spirit Resources Inc.

### NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)

For the nine months ended September 30, 2019

The total future decommissioning liability, including costs to reclaim and abandon wells and facilities plus the years in which such costs are expected to be incurred, is estimated by management. The Corporation estimates the total undiscounted amount of cash flows required to settle its decommissioning obligation is approximately \$3.5 million (December 31, 2018: \$3.5 million). These payments are expected to be made over the next 25 years with the majority being incurred between 2031 and 2041. A risk-free rate of 1.30% (December 31, 2018: 2.20%), and an inflation rate of 2.00% (December 31, 2018: 2.00%) was used to calculate the decommissioning obligation as at September 30, 2019. The Corporation expensed \$354,426 of the increase in decommissioning liability to exploration and evaluation expense as it related to exploration and evaluation assets that were impaired to nil at December 31, 2018.

#### 10. LEASE LIABILITY

		September 30, 2019		December 31, 2018
January 1, 2019 (adoption of IFRS 16)	\$	48,387	\$	-
Principal portion of lease payments		(2,833)		-
Balance, end of period	\$	45,554	\$	-
Less current portion:		3,533		-
	\$	42,021	\$	-

#### 11. SHAREHOLDERS' CAPITAL

The Corporation has authorized share capital of an unlimited number of common shares with no par value. As at September 30, 2019 there were 196,177,583 common shares outstanding (at a carrying amount of \$118,117,558), unchanged from December 31, 2018.

#### 12. SHARE-BASED COMPENSATION PLANS

The Corporation has a 10% rolling stock option plan for directors, executive officers, employees and consultants which provides for the granting of options to acquire common shares. Under the terms of the plan, options vest over periods as determined by the Board of Directors of the Corporation and expire to a maximum of five years. The number of common shares available for grant of additional options under the plan as at September 30, 2019 was 13,664,758 (December 31, 2018: 13,319,758).

The following tables summarize the stock options outstanding:

	For the period ended September 30, 2019		For the year ended December 31, 2018	
	Number of Options	Weighted Avg. Exercise Price	Number of Options	Weighted Avg. Exercise Price
Balance, beginning of period	6,298,000	\$ 0.17	7,048,000	\$ 0.23
Granted	-	-	2,200,000	0.10
Forfeited	-	-	(1,450,000)	0.21
Expired	(345,000)	(0.50)	(1,500,000)	0.30
Balance, end of period	5,953,000	\$ 0.15	6,298,000	\$ 0.17
Options exercisable, end of period	5,484,250	\$ 0.15	4,866,750	\$ 0.19

## Canadian Spirit Resources Inc.

### NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (*unaudited*)

For the nine months ended September 30, 2019

#### Awards by price range

Range of Exercise Price	Options Outstanding			Options Exercisable		
	Number of Options Outstanding	Remaining Contractual Life (in Yrs)	Weighted Avg. Exercise Price	Number of Options Outstanding	Remaining Contractual Life (in Yrs)	Weighted Avg. Exercise Price
\$0.00 - \$0.19	3,825,000	3.5	\$0.11	3,356,250	3.43	\$0.11
\$0.20 - \$0.39	2,128,000	0.83	\$0.22	2,128,000	0.83	\$0.22
	5,953,000	2.55	\$0.15	5,484,250	2.43	\$0.15

Options granted are accounted for using the fair value method. During the three and nine months ended September 30, 2019 there were no options granted (2018: nil). Prior to capitalization of \$ nil (2018: \$18,074 and \$27,126, respectively), the total compensation cost for share-based compensation during the three and nine months ended September 30, 2019 was \$14,920 and \$38,295, respectively (2018: \$30,299 and \$172,061, respectively).

### 13. CONTRIBUTED SURPLUS

	September 30, 2019	December 31, 2018
Balance, beginning of period	\$ 9,452,680	\$ 9,334,484
Share-based compensation, gross	38,295	118,196
Balance, end of period	\$ 9,490,975	\$ 9,452,680

### 14. OTHER INCOME

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Interest	\$ 4,905	\$ 2,797	\$ 21,199	\$ 14,567
Gain on sale of property, plant & equipment	-	-	52,942	-
Road use income	-	-	3,680	3,680
	\$ 4,905	\$ 2,797	\$ 77,821	\$ 18,247

### 15. FINANCE EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Accretion	\$ 10,900	\$ 12,097	\$ 41,070	\$ 35,972
Leasing interest expense	-	-	5,167	-
	\$ 10,900	\$ 12,097	\$ 46,237	\$ 35,972

### 16. PER SHARE AMOUNTS

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the three months ended September 30, 2019 was 196,177,583 (2018 – 177,494,004). The weighted average shares outstanding for the nine months ended September 30, 2019 was 196,177,583 (2018 – 177,494,004).

The diluted loss per share calculations for the three and nine months ended September 30, 2019 and 2018 were not affected by the outstanding stock options as they are anti-dilutive.

## Canadian Spirit Resources Inc.

### NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS *(unaudited)* For the nine months ended September 30, 2019

#### 17. CHANGES IN NON-CASH WORKING CAPITAL

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Accounts receivable	\$ (2,081)	\$ 642	\$ (35,789)	\$ (5,805)
Prepaid expenses and other deposits	19,859	22,206	40,355	31,380
Accounts payable and other accrued liabilities	(15,628)	(75,822)	5,659	(137,228)
	<u>\$ 2,150</u>	<u>\$ (52,974)</u>	<u>\$ 10,225</u>	<u>\$ (111,653)</u>
Cash provided by (used for) operating activities:	\$ 2,150	\$ (52,745)	\$ 10,225	\$ (150,814)
Cash provided by (used for) investing activities:	-	(229)	-	39,161
	<u>\$ 2,150</u>	<u>\$ (52,974)</u>	<u>\$ 10,225</u>	<u>\$ (111,653)</u>

#### 18. RELATED PARTY TRANSACTIONS

Transactions with related parties are recorded at exchange amounts for services provided. During the nine months ended September 30, 2019 and 2018, the transactions the Corporation had with its directors, related persons or controlled entities in the normal course of business are as follows:

The Corporation retains Jeffrey E. Dyck Professional Corporation (“DyckCorp”) to provide legal, director and corporate secretary services. During the nine months ended September 30, 2019, the Corporation incurred \$18,690 (December 31, 2018: \$26,125) of total fees and disbursements, including taxes, from DyckCorp. Such fees have been recorded at amounts agreed upon by the respective parties. As at September 30, 2019 an accounts payable balance of \$5,050 (December 31, 2018: \$18,386) was outstanding to DyckCorp.