TARGETED MICROWAVE SOLUTIONS

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2018 and 2017

(Unaudited)

NOTICE OF NO-AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements have been prepared by Management and have not been subject to a review by the Company’s external independent auditors.

Targeted Microwave Solutions Inc.
Condensed interim consolidated statements of financial position
As at June 30, 2018 and December 31, 2017
Expressed in U.S. Dollars
(Unaudited)

		June 30, 2018		December 31, 2017
ASSETS				
Current				
Cash	$	**133,375**	$	1,445
Sales tax receivable		**21,020**		16,803
Prepaid expenses		**14,296**		32,708
		168,691		50,956
Plant and equipment (note 3)		**-**		321,729
Deposits		**220**		220
Total assets	$	**168,911**	$	372,905
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	**121,152**	$	380,553
Derivative liability		**-**		7,773
Current portion of loans payable (note 4)		**1,470,797**		2,686,650
Asset retirement obligation (note 5)		**-**		250,000
Total liabilities		**1,591,949**		3,324,976
SHAREHOLDERS' (DEFICIENCY) EQUITY				
Share capital (note 6)		**10,231,656**		8,628,889
Share-based payment reserve		**4,088,993**		4,044,331
Accumulated deficit		**(15,702,158)**		(15,583,762)
Equity attributable to shareholders of the company		**(1,381,509)**		(2,910,542)
Non-controlling interest		**(41,529)**		(41,529)
		(1,423,038)		(2,952,071)
Total liabilities and shareholder's (deficiency) equity	$	**168,911**	$	372,905

Going concern (note 2b)
Commitments (note 9c)

Approved on behalf of the Board:

"Dr. James Young"
Director

"Dr. Ian Hume"
Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Targeted Microwave Solutions Inc.

Condensed interim consolidated statements of comprehensive loss

For the three and six months ended June 30, 2018 and 2017

Expressed in U.S. dollars, except number of shares

(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2018	2017	**2018**	2017
Expenses				
Site supplies, services and other	**$ (7,560)**	$ 141,945	**$ (7,560)**	$ 205,433
Plant and equipment depreciation (note 3)	**-**	194,659	**-**	369,353
Consulting, management and director fees	**30,000**	246,342	**52,500**	486,963
Foreign exchange loss (gain)	**(3,679)**	838	**(3,518)**	(12,277)
Office, rent and other	**23,163**	147,772	**37,199**	285,489
Investor relations, filing and compliance fees	**27,466**	43,039	**29,935**	121,002
Professional fees	**(31,082)**	126,979	**(22,740)**	196,928
Salaries and benefits	**-**	139,033	**-**	424,857
Share-based compensation (note 6)	**860**	129,118	**2,275**	534,120
Interest expense (note 5)	**13,074**	218,492	**18,077**	318,822
Travel and promotion	**-**	31,629	**-**	79,443
Loss before other items	**52,242**	1,419,846	**106,168**	3,010,133
Other expenses (income)				
Interest income	**-**	(9)	**-**	(12)
Other income	**-**	(25,536)	**-**	(25,536)
Fair value change in derivative liability	**(4,125)**	(9,136)	**(7,772)**	(38,686)
Loss on disposal (note 3)	**20,000**	-	**20,000**	-
Impairment loss on plant and related assets	**-**	2,631,069	**-**	2,631,069
	15,875	2,596,388	**12,228**	2,566,835
Net loss and comprehensive loss	**$ 68,117**	$ 4,016,234	**$ 118,396**	$ 5,576,968
Net loss and comprehensive loss attributable to:				
Shareholders of the company	**$ 68,117**	$ 4,013,120	**$ 118,396**	$ 5,571,202
Non-controlling interest	**-**	3,114	**-**	5,766
Net loss and comprehensive loss	**$ 68,117**	$ 4,016,234	**$ 118,396**	$ 5,576,968
Earnings (loss) per share, basic and diluted	**(0.00)**	(0.09)	**(0.00)**	(0.12)
Weighted average number of shares outstanding				
Basic and diluted	**86,654,838**	46,820,010	**67,947,875**	46,820,010

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Targeted Microwave Solutions Inc.
Condensed interim consolidated statements of cash flows
For the six months ended June 30, 2018 and 2017
Expressed in U.S. dollars
(Unaudited)

	Six months ended June 30	
	2018	2017
Cash provided by (used in):		
Operating Activities		
Net loss for the period	**$ (118,396)**	$ (5,576,968)
Items not affecting cash:		
Share-based compensation (note 6)	**2,275**	534,120
Depreciation (note 3)	**-**	369,353
Loss on disposal	**20,000**	-
Impairment loss on plant and related assets	**-**	2,631,069
Accrued interest	**8,267**	101,422
Accretion expense	**9,811**	217,352
Fair value change in derivative liability	**(7,773)**	(38,686)
	(85,816)	(1,762,338)
Changes in non-cash working capital:		
Receivables	**(4,217)**	10,689
Prepaid expenses	**18,412**	3,684
Accounts payable and accrued liabilities	**(207,674)**	245,561
Deferred rent	**-**	3,406
Net cash used in operating activities	**(279,295)**	(1,498,998)
Investing Activities		
Purchases of plant and equipment	**-**	(52,428)
Cash used in investing activities	**-**	(52,428)
Financing Activities		
Loan proceeds (note 4)	**425,000**	350,000
Share issuance costs	**(13,775)**	-
Cash generated by financing activities	**411,225**	350,000
Net increase (decrease) in cash	**131,930**	(1,201,426)
Cash, beginning of period	**1,445**	1,226,273
Cash, end of period	**$ 133,375**	$ 24,847

SUPPLEMENTAL CASH DISCLOSURES

	2018	2017
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -
Items excluded from investing and financing activities:		
Loan conversion to equity	**$ 1,616,543**	$ -
Share based payment reserve associated with loan payable	**$ 42,388**	$ 13,343

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Targeted Microwave Solutions Inc.

Condensed interim consolidated statements of changes in equity (deficiency)

As at June 30, 2018 and 2017

Expressed in U.S. dollars, except number of shares

(Unaudited)

	Shares	Amount	Share-based payment reserves	Deficit	Attributable to company shareholders	Non-controlling interest	Total
Balance, January 1, 2017	46,820,010	$ 8,628,889	$ 3,567,968	$ (8,746,244)	$ 3,450,613	$ (34,245)	$ 3,416,368
Restricted share units issued and vested	-	-	35,444	-	35,444	-	35,444
Share-based compensation	-	-	498,676	-	498,676	-	498,676
Loans payable off market	-	-	13,343	-	13,343	-	13,343
Loss for the period	-	-	-	(5,571,202)	(5,571,202)	(5,766)	(5,576,968)
Balance, June 30, 2017	46,820,010	$ 8,628,889	$ 4,115,431	$ (14,317,446)	$ (1,573,126)	$ (40,011)	$ (1,613,137)
Balance, January 1, 2018	46,820,010	$ 8,628,889	$ 4,044,331	$ (15,583,762)	$ (2,910,542)	$ (41,529)	$ (2,952,071)
Loan conversion to equity (note 6)	39,834,828	1,616,542	-	-	1,616,542	-	1,616,542
Share issuance costs	-	(13,775)	-	-	(13,775)	-	(13,775)
Share-based compensation (note 6)	-	-	2,275	-	2,275	-	2,275
Loans payable at below market interest	-	-	42,387	-	42,387	-	42,387
Loss for the period	-	-	-	(118,396)	(118,396)	-	(118,396)
Balance, June 30, 2018	86,654,838	$10,231,656	$ 4,088,993	$ (15,702,158)	$ (1,381,509)	$ (41,529)	$ (1,423,038)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

Targeted Microwave Solutions Inc. (the "**Company**" or "**TMS**") is the ultimate parent company of its consolidated group. The Company was incorporated on April 10, 2015 under the British Columbia Business Corporation Act and is domiciled in Canada. On May 21, 2015, the Company and MicroCoal Technologies Inc. ("**MicroCoal**") completed a Plan of Arrangement (the "**Arrangement**") pursuant to the British Columbia Business Corporations Act. Under the terms of the Arrangement, every MicroCoal shareholder received one share in the Company for every share held in MicroCoal at the effective date.

The Company is an industrial clean technology company in the business of developing patented microwave-based application technologies to dry, decontaminate, physically upgrade and fully eliminate or reduce environment harming emissions. The technology has specific application to mass-scale use of industrial aggregates, energy producing biomass, low-rank coals and other materials for use by power utilities and industrial companies. The Company formerly completed the construction and commissioning of a commercial scale pilot plant facility ("**King William Plant**") located in King William, Virginia where it previously tested advances in research and development of its microwave-based technology. The Company disposed of the King William Plant in June of 2018. The Company had a research and development office in Gaithersburg, Maryland, which was closed in July of 2017.

The Company is a reporting issuer in the provinces of Alberta, British Columbia and Ontario. The Company's shares are listed for trading on the Toronto Stock Exchange, Venture ("**TSX-V**") under the symbol "TMS". The Company's shares began trading on May 22, 2015 on the Canadian Securities Exchange ("**CSE**"). On May 17, 2016, the Company's common shares began trading on the TSX-V effective on the open of market and continue to trade under the stock symbol "TMS". As a result of the listing of the Company's common shares on the TSX-V, its common shares no longer trade on the CSE and were voluntarily delisted from the CSE upon commencement of trading on the TSX-V. The Company is also listed on the OTCQB under the symbol "TGTMF".

The Company's head office is located at Suite 2300, 1066 West Hastings Street, Vancouver, BC, Canada, V6E 3X2. The registered and records office is located at Suite 1000, 925 West Georgia Street, Vancouver, BC, Canada, V6C 3L2.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("**IASB**"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the IASB have been condensed or omitted. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017.

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2017. The Company's interim results are not necessarily indicative of its results for a full year. All amounts are expressed in U.S. dollars, unless otherwise noted. References to C$ are to Canadian dollars.

These condensed interim consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 29, 2018.

(b) Going concern

These condensed interim consolidated statements were prepared on a going concern basis. The Company's ability to continue as a going concern is dependent upon its ability to continue to raise financing and to set a viable path forward since the Company has terminated all employees, closed its US offices and disposed of the King William Plant and related assets. The Company has incurred operating losses, working capital deficits, negative operating cash flows and an accumulated deficit as outlined in the table below. Since inception, the Company had no source of operating revenues and expects to incur further losses as it identifies a viable path forward. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. Realization values may be substantially different from the carrying values shown. These condensed interim consolidated statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company will have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

Expressed in U.S. dollars, except number of shares

As of June 30, 2018, and 2017, the Company reported the following:

	June 30, 2018	June 30, 2017
Net loss for the period	$ (118,396)	$ (5,576,968)
Working capital deficit	$ (1,423,258)	$ (2,744,732)
Accumulated deficit	$ (15,702,158)	$ (14,317,446)

(c) Critical accounting judgements, estimates and assumptions

The Company's Management makes judgements in the process of applying the Company's accounting policies in the preparation of its condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's Management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities, as well as expenses at the end of the reporting period. The estimation process is inherently uncertain, therefore future outcomes could differ from present estimates and assumptions, potentially having a material effect on the Company's future results and disclosures. The critical judgements and estimates applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the audited consolidated financial statements for the year ended December 31, 2017.

3. PLANT AND EQUIPMENT

Cost	**Plant & Equipment**	**Leasehold Improvements**	**Total**
Balance at January 1, 2018	$ 4,993,243	$ -	$ 4,993,243
Additions for the period	-	-	-
Disposals for the period	(4,993,243)	-	(4,993,243)
Balance at June 30, 2018	$ -	$ -	$ -
Accumulated amortization			
Balance at January 1, 2018	$ 4,671,514	$ -	$ 4,671,514
Depreciation for the period	-	-	-
Disposals for the period	(4,671,514)	-	(4,671,514)
Balance at June 30, 2018	$ -	$ -	$ -
Net book value, June 30, 2018	**$ -**	**$ -**	**$ -**
Net book value, December 31, 2017	$ 321,729	$ -	$ 321,729

On June 20, 2018, the Company disposed the King William Plant and related assets to Broz & Robinson LLC ("**BRC**") in exchange for a comprehensive release of any claims, demands and liabilities arising from the Company's previous activities on the leased lands, including but not limited to claims relating to alleged environmental contamination. The release also included past claims by BRC against the Company for fees and expense reimbursements. The disposal of the King William Plant and related assets resulted in a loss on disposal of $20,000 recognized in the period ended June 30, 2018. The non-cash proceeds in relation to this disposal were $301,729 which represented the assumption of the Company's liabilities by BRC that were related to the King William Plant. The net book value of the King William Plant and related assets at the disposal date was $321,729.

4. LOAN AGREEMENTS

On March 8, 2016, the Company entered into two separate loan agreements with Dr. James Young, Chairman of the Board and Chief Executive Officer, and Satellite Overseas (Holdings) Limited ("**SOHL**"), a majority shareholder, for an aggregate amount of $2,000,000. Each loan agreement provides for the issuance of a promissory note ("**Notes**") by the Company of $1,000,000. The Notes originally matured on March 31, 2018 and bore interest at 3% per annum with all principal and interest due on maturity of the Notes. The interest rate per the Notes are not considered to be on normal commercial terms, and as such, the Notes are considered to be issued at below-market interest rates.

At inception the proceeds of the Notes were allocated between: (a) the fair value of the Notes determined by discounting future cash payments at an estimated discount rate for similar instruments and; (b) the residual below-market element, which represents the benefit to shareholders of the Company of paying interest on an instrument at a below-market interest rates. As a result, the difference between the fair value of the loan at inception and the proceeds, which is considered the below-market element, was credited to share-based payment reserve on the consolidated statement of shareholders' equity for the period ended March 31, 2018 and December 31, 2017.

On January 3, 2018, the Company secured a loan of $50,000 from SOHL to provide short-term working capital. The Company entered into a new loan agreement with SOHL, a majority shareholder, for an aggregate amount of $50,000. The loan agreement provides for the issuance of a promissory note by the Company of $50,000. The loan matures on December 31, 2018 and bears interest at 8% per annum with all principal and interest due on maturity of the loan. The interest rate per the loan is not considered to be on normal commercial terms, and as such, the loan is considered to be issued at below-market interest rates.

On February 13, 2018, the Company secured an additional loan of $75,000 from SOHL to provide short-term working capital. In connection with this loan, the previous loan agreement from SOHL was amended. The amended loan agreement increases the aggregate principal amount under the loan to $125,000. The loan matures on December 31, 2018 and accrues interest at 8% per annum from the date of advance of the loan, calculated semi-annually.

On March 19, 2018, the Company secured an additional loan of $75,000 from SOHL to provide short-term working capital. In connection with this loan, the previous loan agreement from SOHL was amended. The amended loan agreement increases the aggregate principal amount under the loan to $200,000. The loan matures on December 31, 2018 and accrues interest at 8% per annum from the date of advance of the loan, calculated semi-annually.

On March 27, 2018, the loans payable balance held by SOHL, representing a total balance of $1,616,543 was converted into common shares at the lowest price permitted by the TSX-V. This resulted in the issuance of 39,834,828 common shares at a share price of C$0.05. The US dollar to Canadian dollar foreign exchange rate used for this transaction was 1.2321. The loans payable balance held by Dr. James Young, representing a total balance of $1,070,107 as at December 31, 2017, was approved to be converted into 26,369,601 common shares, however the common shares have not yet been physically issued. This conversion was at the lowest price permitted by the TSX-V (share price of C$0.05) consistent with the foreign exchange rate applied to SOHL's loan conversion noted above.

On May 1, 2018, the Company secured an additional loan of $50,000 from SOHL to provide short-term working capital. In connection with this loan, the previous loan agreement from SOHL was amended. The amended loan agreement increases the aggregate principal amount under the loan to $250,000. The loan matures on December 31, 2018 and accrues interest at 8% per annum from the date of advance of the loan, calculated semi-annually.

Expressed in U.S. dollars, except number of shares

On June 26, 2018, the Company secured an additional loan of $175,000 from SOHL to provide short-term working capital. In connection with this loan, the previous loan agreement from SOHL was amended. The amended loan agreement increases the aggregate principal amount under the loan to $425,000. The loan matures on December 31, 2018 and accrues interest at 8% per annum from the date of advance of the loan, calculated semi-annually.

The following is a continuity of the Company's loans as at June 30, 2018:

		Total
Loans payable at January 1, 2018	$	2,686,650
Add: Gross proceeds		425,000
Less: Below-market interest rates element		(42,388)
Add: Accretion in the period		9,811
Add: Accrued interest in period		8,267
Less: Conversion of loans to equity		(1,616,543)
Loans payable at June 30, 2018	$	1,470,797
Current portion of loans payable at June 30, 2018		**1,470,797**
Long-term loans payable at June 30, 2018	**$**	**-**

Interest expense in relation to the loans above, which includes accretion expense, was $18,078 and $318,774 for the six months ended June 30, 2018 and 2017, respectively.

Subject to TSX-V approval, the lenders have the option to convert any portion of the principal and accrued interest to common shares of the Company at the price to be determined. Until such time as the conversion option is registered, the option does not constitute an embedded derivative. The Company may prepay the Notes in whole or in part without penalty, fees or charges.

5. ASSET RETIREMENT OBLIGATION

The Company's former asset retirement obligation was based on the alleged environmental contamination of the Company's King William Plant as a result of allegedly handling coal improperly on the subleased land. Management used judgement when estimating the costs to reclaim the leased land and the estimated time period during which these costs were estimated to be incurred in the future.

On June 20, 2018, the Company disposed the King William Plant and related assets to BRC in exchange for a comprehensive release of any claims, demands and liabilities arising from the Company's previous activities on the leased lands, including but not limited to claims relating to alleged environmental contamination. As such, the asset retirement obligation was fully settled as part of the transfer of the King William Plant and related assets to BRC.

The undiscounted amount of the estimated cash flow required to settle the asset retirement obligation is $nil at June 30, 2018 (December 31, 2017 - $250,000). The asset retirement obligation was not discounted using the risk-free interest rate and inflation rate due to the previously expected short-term settlement of the asset retirement obligation. In 2018, no amounts were paid towards the asset retirement obligation as the release of the claim represented a non-cash settlement (December 31, 2017 - $nil).

6. SHARE CAPITAL AND SHARE-BASED PAYMENTS

(a) Authorized

The Company has unlimited common shares without par value authorized.

(b) Issued and outstanding

On March 27, 2018, the loans payable balance held by SOHL, representing a total balance of $1,616,543 was converted into common shares at the lowest price permitted by the TSX-V. This resulted in the issuance of 39,834,828 common shares at a share price of C$0.05. The US dollar to Canadian dollar foreign exchange rate used for this transaction was 1.2321. The loans payable balance held by Dr. James Young, representing a total balance of $1,070,107 as at December 31, 2017, was approved to be converted into 26,369,601 common shares, however the common shares have not yet been physically issued. This conversion was at the lowest price permitted by the TSX-V (share price of C$0.05) consistent with the foreign exchange rate applied to SOHL's loan conversion noted above.

(c) Warrants

At June 30, 2018 and December 31, 2017, there were 604,400 warrants outstanding and exercisable with an exercise price of C$2.25 and expiry date of October 21, 2018.

(d) Stock Options

At June 30, 2018, 3,525,000 stock options were outstanding at a weighted average exercise price of C$0.55, of which 3,512,500 are exercisable at a weighted average price of C$0.55 per option. During the six months ended June 30, 2018, there were no stock options granted and there were no exercises of stock options in this period. There were no forfeitures and or cancellations of stock options during the six months ended June 30, 2018.

For the six months ended June 30, 2018 and 2017, total share-based compensation expense related to stock options was $2,275 and $431,944, respectively, which was included in the condensed interim consolidated statements of comprehensive loss.

(e) Restricted share units ("RSUs")

There was no activity during the six months ended June 30, 2018. There were no RSU's outstanding as at June 30, 2018 (June 30, 2017: 966,666 RSUs outstanding). For the six months ended June 30, 2018 and 2017, a total of $nil and $35,444 was recorded, respectively, as share-based compensation expense associated with the vesting of which was included in the condensed interim consolidated statements of comprehensive loss.

(f) Performance share units ("PSUs")

There was no activity during the six months ended June 30, 2018. There were no PSU's outstanding as at June 30, 2018 (June 30, 2017: 700,000 PSUs outstanding). For the six months ended June 30, 2018 and 2017, a total of $nil and $66,732 was recorded, respectively, as share-based compensation expense associated with the vesting of which was included in the condensed interim consolidated statements of comprehensive loss.

Expressed in U.S. dollars, except number of shares

Share-based Compensation Expense Summary

The components of share-based compensation expense as at June 30, 2018 and 2017 are as follows:

	June 30, 2018	June 30, 2017
Stock option expense	$ 2,275	$431,944
Restricted share unit expense	-	35,444
Performance share unit expense	-	66,732
Total Share-based Compensation Expense	$ 2,275	$ 534,120

7. RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiaries and key management personnel. At June 30, 2018, the Company owed a total of $nil to officers and directors (December 31, 2017 - $nil).

Effective July 1, 2017, Dr. James Young, CEO, will no longer be receiving compensation for his services in the form of common shares. Under the original compensation agreement, the majority of the CEO’s compensation was to be issued in Company common shares, payable monthly based on the volume-weighted average trading price of the Company’s shares.

The Company received loans from related parties and owed a total of $1,504,918 of principal and accrued interest at June 30, 2018 (December 31, 2017 - $2,686,650).

8. SEGMENTED INFORMATION

The Company operates in one industry segment, being its microwave technology. At June 30, 2018, the Company disposed all of its non-current assets which were previously located in the USA.

9. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company’s financial instruments consist of cash, sales tax receivables, accounts payable and accrued liabilities, loans payable and derivative liabilities.

a) Fair value of financial instruments

The carrying values of cash, sales tax receivables, accounts payable and accrued liabilities approximate their fair values because of their current nature. The fair value of loans payable was determined at issuance using a credit-risk adjusted discount rate.

The categories of the fair value hierarchy that reflect the significance of inputs used in making fair value measurements are as follows:

Level 1 - Quoted prices in active markets for identical, unrestricted assets or liabilities;

Level 2 – Inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (supported by little or no market activity).

The fair value of the derivative liabilities associated with the C$ denominated warrants are included in Level 3 as the valuation parameters on the warrants are not based on observable market data.

Expressed in U.S. dollars, except number of shares

At March 8, 2016, the fair value of the loans payable was measured and recognized on a non-recurring basis (Level 3 measurement). The additional loans received from related parties in 2017 and 2018 were also measured and recognized on a non-recurring basis (Level 3 measurement).

b) Financial Instruments and Related Risks

The Company is exposed to a variety of financial risks as a result of operations, including market risk, credit risk and liquidity risk. The Company's exposure to financial risks and how the Company manages each of those risks are described in note 15 to the Company's consolidated financial statements for the year ended December 31, 2017. There were no significant changes in the Company's exposure to those risks or to the Company's management of its exposures during the six months ended June 30, 2018.

c) Liquidity risk

The Company manages its liquidity risk by preparing and reviewing forecasted expenditure and cash flow budgets. There are no assurances that sources of funds will be available to satisfy the existing obligations as noted in note 2(b), *Going Concern*.

The following table summarizes the remaining contractual maturities of the Company's financial obligations as at June 30, 2018:

	Within 1 year	2 to 5 years	Over 5 years	June 30, 2018	December 31, 2017
Accounts payable and accrued liabilities	$ 121,152	$ -	$ -	$ 121,152	$ 380,553
Loan repayments	1,470,797	-	-	1,470,797	2,686,650
	$ 1,591,949	$ -	$ -	$ 1,591,949	$ 3,067,203