SPARTA CAPITAL LTD.

Calgary, Alberta

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month periods ending March 2018 and 2017

NOTICE: The accompanying unaudited consolidated interim financial statements and notes thereto for the three-month periods ending March 31, 2018 and 2017 have been prepared by management. These financial statements have not been reviewed by the Corporation's external auditors.

Sparta Capital Ltd.
Unaudited Consolidated Interim Statements of Financial Position

As at	Note	March 31, 2018	September 30, 2017
		$	$
Assets			
Current assets			
Cash		933,565	935,390
Accounts receivable		1,469,075	1,258,161
Inventories		60,941	11,571
Prepaid expenses		420,646	97,055
Loans receivable		342,068	-
Subscriptions receivable	6	-	75,000
		3,226,295	2,377,177
Equipment	9	639,186	89,500
		3,865,481	2,466,677
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		2,981,904	1,764,078
Income taxes payable		-	1,826
Deferred revenue		190,471	220,534
Notes payable	5	258,731	256,106
Demand loan	7	546,179	-
Convertible debentures	6	279,834	279,834
Current portion of obligation under capital lease	8	25,640	
Loans	5	932,288	933,409
		5,215,047	3,455,787
Obligation under capital lease	8	66,410	-
Shareholders' equity (deficit)			
Share capital	10	8,106,437	7,606,437
Warrants	10	195,332	195,332
Share subscription receivable		(52,500)	-
Contributed surplus		715,347	715,347
Deficit		(9,781,354)	(9,304,136)
Total equity attributable to the equity holders of the Corporation		(816,738)	(787,020)
Equity attributable to non-controlling interest	18	(599,238)	(202,090)
		(1,415,976)	(989,110)
		3,865,481	2,466,677
Going concern	2		

Approved on behalf of the Board:

Signed: *"Peter Quattrociocchi"* Director

Signed: *"John O'Bireck"* Director

See accompanying notes to the unaudited consolidated interim financial statements.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

		Three months ended March 31, 2018	Three months ended March 31, 2017	Six months ended March 31, 2018	Six months ended March 31, 2017
Sales		$ 2,733,832	$ 1,802,176	$ 5,608,857	$3,101,756
Expenses					
Transportation		523,699	787,528	1,001,861	1,624,848
Salaries and benefits		1,007,820	160,964	1,964,262	316,438
Consulting fees		164,218	244,116	352,122	284,216
Product costs		265,846	293,902	1,100,930	388,278
Service costs		206,531	16,944	586,493	28,166
Repairs and maintenance		132,676	72,428	237,539	131,492
Equipment rental		79,849	76,587	163,037	146,451
Travel, promotion and office		104,538	60,956	167,817	78,554
Professional fees		21,544	83,409	81,768	103,745
Automotive		88,012	(14,681)	169,850	17,699
Insurance		52,640	9,669	83,165	19,870
Licenses and fees		19,857	10,658	35,639	17,724
Interest, bank charges and exchange		35,746	3,586	62,388	4,078
Occupancy		211,668	30,739	278,296	59,128
Amortization		32,217	-	55,748	-
Marketing fees		54,493	118,249	135,000	170,044
Total Expenses		3001,354	1,955,054	6,475,915	3,390,731
Loss from Operations		(267,522)	(152,878)	(867,058)	(288,975)
Income taxes		-	40,700	-	28,200
Net Loss and comprehensive loss for the period		(267,522)	(193,578)	(867,058)	(317,175)
Net (loss) income and comprehensive loss attributable to:					
Shareholders		(94,821)	(247,979)	(477,217)	(332,643)
Non-controlling interest	18	(172,701)	54,401	(389,841)	15,468
Net loss per share:					
Basic	14	$ (0.002)	$ (0.001)	$ (0.006)	$ (0.002)

See accompanying notes to the unaudited consolidated interim financial statements.

Sparta Capital Ltd.

Unaudited Consolidated Interim Statements of Changes in Equity

	Number of common shares	Share capital $	Contributed surplus $	Warrants $	Share subscription receivable $	Share subscription received $	Deficit $	Non-controlling interest $	Total $
Balance, October 1, 2017	161,295,890	7,606,437	715,347	195,332	-	-	(9,304,136)	(202,090)	(989,110)
Private placement	10,000,000	500,000	-	-	(325,000)	-	-	-	175,000
Non-controlling interest	-	-	-	-	-	-	(1)	(7,307)	(7,308)
Loss for the period	-	-	-	-	-	-	(382,396)	(217,140)	(599,536)
Balance, December 31, 2017	171,295,890	8,106,437	715,347	195,332	(325,000)	-	(9,686,533)	(426,537)	(1,420,954)
Private placement	-	-	-	-	-	272,500	-	-	272,500
Non-controlling interest	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	(94,821)	(172,701)	(267,522)
Balance, March 31, 2018	171,295,890	8,106,437	715,347	195,332	(325,000)	272,500	(9,781,354)	(599,238)	(1,415,976)
Balance, October 1, 2016	144,654,140	6,953,647	700,181	-	-	177,000	(7,423,801)	(125,977)	281,050
Private placement	3,540,000	177,000	-	33,400	-	(177,000)	-	-	33,400
Private placement	826,000	41,300	-	-	-	-	-	-	41,300
Warrants exercised	1,026,000	17,900	-	-	-	-	-	-	17,900
Non-controlling interest								(8,374)	(8,374)
Loss for the period	-	-	-	-	-	-	(84,664)	(38,933)	(123,597)
Balance, December 31, 2016	150,046,140	7,189,847	700,181	33,400	-	-	(7,508,465)	(173,284)	241,679
							227,058	(11)	227,047
Loss for the period	-	-	-	-	-	-	(247,979)	54,401	(193,578)
Balance, March 31, 2017	150,046,140	7,189,847	700,181	33,400	-	-	(7,529,386)	(118,894)	275,148

See accompanying notes to the unaudited consolidated interim financial statements.

Sparta Capital Inc.

Unaudited Consolidated Interim Statements of Cash Flows

	Three months ended March 31, 2018	Three months ended March 31, 2017	Six months ended March 31, 2018	Six months ended March 31, 2017
Cash provided by (used in):				
Operations:				
Net loss from operations	$ (267,522)	$ (152,878)	$ (867,058)	$ (288,975)
Items not involving cash:				
Stock based compensation	-	190,473	-	190,473
Depreciation	32,217	-	55,748	-
	(235,305)	37,595	(811,310)	(98,502)
Change in non-cash working capital	25,833	582,126	327,686	422,415
Cash flows provided (used)	(209,472)	619,721	(483,624)	323,913
Investing:				
Equipment	(14,691)	(499)	(119,256)	(499)
Financing:				
Proceeds from share issuance	272,500	-	447,500	92,600
Loan proceeds	(5,748)	-	61,505	
Obligation lease	92,050	-	92,505	
Cash flows from financing	358,802	-	601,055	92,600
Increase (decrease) in cash	134,639	619,222	(1,825)	416,014
Cash, beginning of period	798,926	380,249	935,390	583,457
Cash, end of period	$ 933,565	$ 999,471	$ 933,565	$ 999,471

See accompanying notes to the unaudited consolidated interim financial statements.

1. Reporting Entity and Nature of Operations

Sparta Capital Ltd. (the "Corporation" or "Sparta") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on February 24, 1988. The Corporation maintains its head office at 303, 6707 Elbow Drive SW Calgary, Alberta, T2V 0E5 and registered office at Suite 1600, Dome Tower, 333 - 7th Avenue S.W. Calgary, Alberta, T2P 2Z1. The Corporation is publicly listed on the TSX Venture Exchange under the symbol "SAY".

The Corporation seeks to leverage its expertise in product development, manufacturing, distribution, sales and service across a range of complementary products. In addition, Sparta engages in exploring future investment opportunities to increase shareholder value.

The Corporation offerings include four different environmentally centered market verticals through the formation of majority-controlled corporations and exclusive licensing agreements. The offerings include optimization of energy consumption in the commercial and manufacturing sectors, construction and energy through biomass conversion, energy conservation in mining, and energy savings in transportation.

During the year, the Corporation focused on the expansion of many divisions:

- **Ilumineris** - is the collective term for a group of companies focused on capturing "lost" or "wasted" energy. Presently, Illumineris has three divisions: the photoluminescent safety products ("Safety") division, the comprehensive energy audit, (EMD) division, and the power –factor correction ("Energy Mitigation") division. The Safety division has a distribution agreement with Jessup Manufacturing of McHenry Illinois to distribute their specialized photoluminescent exit signs and egress pathway markings, which can reduce consumption of electricity. Meanwhile, the EMD division measures and monitors energy use in commercial buildings and manufacturing facilities. It also offers turnkey solutions, as well as ongoing support. The Energy Mitigation division is focused on delivering energy management and power quality solutions and services. This includes harmonic mitigation and power factor correction for clients in industrial and commercial areas, which can help to reduce power losses and corresponding costs. In other words, it can increase the customer's revenues.

- **ReECO Tech** - is the collective term for a group of conversion technology companies that collect waste materials with a focus on converting such waste streams into new usable forms while helping develop environmentally sustainable economies. ReECO Tech's services provide a viable option for helping manufacturers reduce waste, save resources, save money and lower their carbon footprint. Presently ReECO Tech has three divisions; ReECO Tech Conversion Technologies Ltd. ("ReECO Tech Conversions") - originally a biomass conversion company with a focus on sequestering C02 emissions through waste diversion and converting biomass waste into consumables such as waste-to-energy products; it has since expanded to include hydro-vac services in the environment-friendly excavation arena — this is a horizontally and vertically integrated business unit that is poised to secure long term contracts to help transform communications networks while also monetizing the retrieved clean-soil waste into many new useable products; ReECO Tech Electronic Conversions Ltd. ("ReECO Tech Electronics") - is an electronics recycling company focusing on conversion and remarketing of old electronic components resulting from our ever increasing rate of change in electronic technology. This addition has expanded the ReECO Tech division into the electronic-waste sector; ReECO Tech Property Conversions Ltd. ("ReECO Tech Property") - is our newly announced property development division created to utilize earnings and implement the technologies from other business units into "smart", net-zero ready, environmentally responsible community developments; designed with concern for our planet in mind.

- **SuperNova Performance Technologies Ltd.** ("SuperNova) - is a division focusing on green initiatives, especially related to combustion and the transportation sector. SuperNova, an exciting new division for the Sparta Group, opens up opportunities in the new initiatives where SuperNova will look to explore new ventures including, but not limited to, efficient products capable of powering novel generation systems. SuperNova holds various previously tested technologies, such as the Hydrogen Power Lizard™, the Tri-PATH™ (hydrogen enhanced,exhaust gas re-compression system) and the TreeFrog Transportation Optimization Systems™ with plans for future commercialization.

- Sparta Technologies 4 Mining Ltd. ("4 Mining") is a mining division with a focus on the development of an emissions free underground vehicle propulsion system. This mining division is looking to expand its offerings to include a number of above ground vehicle platforms and carbon efficient mining equipment.

2. Going Concern

These financial statements have been prepared on a going concern basis which assumes that the Corporation will realize its assets and discharge its liabilities in the normal course of business.

For the six-month period ending, March 31, 2018, the Corporation has incurred a net loss from operations of $867,058 (2017 – $288,975) and has a working capital deficit of $1,988,752 (September 30, 2017 - $1,078,610).

In order to meet the Corporation's future working capital requirements, it will be required to attract additional funds through the issue of debt or equity. The Corporation's management will continue to consider various alternatives to finance the Corporation's operations and activities within the context of existing market conditions. Additional capital requirements are dependent on uncertain future events, including but not limited to the results of the evaluation of other business growth opportunities, the level of growth in product sales and distribution.

There can be no assurance that capital will be available as necessary to meet these continuing development costs or, if the capital is available, that it will be on terms acceptable to the Corporation. The issuances of additional equity securities by the Corporation may result in significant dilution to the equity interests of its current shareholders. If the Corporation is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected.

These conditions raise significant doubt about the Corporation's ability to continue as a going concern. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, and the balance sheet classifications used could be material.

In December, 2017 Sparta completed an equity financing by issuing 10,000,000 common shares at $0.05 per share for gross proceeds of $500,000.

3. Basis of Presentation

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

These financial statements are in compliance with IFRS and were authorized for issue by the Corporation's Board of Directors on May 30, 2018.

Consolidation

These consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries. Sparta Capital Ltd. is the ultimate parent corporation of the consolidated group. Subsidiaries are consolidated from the date on which the Corporation obtains control and continue to be consolidated until control ceases. Control is established when the Corporation has the power to govern the financial and operating policy decisions of the entity to obtain benefits from the entity's activities, and generally exists where more than 50% of the voting power of the entity is held by the Corporation. The financial statements of the subsidiaries are prepared for the same reporting period as the Corporation, using consistent accounting policies. All material intercompany transactions and balances are eliminated in full upon consolidation.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest exists, any gains or losses of that subsidiary are attributed to the non-controlling interest even if it results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The subsidiaries of the Corporation and their principal activities as at March 31, 2018 were as follows:

	Ownership interest at December 31,		
Name of subsidiary	2017	2016	Principal activity
Newport Environmental Technologies Ltd.	100%	100%	Inactive
Sparta Technologies 4 Mining Ltd.	100%	100%	Product development
Illumineris Inc.	51%	51%	Product distribution
Illumineris Systematics Inc.	56%	-	Product distribution and installation
ReECO Tech Conversion Technologies Ltd.	51%	51%	Product development
SuperNova Performance Technologies Ltd.	100%	100%	Product development
ReECO Tech Property Conversions Ltd.	51%	51%	Property investment
ReECO Tech Electronic Conversions Ltd.	56%	-	Electronics recycling

For those subsidiaries not wholly owned, the remaining shares held by an external trustee for future issuance to employees and consultants.

Basis of measurement

The financial statements have been prepared on the historical cost basis and are presented in Canadian dollars, which is the Corporation's functional currency.

Use of estimates and judgments

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

(i) 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. Key areas with estimate uncertainties are as follows:

- Stock based compensation and share purchase warrants not issued as part of a unit - estimates for forfeiture rates, volatility, expected dividend yield and expected life.
- Revenue recognition and contracts in progress - Revenue on a construction contract is recognized on a percentage of completion basis. In applying the accounting policy on construction contracts, judgment is required in determining the estimated costs to complete the contract. These estimates are reviewed as at each reporting period.

(ii) Judgments

Judgments in applying accounting policies are as follows:

- Going concern – the ability of the Corporation to continue as a going concern.
- Acquisitions – whether the assets acquired, and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs, and processes acquired, is capable of being conducted and managed as a business.

4. Significant Accounting Policies

The unaudited consolidated interim financial statements follow the same accounting policies as the most recent annual audited consolidated financial statements. The interim consolidated financial statements note disclosures do not include all of those required by IFRS applicable for annual consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2017.

5. Acquisition

On July 5, 2017, Sparta completed a transaction which resulted in the acquisition of SuperNova Performance Technologies Ltd. ("SuperNova"). In exchange for all the issued and outstanding common shares and share purchase warrants of SuperNova, Sparta issued 9,849,750 common shares and 6,196,000 share purchase warrants on a 1:1 basis. In completing the transaction, Sparta acquired access to licenses to certain pre-commercial products. Due to the uncertainty of commercial viability of these products, the cost of the acquisition has been expensed.

As SuperNova is deemed not to be a business in accordance with IFRS 3, the transaction has been treated as an asset acquisition.

The Purchase price consideration:

	Amount ($)
Common shares @ $0.04	393,990
Share purchase warrants (Note 8)	114,532
	508,522

The Purchase price consideration was allocated as follows:

Cash	1,717
Accounts receivable	190,180
Capital assets - equipment	20,390
Loans payable	(914,470)
Promissory note	(254,793)
Net assets (liabilities) acquired	**(956,976)**
Loss recognized on acquisition	1,465,497
	508,522

In connection with the acquisition of SuperNova, Sparta assumed liabilities in the form of a promissory note and loans payable balances. The promissory note in the amount of $254,793 includes accrued interest. The note has no fixed terms of repayment and accrues interest at the rate of 3.0% compounded annually. In addition, Sparta assumed loans payable of $914,470. These loans have no fixed terms of repayment and accrue interest at 3.0% per annum.

Upon the completion of the transaction, SuperNova became a wholly owned subsidiary of Sparta.

At the time of acquisition, SuperNova had cumulative non-capital losses totaling $2,330,942. Sparta has not recognized a deferred income tax asset related to the non-capital losses.

6. Convertible Debentures

On September 26, 2017, Sparta closed a $365,000 debt financing through the issuance of convertible unsecured subordinated debentures (convertible debentures). At September 30, 2017, $75,000 of proceeds is receivable. The convertible debentures mature one year from the date of issue and bear interest at a rate of 8% per annum, payable semi-annually in arrears on June 30th and December 31st in each year commencing December 31, 2017. The debentures can be converted at a value of $0.05 into one unit where each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share for $0.05 per share expiring one year from the date of issuance.

The convertible debentures are compound financial instruments containing a liability component and an equity component. The fair value of the liability component at the time of issue of $349,834 was calculated as the discounted cash flows for the convertible debenture assuming a 12% interest rate which was based on the estimated market interest rate for debt financing without a conversion feature. The fair value of the equity component (conversion feature) of $15,166 was determined at the time of issue as the difference between the fair value of the compound convertible debenture and the fair value of the liability component.

On September 26, 2017, holders of $70,000 of convertible debentures exercised their rights under the agreement and converted their debentures into 1,400,000 common shares and 1,400,000 share purchase warrants.

7. Demand Loan

In November 2017, ReECO Tech Electronic Conversions Ltd. acquired all of the liquidated assets of ERS International, a Toronto based electronics recycling firm. Pursuant to the acquisition, the Corporation has agreed to purchase the assets of ERS for a purchase price of $506,179 as well as assumption of premises security deposit of $40,000. In consideration for the purchase of the assets of ERS International, Sparta issued a demand note payable of $546,179 bearing interest at 11%.

8. Obligation Under Capital Lease

ReECO Conversions Technologies entered into a capital lease for a term of 48 months with monthly payments of principal and interest of $2,275. There is an option to purchase for $1 at the end of the lease. The interest rate is 2.1%.

9. Equipment

	March 31, 2018		
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Computer equipment	7,680	2,692	4,988
Equipment	553,124	116,031	437,093
Vehicles	231,500	34,395	197,105
	792,304	153,118	639,186

	September 30, 2017		
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Equipment	26,070	3,543	22,527
Vehicle	76,500	9,527	66,973
	102,570	13,070	89,500

10. Share Capital

Authorized

The authorized share capital of the Corporation consists of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares, issuable in series. The rights, privileges, restrictions and conditions attached to the preferred shares are to be determined by the Directors of the Corporation at time of issuance. There are no preferred shares issued or outstanding as at December 31, 2017.

Issued

On October 28, 2016 the Corporation completed the third tranche of an 18,800,000 unit offering by issuing 4,366,000 units at $0.05 per unit for gross proceeds of $218,300. Each unit is comprised of one common share and one share purchase warrant of the Corporation. Each warrant entitles the holder to acquire an additional common share at a price of $0.05 per common share for up to twelve months from the date of issuance. If the volume weighted average trading price of the common shares is greater than $0.14 for 20 consecutive business days prior the warrant expiry date, the warrant expiry date may be accelerated, in the Corporation's sole discretion, to 30 business days from the date acceleration event.

In connection with the units issued on October 28, 2016, on November 7, 2016 1,026,000 warrants were exercised to purchase one common share for $0.05 each for gross proceeds of $51,300. Subsequent to September 30, 2017, the remaining balance of 3,340,000 share purchase warrants expired.

In connection with the purchase of SuperNova (Note 5), the Corporation issued 9,849,750 common shares and 6,196,000 share purchase warrants as consideration for the purchase of all outstanding shares of the company.

On September 26, 2017, holders of convertible debentures with a total value of $70,000 exercised their conversion rights and were issued 1,400,000 common shares and 1,400,000 share purchase warrants of the Corporation.

On March 6, 2016, 5,690,000 warrants were exercised for $0.05 each for gross proceeds of $284,500. Cash payments of $97,500 were received for the exercise of the warrants, with the remaining exercised in exchange for consulting service fees.

In December, Sparta completed an equity financing by issuing 10,000,000 common shares at $0.05 per share for proceeds of $500,000.

Options

A summary of the Corporation 's outstanding stock options as at March 31, 2018 and September 30 2016, and the changes for the years then ended, is as follows:

	Number of options	Weighted average exercise price
		$
Balance, September 30, 2016	**5,075,000**	**0.08**
Expired	(550,000)	(0.10)
Cancelled	(1,125,000)	(0.10)
Balance, September 30, 2017	**3,400,000**	**0.06**
Issued	5,588,000	(0.05)
Balance, December 31, 2017 & March 31, 2018	**8,988,000**	**0.05**

During the fiscal 2017 year, 550,000 options expired, and 1,125,000 options were cancelled in accordance with Sparta's stock option plan.

On November 20, 2017, the Corporation granted stock options to certain officers, directors and consultants for the purchase of 3,588,000 common shares of the Corporation at an exercise price of $0.05 per common share. These options will expire on November 20, 2022. The options vested immediately.

In addition, on November 20, 2017, Sparta granted stock options in accordance with certain consulting agreements for the purchase of 2,000,000 shares in Re-Eco Tech Electronic Conversions Ltd., a majority owned subsidiary of the Corporation. The stock options are exercisable at a price of $0.05 per common share and expire on November 20, 2022. The options vest when certain sales milestones are met in accordance with the agreement.

2017

Exercise Price	Options Outstanding	Options Vested	Weighted Average Remaining Contractual Life (Years)
$0.05	8,388,000	6,388,000	4.71
$0.10	600,000	600,000	0.71
	8,988,000	**6,988,000**	**4.44**

Warrants

A summary of the Corporation ‘s share purchase warrants and the changes for the years then ended, is as follows:

	Number of Warrants	Amount $
Balance, September 30, 2016	-	-
Issued	4,366,000	87,320
Exercised	(1,026,000)	(20,520)
Issued in acquisition of SuperNova (i)	6,196,000	114,532
Issued on conversion of convertible debentures	1,400,000	14,000
Balance, September 30, 2017 and March 31, 2018	**10,936,000**	**195,332**

(i) In connection with the acquisition of SuperNova, Sparta issued 6,196,000 warrants (Note 5). Each warrant was issued at with similar terms as the SuperNova warrants that were replaced. Each warrant entitles the holder to purchase one common share at a price between $0.05 and $1.25.

Warrants issued (Note 5)	Exercise price ($)
1,000,000	0.05
4,996,000	0.25
200,000	1.25
6,196,000	

The fair value of the 6,196,000 warrants of $114,532 was calculated on July 5, 2017, the date of grant, using the Black-Scholes option pricing model. The assumptions applied by Sparta in this calculation were: a) expected dividend yield 0%, b) volatility 217%, c) risk-free interest rate 1.14%, d) expected life of 1 year.

March 31, 2018

Warrants Outstanding	Exercise price ($)	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)
5,740,000	0.05	0.03	0.42
4,996,000	0.25	0.11	0.76
200,000	1.25	0.02	0.76
10,936,000		**0.16**	**0.58**

11. Related Party Transactions and Balances

As at March 31, 2018, included in loans receivable is $30,100 (September 30, 2017 - $46,633) related to advances made to SETA Group, a company controlled by a Director of the Corporation.

Key management compensation

Key management includes the Corporation's Directors, the CEO, CFO and President.

For the six months ended March 31,	2018	2017
Consulting fees	74,283	90,000

12. Capital Management

The Corporation's objectives when managing capital is to safeguard its ability to continue as a going concern by providing adequate working capital and maintaining cash on hand. The Corporation defines capital as the Corporation's shareholders' equity and loans and borrowings. At March 31, 2018 shareholders' deficit was $1,415,976 (September 30, 2017 – $989,110 shareholders' equity) and loans and borrowings were $2,109,082 (September 30, 2017 - $1,469,349). The Corporation manages its capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares or obtain debt financing. The Corporation is not currently subject to any externally imposed capital requirements.

Management anticipates that, based on the amount required to fund expenses associated with the execution of the Corporation's current business plan, considering the limited working capital and the Corporation's projected level of future income, the Corporation is expected to require an injection of capital through debt or equity financing to meet its normal operating requirements for the next 12 months. Additional capital requirements are dependent on the extent of future revenues and expenses related to product development, manufacturing, sales and promotion and in consideration of results of the evaluation of other business growth opportunities and associated capital requirements. Additional liquid capital may be sourced from the issuance of share capital, debt financing or from potential government funding in support of development of export markets.

13. Fair Value and Financial Risk Management

Fair Value

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short period to maturity of the instruments. The fair value of loans payable, notes payable and convertible debentures are not materially different that carrying value.

Level 1 Fair Value Measurements are based on unadjusted quoted market prices. Cash is measured based on this approach.

Level 2 Fair Value Measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. The Corporation currently has no items recorded under this approach.

Level 3 Fair Value Measurements are based on unobservable information. The Corporation currently has no items recorded under this approach.

The Corporation's policy is to recognize transfers between fair value hierarchy levels as of the date of the event or change in circumstances which caused the transfer. There were no transfers in or out of any levels fair value hierarchy during the year ended March 31, 2018.

Financial risk management

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized as follows:

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's trade receivables.

The Corporation has $850,597 (September 30, 2017 - $369,490) of accounts receivable from four customers (2017 – one), which represents 81 % (September 30, 2017 - $30%) of total accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation's objective in managing liquidity risk is to maintain sufficient liquidity to meet liabilities when due by holding sufficient cash and cash equivalents to settle current liabilities and meet its anticipated working capital requirements. The Corporation had a cash balance at March 31, 2018 of $933,565 (September 30, 2017 – $935,390) and a working capital deficit of $1,988,752 (September 30, 2017 – $1,078,610).

In order to meet the Corporation's anticipated working capital requirements, it will be required to attract additional funds through the issue of debt, equity or other business means to further the development of the Corporation's products and to provide sufficient working capital. The Corporation monitors its working capital position and makes changes or reductions in expenditures to help sustain sufficient liquidity to meet liabilities on a timely basis.

Market Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Corporation is exposed to currency risk on its U.S. dollar denominated bank accounts. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

14. Net Loss Per Share

Basic and diluted loss per share have been calculated based on the net loss divided by the weighted average number of common shares outstanding for the year to date March 31, 2018 and 2017. The weighted average number of common shares basic and diluted is as follows:

	2018	2017
Weighted average common shares	166,295,990	149,147,473
Balance, March 31	166,295,890	149,147,473

For the year ended March 31, 2018 the weighted average outstanding calculation excludes the following instruments that are contingently issuable as they are anti-dilutive:

- 8,988,000 options (2017 – 4,525,000)
- 10,936,000 warrants (2017 – 3,340,000).
- 5,900,000 shares and 5,900,000 warrants related to the convertible debentures (2017 – nil).

15. Commitments

On June 1, 2015 Illumineris entered into distribution agreement with Jessup Manufacturing of McHenry IL. to become a distributor of Jessup Manufacturing products. The sales territory is Canada and the initial term of the agreement is two years which automatically renews for successive one-year periods. Under the terms of the agreement, Illumineris is limited to distributing Jessup products and will refrain from offering any competing products. In connection with the distribution agreement, Illumineris signed a General Security Agreement which gives Jessup Manufacturing a charge over all assets of Illumineris.

The Corporation leases trailers which require future annual payments of $168,000 in 2018.

16. Subsequent Event

On May 24, 2018 Sparta Capital Ltd. announced that Re-ECO Tech™ Property Conversions Ltd. completed the acquisition and refinancing of a residential development property in Picton, Ontario. The Property was purchased for $6,525,000.00 and is being refinanced with a new mortgage in the principal amount of $5,170,000.00 with an institutional lender at industry standard rates and terms.

17. Segmented reporting and non-controlling interest

A reconciliation of the Corporation and its material subsidiaries, Illumineris and ReECO Tech, for the six months ending and as at March 31, 2018 and 2017 is as follows. All inactive and immaterial subsidiaries have been included in Sparta.

For the six months ending and as at March 31, 2018

	ReECO Tech Electronics	Illumineris	ReECO Tech Conversions	Sparta	Total
	$	$	$	$	$
Current assets	471,838	687,669	1,677,401	389,387	3,226,295
Non-current assets	464,681	-	155,309	19,196	639,186
Current liabilities	(732,241)	(534,334)	(2,356,428)	(1,592,044)	(5,215,047)
Inter-company balances	(664)	(471,683)	(560,754)	1,033,101	-
Net assets (liabilities)	203,614	(318,348)	(1,084,472``)	(150,360)	(1,349,566)
Revenue	1,875,810	1,081,620	2,651,428	-	5,608,858
Expenses	1,876,632	1,159,438	3,367,540	72,306	6,475,916
Net income (loss) and comprehensive income (loss)	(822)	(77,818)	(716,112)	(72,306)	(867,058)
Net income (loss) and comprehensive income (loss) attributable to shareholders	(419)	(39,687)	(364,805)	(72,306)	(477,217)
Net income (loss) and comprehensive income (loss) attributable to non-controlling interest	(403)	(38,131)	(351,307)	-	(389,841)

All inter-company balances have been fully eliminated upon consolidation.

For the six months ending and as at March 31, 2017

	Illumineris	ReECO Tech	Sparta	Total
	$	$	$	$
Current assets	244,563	1,342,059	130,254	1,716,876
Non-current assets	-	9,424	4,829	14,253
Current liabilities	(248,701)	(831,822)	(375,458)	(1,455,981)
Inter-company balances	(342,504)	(425,954)	768,458	-
Net assets (liabilities)	(346,642)	93,707	528,083	275,148
Revenue	425,821`	2,675,935	-	3,101,756
Expenses	476,917	2,610,382	331,631	3,418,930
Net income (loss) and comprehensive income (loss)	(51,096)	65,553	(331,632)	(317,175)
Net income (loss) and comprehensive income (loss) attributable to shareholders	(26,059)	25,048	(331,632)	(332,643)
Net income (loss) and comprehensive income (loss) attributable to non-controlling interest	(25,037)	40,505	-	15,468

All inter-company balances have been fully eliminated upon consolidation.