

RECO INTERNATIONAL GROUP INC.
(Unaudited)
Interim Condensed Consolidated
Financial Statements
For the Nine Months Ended
June 30, 2019
(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, "Continuous Disclosure Obligations", Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The Company's external auditors, RSM Alberta LLP, have not performed a review of these interim condensed consolidated financial statements.

"Hugh Zhen"
Signed
Hugh Zhen
President and Chief Executive Officer

"Quin Quang Sie"
Signed
Quin Quang Sie
Chief Financial Officer

August 29, 2019

RECO INTERNATIONAL GROUP INC.

(Unaudited)

Interim Condensed Consolidated Statement of Financial Position

June 30, 2019

(Expressed in Canadian Dollars)

	June 30, 2019	September 30, 2018
ASSETS		
Current Assets		
Cash	\$ 157,082	\$ 135,676
Accounts receivable (Note 4)	482,563	1,150,022
Prepaid expenses and other	<u>27,589</u>	<u>32,569</u>
	667,234	1,318,267
Amounts receivable from related parties (Note 5)	101,833	79,875
Deposits	11,105	11,105
Equipment (Note 6)	<u>169,532</u>	<u>201,785</u>
	<u>\$ 949,704</u>	<u>\$ 1,611,032</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 168,252	\$ 584,907
Income taxes payable	---	21,345
Amounts payable to related parties (Note 5)	564,777	573,293
Current portion of long-term debt (Note 9)	7,252	7,039
Deferred revenue	<u>---</u>	<u>92,071</u>
	740,281	1,278,655
Long-term debt (Note 9)	<u>---</u>	<u>4,870</u>
	740,281	1,283,525
SHAREHOLDERS' EQUITY		
Share Capital (Note 10)	1,105,117	1,105,117
Share-based payment reserve	208,935	21,665
Deficit	<u>(1,104,629)</u>	<u>(799,275)</u>
	<u>209,423</u>	<u>327,507</u>
	<u>\$ 949,704</u>	<u>\$ 1,611,032</u>
Commitments (Note 16)		

Approved on behalf of the Board

"Hugh Zhen"

Signed

Director

"Quin Quang Sie"

Signed

Director

See accompanying notes to the consolidated financial statements

RECO INTERNATIONAL GROUP INC.

(Unaudited)

Interim Condensed Consolidated Statement of Comprehensive Income

For the Nine Months Ended June 30, 2019

(Expressed in Canadian Dollars)

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Nine Months Ended June 30, 2019	Nine Months Ended June 30, 2018
Revenue	<u>\$ 350,671</u>	<u>\$ 680,024</u>	<u>\$ 1,748,915</u>	<u>\$ 2,432,665</u>
Expenses				
Salaries and benefits	268,726	259,479	823,319	816,850
General and administrative	149,265	180,887	523,191	592,428
Subcontracts	78,748	80,496	305,228	398,016
Materials and supplies	59,257	106,359	182,175	295,641
Share-based compensation	---	---	187,270	---
Depreciation	<u>11,029</u>	<u>13,870</u>	<u>33,086</u>	<u>41,610</u>
	<u>567,025</u>	<u>641,091</u>	<u>2,054,269</u>	<u>2,144,545</u>
Net income (loss) and comprehensive income (loss)	<u>\$ (216,354)</u>	<u>\$ 38,933</u>	<u>\$ (305,354)</u>	<u>\$ 288,120</u>
Net income (loss) per common share - basic and diluted (Note 11)	<u>\$ (0.01)</u>	<u>\$ 0.00</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>

See accompanying notes to the consolidated financial statements

RECO INTERNATIONAL GROUP INC.

(Unaudited)

Interim Condensed Consolidated Statement of Changes in Equity

For the Nine Months Ended June 30, 2019

(Expressed in Canadian Dollars)

	<u>Shares</u>	<u>Amount</u>	<u>Share- Based Payment Reserve</u>	<u>Deficit</u>	<u>Total</u>
Balance, October 1, 2018	25,635,635	\$ 1,105,117	\$ 21,665	\$ (799,275)	\$ 327,507
Share-based compensation	---	---	187,270	---	187,270
Net loss	---	---	---	(305,354)	(305,354)
Balance, June 30, 2019	<u>25,635,635</u>	<u>\$ 1,105,117</u>	<u>\$ 208,935</u>	<u>\$ (1,104,629)</u>	<u>\$ 209,423</u>

	<u>Shares</u>	<u>Amount</u>	<u>Share- Based Payment Reserve</u>	<u>Deficit</u>	<u>Total</u>
Balance, October 1, 2017	25,635,635	\$ 1,105,117	\$ 21,665	\$(1,089,569)	\$ 37,213
Net income	---	---	---	288,120	288,120
Balance, June 30, 2018	<u>25,635,635</u>	<u>\$ 1,105,117</u>	<u>\$ 21,665</u>	<u>\$ (801,449)</u>	<u>\$ 325,333</u>

See accompanying notes to the consolidated financial statements

RECO INTERNATIONAL GROUP INC.

(Unaudited)

Interim Condensed Consolidated Statement of Cash Flows

For the Nine Months Ended June 30, 2019

(Expressed in Canadian Dollars)

	June 30, 2019	June 30, 2018
Cash Provided by (Used in):		
Operating Activities		
Net income (loss)	\$ (305,354)	\$ 288,120
Items not involving cash:		
Depreciation	33,086	41,610
Share-based compensation	187,270	---
Interest expenses on long-term debt	266	553
Net change in non-cash working capital balances (Note 12)	<u>142,367</u>	<u>(416,607)</u>
	<u>57,635</u>	<u>(86,324)</u>
Investing Activities		
Purchase of equipment	(833)	(227)
Advances to related parties	(21,958)	(30,362)
Deposits refunded	<u>---</u>	<u>---</u>
	<u>(22,791)</u>	<u>(30,589)</u>
Financing Activities		
Advances from related parties	6,313	165,374
Repayments to related parties	(14,828)	(101,430)
Repayment of long-term debt	(4,657)	(5,019)
Interest on long-term debt	<u>(266)</u>	<u>(553)</u>
	<u>(13,438)</u>	<u>58,372</u>
Decrease in cash	21,406	(58,541)
Cash, beginning of period	<u>135,676</u>	<u>491,263</u>
Cash, end of period	<u>\$ 157,082</u>	<u>\$ 432,722</u>

See accompanying notes to the consolidated financial statements

RECO INTERNATIONAL GROUP INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

1. Reporting Entity

Reco International Group Inc. (the "Company") was incorporated under the Alberta Business Corporations Act on October 12, 1999 and is in the business of commercial and residential construction and millwork operating in British Columbia.

The head office and principal address of the Company is #100, 2051 Viceroy Place, Richmond, British Columbia, V6V 1Y9.

These interim condensed consolidated financial statements were approved by the Board of Directors on August 29, 2019.

2. Basis of Presentation

a) Statement of Compliance

These interim condensed financial statements have been prepared in accordance and compliance with International Accounting Standard 34, ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain financial information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. The disclosure herein is incremental to the disclosure included in the annual consolidated financial statements. The interim condensed consolidated financial statement should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2018.

b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis.

c) Functional Currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

RECO INTERNATIONAL GROUP INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

2. Basis of Presentation (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparing these consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation were valuation of accounts receivable, estimated useful life of equipment for use in calculation of depreciation, recognition of deferred tax assets and estimating percentage of completion for revenue recognition.

Accounts Receivable

The valuation of accounts receivable is based on management's evaluation of collectability and a provision for doubtful accounts is recorded as necessary.

Equipment

The amounts recorded for depreciation is based on management's best estimate of the useful lives of the assets.

Income Taxes

The amounts recorded for deferred income taxes is based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on the probability of the Company being able to utilize the tax assets.

Revenue

The percentage completion on a project is the basis that management uses to determine the recognition of revenue. The revenue recognized is based on the costs incurred on the project in relation to management's estimate of the total costs expected for the project. However, due to unforeseen changes in the nature or cost of the work to be completed, contract profit can differ significantly from earlier estimates.

RECO INTERNATIONAL GROUP INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies

The accounting policies applied by the Company in these interim condensed consolidated financial statements are the same as those applied by the Company in its audited consolidated financial statements for the year ended September 30, 2018, except for the adoption of the following accounting standards effective October 1, 2018:

IFRS 9 “Financial Instruments” (“IFRS 9”) was issued by the IASB in October 2010 and replaces IAS 39 “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities carried forward unchanged to IFRS 9. The new standard also requires a single impairment method be used, replacing the multiple impairment methods in IAS 39. The adoption of this standard did not have a change in measurement or disclosure on the Company’s financial statements.

The Company adopted IFRS 15 using the modified retrospective method. Under the modified retrospective method, the Company will apply the guidance retrospectively only to the most current period presented in the financial statements. To do so, the Company will recognize the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings at the date of initial application, which is October 1, 2018. An entity may elect to apply the modified retrospective method to either all contracts as of the date of initial application or only to contracts that are not completed as of this date. The Corporation has elected to apply the modified retrospective method only to those contracts not completed before the date of initial application. Since the Corporation applied the percentage of completion method to account for revenue in the current year and prior year, there will be no cumulative effect needed to be recognized in opening retained earnings.

The Company adopted IFRS 9 which includes revised guidance on the classification and measurement of financial assets. While it largely retains the existing requirements in IAS 39, *Financial Instruments: Recognition and Measurement* for the classification and measurement of financial liabilities, it eliminates the previous categories for financial assets of held to maturity, loans and receivables and available for sale. Upon adoption, we reclassified our financial instruments as follows:

	Original classification under IAS 39	New classification under IFRS 9
Financial assets		
Cash	FVTPL	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Amounts receivable from related parties	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Amounts payable to related parties	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost

RECO INTERNATIONAL GROUP INC.

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Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (Continued)

There was no impact on the measurement of any of these instruments at the date of transition.

The new standard also includes a new expected credit loss model for calculating impairment on financial assets. This change did not have a material impact on the financial statements.

IFRS 9 also introduces new hedge accounting requirements. Since the Corporation does not apply hedge accounting, there was no impact on the financial statements.

4. Accounts Receivable

Accounts receivable is comprised of the following items:

	<u>June 30, 2019</u>	<u>September 30, 2018</u>
Trade accounts receivable	\$ 476,568	\$ 1,145,950
Goods and Services Tax receivable	<u>5,995</u>	<u>4,072</u>
	<u>\$ 482,563</u>	<u>\$ 1,150,022</u>

5. Related Party Balances and Related Party Transactions

- a) The amounts receivable from related parties are non-interest bearing, unsecured and have no fixed terms of repayment. The related parties are related to the Company by reason of being under common control.
- b) Amounts payable to related parties consist of advances from directors and companies controlled by directors of the Company. Amounts are unsecured, bear no interest and have no specific terms of repayment.
- c) Key management includes senior executives of the Company. The compensation expense paid to key management for employee, consulting and management services are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Salaries and other short-term employee benefits	\$ 224,740	\$ 257,765
Management fees	\$ 157,500	\$ 157,500

RECO INTERNATIONAL GROUP INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

6. Equipment

	Cost						Balance at June 30, 2019
	Balance at October 1, 2017	Additions	Disposals	Balance at September 30, 2018	Additions	Disposals	
Equipment	\$ 575,118	\$ ---	\$ ---	\$ 575,118	\$	\$	\$ 575,118
Office furniture	85,781	---	---	85,781			85,781
Computer equipment	68,661	1,842	---	70,503			71,337
Vehicles	170,973	---	---	170,973			170,973
	<u>\$ 900,533</u>	<u>\$ 1,842</u>	<u>\$ ---</u>	<u>\$ 902,375</u>	<u>\$</u>	<u>\$</u>	<u>\$ 903,209</u>

	Accumulated Depreciation						Balance at June 30, 2019
	Balance at October 1, 2017	Additions	Disposals	Balance at September 30, 2018	Additions	Disposals	
Equipment	\$ 379,897	\$ 39,045	\$ ---	\$ 418,942	\$	\$	\$ 442,367
Office furniture	79,924	1,170	---	81,094			81,799
Computer equipment	55,913	3,970	---	59,883			62,783
Vehicles	129,243	11,428	---	140,671			146,728
	<u>\$ 644,977</u>	<u>\$ 55,613</u>	<u>\$ ---</u>	<u>\$ 700,590</u>	<u>\$</u>	<u>\$</u>	<u>\$ 733,677</u>

	Net Book Value	
	Balance at September 30, 2018	Balance at June 30, 2019
Equipment	\$ 156,176	\$ 132,750
Office furniture	4,687	3,982
Computer equipment	10,620	8,555
Vehicles	30,302	24,245
	<u>\$ 201,785</u>	<u>\$ 169,532</u>

7. Bank Indebtedness

The Company has available a line of credit of \$100,000 bearing interest at prime plus 3.5%, secured by a general security agreement and is due on demand. No amount has been drawn on the line of credit as at June 30, 2019.

RECO INTERNATIONAL GROUP INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following items:

	<u>June 30, 2019</u>	<u>September 30, 2018</u>
Trade payables	\$ 59,846	\$ 302,323
Accrued liabilities	71,716	251,811
Goods and Services Tax payable	15,171	26,573
Other payables	<u>21,520</u>	<u>4,200</u>
	<u>\$ 168,252</u>	<u>\$ 584,907</u>

9. Long-term Debt

	<u>June 30, 2019</u>	<u>September 30, 2018</u>
Vehicle loan bearing interest of 4.49% per annum, payable in monthly instalments of \$619, including interest, maturing on May 30, 2020, secured by a vehicle with a net book value of \$14,795.	\$ 7,252	\$ 11,909
Current portion	<u>(7,252)</u>	<u>(7,039)</u>
	<u>\$ ---</u>	<u>\$ 4,870</u>

Future minimum payments are as follows:

2019	4,191
2020	<u>3,061</u>
	<u>\$ 7,252</u>

10. Share Capital

Authorized:

Unlimited common voting shares

Unlimited redeemable, retractable, non-voting preferred shares

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares and determine the designation, rights and privileges attached to each series of shares.

Issued and outstanding:

	<u>Number of Common Shares</u>	<u>Amount</u>
June 30, 2019 and September 30, 2018	<u>25,635,635</u>	<u>\$ 1,105,117</u>

RECO INTERNATIONAL GROUP INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

10. Share Capital (Continued)

Share-Based Compensation Plan

Under the Company's Share-based Compensation Plan, options to purchase common shares of the Company may be granted to directors, officers, key employees and consultants of the Company. These options entitle the holder to purchase one common share at a subscription price that shall not be less than that which may be acceptable to any stock exchange on which the Company's shares are traded. Options expire between two and five years after being issued or ninety days after an employee ceases employment with the Company. The Board of Directors has the discretion to extend the expiration period on cessation of employment. The terms and vesting period of each option is at the discretion of the Board of Directors.

The maximum number of common shares authorized for issuance by the Board of Directors under the plan is limited to 20% of the total issued and outstanding common shares of the Company.

The activity related to stock options is as follows:

	<u>Number of Options</u>	<u>Exercise Price</u>
Balance, October 1, 2018	-	-
Options issued	<u>5,100,000</u>	<u>0.05</u>
Balance, June 30, 2019	<u>5,100,000</u>	<u>\$ 0.05</u>

The Company issued 5,100,000 stock options to purchase common shares of the Company at an exercise price of \$0.05 per common share and expire December 6, 2023.

The following table summarizes information on stock options outstanding and exercisable at June 30, 2019:

<u>Exercise Price</u>	<u>Number Outstanding</u>	<u>Number Exercisable</u>	<u>Weighted Average Contractual Life (years)</u>
\$ 0.05	5,100,000	5,100,000	4.93

The Company uses the Black-Scholes option pricing model to estimate the fair value of the stock options. During the period, the Company recorded \$187,270 in share-based compensation expense. The following assumptions were used to estimate the fair value of the stock options granted during the period ended June 30, 2019:

Annualized volatility	158.09%
Risk-free interest rate	2.00%
Expected life of	5 years
Dividend rate	0.00%
Fair value per stock option	\$ 0.037

RECO INTERNATIONAL GROUP INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

11. Net Income (loss) Per Common Share

The basic net income (loss) per common share is based on the weighted average number of common shares outstanding as at June 30, 2019 of 25,635,635 (June 30, 2018 - 25,635,635). The diluted net income (loss) per common share is calculated using the weighted average number of common shares of 25,635,635 (June 30, 2018 – 25,635,635).

12. Non-Cash Working Capital Balances

The net change in non-cash working capital balances consists of:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Accounts receivables	\$ 667,459	\$ 256,017
Prepaid expenses	4,980	23,035
Income taxes	(21,345)	---
Deferred revenue	(92,071)	(242,476)
Accounts payable and accrued liabilities	<u>(416,656)</u>	<u>(453,183)</u>
	<u>\$ 142,367</u>	<u>\$ (416,607)</u>

13. Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, amounts receivable from related parties, accounts payable and accrued liabilities, amounts payable to related parties and long-term debt.

Financial risk management

The Company's activities are exposed to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate fair value risk arising from its fixed rate long-term debt. Management does not believe this risk is significant.

RECO INTERNATIONAL GROUP INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

13. Financial Instruments (Continued)

Credit risk

The Company's exposure to credit risk relates to accounts receivables and arises from the possibility that the third party does not satisfy its contractual obligations. The Company minimizes its exposure to credit risk through a program of credit evaluation of customers and obtaining deposits on all projects. The Company performs continuous evaluation of its accounts receivable and records an allowance for doubtful accounts as necessary. As at June 30, 2019, the Company has \$199,442 (September 30, 2018 - \$98,237) of accounts receivable that are past due (over 90 days). No accounts receivable at June 30, 2019 are impaired. As at June 30, 2019, approximately 79% (September 30, 2018 – 88%) is contract revenue receivable from three customers (September 30, 2018 – three customers).

Accounts receivable aging details:

	<u>June 30, 2019</u>	<u>September 30, 2018</u>
Current	\$ 15,898	\$ 83
1 to 30 days	80,637	360,334
31 to 60 days	169,624	657,149
61 to 90 days	10,967	30,147
Over 90 days	<u>199,442</u>	<u>98,237</u>
	<u>\$ 476,568</u>	<u>\$ 1,145,950</u>

Liquidity risk

The Company's exposure to liquidity risk is dependent on the collection of accounts receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. As at June 30, 2019, the Company was holding cash of \$157,082 (September 30, 2018 - \$135,676), accounts receivable of \$476,568 (September 30, 2018 - \$1,145,950) and had a working capital deficiency of \$73,047 (September 30, 2018 - \$37,915). The contractual maturity of the Company's liabilities of \$175,504 (September 30, 2018 - \$591,946) will be paid within one year and the amounts payable to related parties of \$564,777 (September 30, 2018 - \$573,293) have no terms of repayment.

Fair value

The fair value of cash, accounts receivables, amounts receivable from related parties, accounts payable and accrued liabilities and amounts payable to related parties approximate its carrying amount due to the short-term nature of the financial instrument. The fair value of the long-term debt approximates its carrying amount since its terms approximate market terms.

The following provides an analysis of financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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Notes to the Interim Condensed Consolidated Financial Statements

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14. Financial Instruments (Continued)

Fair value (Continued)

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at June 30, 2019, the Company had no financial instruments measured at fair value.

15. Capital Management

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include sustaining continuing operations. The Company includes shareholders' equity of \$209,423 (September 30, 2018 – \$327,507) and amounts payable to related parties of \$564,777 (September 30, 2018 - \$573,293) in the definition of capital.

In managing capital, the Company estimates its future cash requirements by preparing a budget. The budget establishes the activities for the upcoming year and estimates the costs associated with these activities.

Historically, funding for the Company's plan was primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required. The Company is not subject to externally imposed capital requirements.

16. Commitments

- a) The Company has a lease agreement for its present location which expires May 31, 2022. The remaining commitment on the lease excluding operating costs is as follows:

2019	108,025
2020	109,267
2021	111,750
2022	<u>74,500</u>
Total	<u>\$ 403,542</u>