SPARTA CAPITAL LTD.
(o/a SPARTA GROUP)

UNAUDITED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
DECEMBER 31, 2020 AND 2019

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These unaudited consolidated interim financial statements of Sparta Capital Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Sparta Capital Ltd.

Unaudited Consolidated Interim Statements of Financial Position

As at	Note	December 31 2020	September 30 2020
		$	$
Assets			
Current assets			
Cash		839,738	612,496
Accounts receivable		537,164	717,094
Inventories		61,146	61,146
Prepaid expenses		44,740	49,850
		1,482,788	1,440,586
Other receivables	5	355,788	355,788
Property and equipment	6	264,287	287,152
Right-of-use asset	7	868,179	944,784
		2,971,042	3,028,310
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		505,059	636,307
Deferred revenue		-	5,001
Notes payable	8c	803,410	802,098
Loans payable	8a	997,624	991,685
Current portion of lease liability of right-of-use asset	7	309,632	303,688
		2,615,725	2,738,779
Convertible debentures payable	8b	98,798	95,078
Long term portion of lease of right-of-use asset	7	618,106	697,260
		3,332,629	3,531,117
Shareholders' equity (deficit)			
Share capital		9,502,071	9,502,071
Share subscription receivable		(20,000)	(20,000)
Warrants		1,309	1,309
Contributed surplus		1,297,527	1,297,527
Equity portion of convertible debentures		29,559	29,559
Deficit		(11,090,715)	(11,131,197)
Total equity attributable to the equity holders of the Corporation		(280,249)	(320,731)
Equity attributable to non-controlling interest		(81,338)	(182,076)
		(361,587)	(502,807)
		2,971,042	3,028,310

Going concern 2

Approved on behalf of the Board:

Signed: *"Peter Quattrociocchi"* Signed: *"John O'Bireck"*

Director Director

Sparta Capital Ltd.

Unaudited Consolidated Interim Statements of Comprehensive Loss

For the three-month periods ending December 31	Note	**2020**	**2019**
		$	$
Revenue		1,453,451	1,396,491
Expenses			
Transportation		14,411	2,987
Product costs		299,064	393,793
Amortization of right-of-use asset		76,604	-
Amortization of property and equipment		22,866	23,395
Automotive		15,430	15,823
Business development		2,423	20,217
Consulting fees		212,711	172,941
Equipment rental		472	157
Insurance		30,389	23,487
Bank charges and interest		40,438	37,292
Licenses and fees		14,378	9,467
Office		59,529	27,021
Professional fees		-	19,496
Occupancy		1,950	81,215
Repairs and maintenance		88,160	63,485
Salaries and benefits		415,346	400,178
Accretion on convertible debentures		3,720	19,691
Marketing		16,042	230
Exchange (gains) losses		(1,702)	40,279
		1,312,231	1,351,154
Income from operations		141,220	45,337
Loss on disposition of control of subsidiary	10	-	(204,705)
Net income (loss) and comprehensive income (loss) for the period		141,220	(159,368)
Net income (loss) and comprehensive income (loss) attributable to:			
Shareholders		(15,618)	(339,673)
Non-controlling interests		156,838	180,305
		141,220	(159,368)
Net income (loss) per share Basic and diluted		0.000	(0.000)

Sparta Capital Ltd.

Unaudited Consolidated Interim Statements of Changes in Equity

	Number of common shares	Share capital $	Contributed surplus $	Warrants $	Share subscription receivable $	Equity portion of convertible debentures $	Deficit $	Non-controlling interest $	Total $
Balance October 1, 2020	202,870,590	9,502,071	1,297,527	1,309	(20,000)	29,559	(11,131,197)	(182,076)	(502,807)
Non-controlling interest	-	-	-	-	-	-	56,100	(56,100)	-
Net income (loss) for the period	-	-	-	-	-	-	(15,618)	156,838	141,220
Balance December 31, 2020	202,870,590	9,502,071	1,297,527	1,309	(20,000)	29,559	(11,090,715)	(81,338)	(361,587)
Balance October 1, 2019	182,265,090	8,652,638	1,450,05	1,309	(20,000)	110,039	(10,294,858)	(2,055,454)	(2,156,274)
Disposition of control of subsidiary	-	-	(152,525)	-	-	-	(204,704)	1,933,537	1,576,308
Issuance of convertible debentures	-	-	-	-	-	48,369	-	-	48,369
Loss for the period	-	-	-	-	-	-	(134,968)	180,305	45,337
Non-controlling interest	-	-	-	-	-	-	18,690	-18,690	-
Balance December 31, 2019	182,265,090	8,652,638	1,297,527	1,309	(20,000)	158,408	(10,615,840)	39,698	(486,260)

Sparta Capital Ltd.

Unaudited Consolidated Interim Statements of Cash Flows

For the three-month periods ending December 31	Note	2020	2019
		$	$
Cash provided by (used in):			
Operations:			
Net income (loss) and comprehensive loss for the period		141,220	(159,368)
Items not involving cash:			
Disposition of control of subsidiary		-	143,837
Amortization of property and equipment		22,866	23,395
Accretion on convertible debentures		3,720	19,691
Amortization of right-of-use asset		76,604	-
Change in non-cash working capital:			
Accounts receivable		179,930	(109,011)
Inventories		-	2,781
Prepaid expenses		5,110	58,274
Accounts payable and accrued liabilities		(131,248)	(219,368)
Deferred revenue		(5,001)	(15,702)
Current portion of lease liability of right-of-use asset		5,944	-
Cash flows from operations		299,145	(255,471)
Investing:			
Loans receivable		-	(27,002)
Disposition of control of subsidiary		-	1,000
Cash flows used in investing		-	(26,002)
Financing:			
Convertible debentures		-	180,000
Loan proceeds		5,939	5,940
Repayment of lease liability		(79,154)	-
Notes payable		1,312	1,196
Cash flows from financing		(71,903)	187,136
Increase (decrease) in cash		227,242	(94,337)
Cash, beginning of period		612,496	436,034
Cash, end of period		839,738	341,697

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 390 Bay Street, Suite 1400, Toronto, ON M5H 2Y2 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.

Sparta Group is a technology-based company that owns or holds a controlling interest in a network of independent businesses that supply energy saving technologies designed to reduce energy inefficiencies, achieve reduced emissions and increase operating efficiencies in various industries. Over the past three years, the Corporation offerings included three different environmentally centered market verticals that were executed through the formation of majority-controlled corporations and exclusive licensing agreements.

While Sparta will continue to focus on the upcycling of waste materials and sources of waste energy, in response to the COVID-19 crisis, Sparta has also expanded its scope to help facilitate supply of necessary materials while assisting talented inventors who are looking to introduce innovative technical solutions that will bring greater normalcy to the post COVID-19 world, especially as it relates to the transportation sector.

Sparta’s network of independent businesses provides a wide range of specialized energy capturing, converting, optimizing, and related services to the commercial sector. Sparta provides capital, technical and engineering expertise, legal support, financial and accounting knowledge, strategic planning and other shared services to its independent businesses. Our efforts can already be evidenced by our diversion and/or sequestration of more than one Million kg of CO_2 and our gainful employment of more than seventy people who are helping accomplish these results.

The following is a brief summary of the existing divisions:

- **Sparta Energy Capture & Upcycle - a.k.a. Illumineris** is the collective term for a group focused on upcycling "lost" or "wasted" energy. Illumineris provides a complimentary suite of technologies to assist its commercial and industrial clients in receiving value from wasted sources of energy within their existing power systems; with zero cost outlay. This includes; peak power mitigation systems through energy storage technology - eliminating black-out and brown-out conditions while significantly reducing global adjustment charges; power-factor and harmonic mitigation that brings plant voltages and currents back in sync while cleaning the electronic power systems - reducing costs through efficiencies and maintenance; LED lighting retrofits - cutting consumption by 60% - 80%; photoluminescent safety products that provide required safety lighting systems with zero energy costs; and IoT (Internet of Things) monitoring systems that can measure, monitor and optimize various energy systems in commercial and manufacturing facilities; all intended to help reduce power losses and corresponding costs.
- **Sparta Material Upcycling - a.k.a. Re-ECO Tech** is the collective term for a group of conversion technology companies that collect waste materials with a focus on upcycling such waste streams into new environmentally valuable materials that are not only beneficial to our planet but are economically feasible as well. Re-ECO Tech's services provide viable options for helping manufacturers reduce waste, save resources, save money and lower their carbon footprint. This includes; Re-ECO Tech Electronics Ltd. ("Re-ECO Tech Electronics") (o/s ERS-International) - an electronics recycling company focusing on upcycling end-of-life electronic components resulting from our ever-increasing rate of change in electronic technology, Re-ECO Tech Conversion (where Sparta now holds a minority position) - focuses on sequestering $C0_2$ emissions through waste diversion and converting biomass waste into consumables and Re-ECO Tech Property (where Sparta now holds a minority position) - is a division focused on investing in early stage property development where the Corporation can look to utilize earnings together with existing synergies to implement the technologies from other business units into "smart", net-zero ready, environmentally responsible community developments; designed with concern for our planet in mind.

- **Sparta Innovation - a.k.a. SuperNova** is focused on cutting-edge green initiatives, especially related to combustion, the transportation sector and storage technology. SuperNova, opens up new opportunities and initiatives and will look to explore new ventures including, but not limited to, extraction of energy from base minerals, efficient products capable of powering novel generation systems and gas to electricity conversion. Under the SuperNova banner also resides the newly formed TruckSuite Canada division, which is a technology-driven support program that provides fleet Owners/Operators with many of the necessary tools to be competitive in their market. TruckSuite™ offers comprehensive maintenance, including roadside emergency assistance; emergency repair with competitive pricing for parts and labour; complete warranty coverage; as well as TripVision®, an integrated vehicle health and safety management system that presents vital information in an easy-to-understand format saving both time and money. In short, TruckSuite™ encourages driver retention between the fleet and independent owner/operator. Also under the SuperNova banner resides the the newly formed Sparta Health Group company. Sparta Health was initially established to provide a more streamlined process for accessing PPE (Personal Protective Equipment), so as to save time and stress for many in the most vulnerable sectors, but has expanded to help bring solutions developed within our TruckSuite™ division to additional market verticals.

The voting-controlled subsidiaries of the Corporation, Sparta's equity interest therein and their principal activities as at December 31, 2020 were as follows:

Name of subsidiary	2020	2019	Principal activity
Re-ECO Tech Electronic Conversions Ltd. ("Re-Eco Tech Electronic")	20%	11%	Electronics recycling and resale
Illumineris Inc.	10%	10%	Product distribution
Illumineris Systematics Inc.	11%	11%	Product distribution and installation
SuperNova Performance Technologies Ltd.	100%	100%	Product development
Sparta Technologies 4 Mining Ltd.	100%	100%	Product development
Newport Environmental Technologies Ltd.	100%	100%	Inactive

The Corporation's equity interest is net of non-controlling interests. Non-controlling interests result from shares of subsidiaries issued to parties other than the Corporation which includes voting and non-voting shares. Ownership structures of subsidiaries that are not wholly owned include shares held in trust by an external trustee for future issuance to employees and consultants.

During Q1, 2018 the Corporation divested its 51% voting interest common share position in Picton Heights Ltd. ("Picton") (formerly Re-ECO Tech Property Conversions Ltd.), retaining a 10% non-voting participating equity interest in the company, thus delivering similar upside as when under majority control but minimizing potential risks often associated with rental properties. The disposition was to a purchaser arm's length to the Corporation. In a similar fashion, during Q1, 2020 the Corporation divested its 51% voting interest common share position in ReECO Tech Conversions, retaining a 10% non-voting participating equity interest in the company, thus delivering similar upside as when under majority control but minimizing risks.

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 three-month period ending December 31, 2020, the Corporation realized a net income from operations of \$141,220 (2019 – \$45,337), has a working capital deficit of \$1,132,937 (2019 - \$1,298,193) and positive cash flow from operations of \$299,145; (2019 – negative cash flow from operations of \$255,471).

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 attain profitable operations 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 material adjustments could be necessary to the balance sheet classifications and carrying values of assets and liabilities.

During the period ended December 31, 2019, the Corporation issued 10% convertible debentures for gross proceeds of $180,000.

3. Basis of Presentation

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and were authorized for issue by the Corporation's Board of Directors on January 28, 2021.

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 so as 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, the proportionate amount of 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.

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 and by their nature.
- Fair value of investments in securities not quoted in an active market or private company investments.

- Recoverable amounts from loans and notes receivable.
- The fair value attributable to liability and equity components in convertible debentures.

(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.
- Accounting for non-controlling interest - subsidiary shares issued and held in trust for employees or consultants is treated as non-controlling interest since, due to the arrangement and intention, the related portion of income and equity is not expected to attribute to shareholders of the Corporation.

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, 2020.

5. Other receivables

Balances consist of the following:

As at,	**December 31, 2020**	**September 30, 2020**
	$	$
Note receivable	61,000	61,000
Assigned receivable	200,000	200,000
Advanced receivable	94,788	94,788
	355,788	**355,788**

6. Property and equipment

			December 31, 2020
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Equipment	371,942	156,093	215,849
Vehicles	155,000	106,562	48,438
	526,942	**262,655**	**264,287**

			September 30, 2020
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Equipment	371,942	142,915	229,027
Vehicle	155,000	96,875	58,125
	526,942	**239,790**	**287,152**

7. Right-of-use asset and lease liability

Right of use asset

December 31, 2020	Building lease
Cost	
Balance, beginning of year	1,532,081
Additions	-
Balance, end of year	**1,532,081**
Accumulated amortization Balance,	
Balance beginning of year	587,297
Amortization expense	76,604
Balance, end of year	**663,901**
Net book value	
Balance, beginning of year	944,784
Balance, end of year	**868,179**

Lease liability

December 31, 2020	Building
Balance, beginning of year	1,000,948
Lease interest expense	11,615
Repayments during the year	(84,825)
Balance, end of year	**927,738**

Current portion	309,632
Non-current portion	618,106

The Corporation is committed to building premise lease payments as follows;

2021	$ 355,521
2022	356,873
2023	356,873
2024	29,739
	$1,099,006

8. Loans and borrowings

a. Loans payable consist of the following:

As at December 31,	2020	2019
	$	$
Fixed rate loans assumed in respect to SuperNova, with interest at 3% per annum and no fixed terms of repayment.	997,624	973,866

b. Convertible debentures

As at December 31,	2020	2019
	$	$
Beginning balance	95,078	309,634
Issuance of convertible debentures	-	180.000
Less: equity portion of convertible debentures	-	(48,369)
Accretion expense	3,720	19,691
	98,798	**455,956**

On August 30, 2019, the Corporation issued 41 convertible debentures for gross proceeds of $410,000. The convertible debentures are unsecured with an interest rate of 10% per annum, maturing August 30, 2021. The convertible debentures are convertible into:

i. one common share at an exercise price of $0.05 per common share in the first twelve months from the date of issuance and thereafter at a conversion rate of the greater of $0.10 per common share and the Market Price (as such term is defined in the policies of the TSX Venture Exchange); and

ii. one share purchase warrant entitling the holder thereof to purchase one common share for $0.05 per common share expiring twenty-four months 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 $299,961 was calculated as the discounted cash flows for the convertible debenture assuming a 25% 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 $110,039 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 30, 2020, holders of the above convertible debentures exercised their rights under the agreement and converted their debentures into 8,200,000 common shares and 8,200,000 share purchase warrants.

On October 4, 2019 the Corporation issued an additional 18 convertible debentures for gross proceeds of $180,000, at the same terms as those issued on August 30,2019. These convertible debentures are also compound financial instruments containing both a liability and equity component. The fair values of the components of these debentures were calculated using the same methodology as those issued on August 30, 2019 - see above. The liability and equity components were determined to be $121,631 and $48,369 respectively.

On September 30, 2019 holders of 7 of the convertible debentures issued on October 4, 2019 exercised their rights to convert their debentures into 1,400,000 common shares and 1,400,000 share purchase warrants.

c. Notes payable consist of the following

As at December 31,	2020	2019
	$	$
Fixed rate promissory note assumed in respect to the SuperNova acquisition, with compounding interest at 3% annually and no fixed terms of repayment.	273,168	267,918
Fixed rate promissory note issued as consideration for assets purchased in Re-Eco Tech Electronic with interest at 11% per annum and no fixed terms of repayment.	530,242	530,242
	803,410	**798,160**

9. Share Capital

Authorized

The authorized share capital of the Corporation consists of an unlimited number of common shares without nominal or par value, 50,000,000 non-voting 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) and an unlimited number of special non-voting shares. There are no preferred shares and no non-voting special shares issued or outstanding as at September 30, 2020.

Issued

During the year ended September 30, 2020, the Corporation completed a private placement of 10,000,000 units for gross proceeds of $250,000. The issue price for the units being $0.025 per unit, with each unit being comprised of one common share and one-half share purchase warrant exercisable at $0.05 - and one-half share purchase warrant exercisable at $0.10. Each whole warrant entitles the holder to acquire an additional common share for up to twenty-four (24) months following the date of issuance

During the year ended September 30, 2019, the Corporation completed a private placement of 1,100,000 units for gross proceeds of $55,000. The issue price for the units being $0.05 per unit, with each unit being comprised of one common share and one share purchase warrant, with each warrant entitling the holder to acquire an additional common share at a price of $0.11 per common share for up to twenty-four (24) months following the date of issuance.

Options

A summary of the Corporation‘s outstanding stock options as at December 30, 2020 and 2019, and the changes for the years then ended, is as follows:

	Number of Options	Weighted average Exercise price
		$
Balance, September 30, 2018	**8,238,000**	**0.05**
Granted	2,035,000	0.07
Balance, September 30, 2019	**10,273,000**	**0.05**
Expired	(2,880,000)	-
Balance, September 30, 2020	**7,473,000**	**0.04**
Issued	-	-
Balance, December 31, 2020	**7,473,000**	**0.04**

During the year ended September 30, 2020 2,800,000 stock options expired.

On November 1, 2018, the Corporation granted stock options to an officer and consultants for the purchase of 2,035,000 common shares of the Corporation at an exercise price of $0.07 per common share. These options will expire on November 1, 2023. The options vested immediately. Stock-based compensation expense of $89,500 was recorded based on the fair value of the stock options on the date of grant using the Black-Scholes option pricing model. The assumptions applied by the Corporation in this calculation for the fair value of the options at the date of grant were: a) dividend yield 0%, b) volatility 100%, c) risk-free rate 2.38%, d) forfeiture rate of 0%, e) expected life of 5 years.

The following summarizes the outstanding share options;

Exercise Price	**Options Outstanding**	**Options Exercisable**	**Weighted Average Remaining Contractual Life (Years)**
$0.05	5,438,000	5,438,000	1.92
$0.07	2,035,000	2,035,000	2.83
	7,473,000	**7,473,000**	**2.14**

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, 2019	**1,177,000**	**1,309**
Issued	16,640,000	-
Exercised	(965,500)	-
Expired	-	-
Balance, September 30, 2020	**19,851,500**	**1,309**
Issued	-	-
Exercised	-	-
Expired	-	-
Balance, December 31, 2020	**19,851,500**	**1,309**

10. Disposition of controlling interest in Re-ECO Tech Conversion Technologies Ltd. ("Conversions")

On October 1, 2019, the Corporation divested its controlling interest in the common shares of Conversions. The disposition was to an arm's length purchaser.

Net liabilities derecognized October 1, 2019

	$
Cash	60,868
Accounts receivable	576,658
Prepaid expenses	91,500
Property and equipment	196,937
Accounts payable and accrued liabilities	(2,248,968)
Lease obligations	(53,302)
Notes and loans payable	(615,777)
Special shares/Contributed surplus	(152,525)
Non-controlling interest	1,933,537
Gain associated with disposition of control	211,072
Valuation adjustment on notes and loans payable	(415,776)
Net loss with disposition of control	(204,704)

At the date of sale, the Corporation retained a demand loan receivable from Conversions in the amount of $615,777. The loan receivable is unsecured and non-interest bearing and was adjusted to current estimated net realizable value.

11. Related Party Transactions and Balances

As at December 31, 2020, included in loans receivable is $95,954 (September 30, 2020 - $68,955) related to advances made to SETA Group, a company controlled by a Director of the Corporation.

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 December 31, 2020 the shareholders' deficit was $280,249 (September 30, 2020 – $320,731) and loans and borrowings were $2,827,570 (September 30, 2020 – $2,889,809). The Corporation manages its capital structure and makes adjustments to it in light of 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, taking into account the working capital deficit 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 fair value of cash, accounts receivable, notes receivable, accounts payable and accrued liabilities approximate their carrying value due to the relatively short period to maturity of the instruments. The fair value of loans payable, notes payable and mortgage payable approximate their carrying value as the interest rates are consistent with the current market rates.

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 $188,023 (September 30, 2020 $331,927) of accounts receivable from one customer (September 30, 2020 – one), which represents 35% (September 30, 2020 - 46%) 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 December 31, 2020 of $839,738 (September 30, 2020 – $612,496) and a working capital deficit of $1,132,937 (September 30, 2020 – $1,298,193).

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 period ended December 31, 2020 and 2019. The weighted average number of common shares basic and diluted is as follows:

	December 31, 2020	**December 31, 2019**
Weighted average common shares	202,870,590	182,265,090
Balance, December 31	**202,870,590**	**182,265,090**

15. Economic Dependence

Sparta Capital Ltd. earned $536,728, which represents 37% of its revenue, from two customers during the period ended December 31, 2020; $418,776 - representing 30% of its revenue, from four customers for the period ended December 31, 2019).

16. Segmented reporting and non-controlling interest

A reconciliation of the Corporation and its material subsidiaries, Illumineris and ReECO Tech, for the three months ending and as at December 31, 2020 and 2019 is as follows. All inactive and immaterial subsidiaries have been included in Sparta.

For the three months ending and as at December 31, 2020	Illumineris	ReECO Tech	Sparta	Total
	$	$	$	$
Current assets	189,936	1,150,743	142,109	1,482,788
Non-current assets	-	1,124,435	363,819	1,488,254
Current liabilities	(128,993)	(1,076,168)	(1,410,564)	(2,615,725)
Non-current liabilities	-	(618,106)	(98,798)	(716,904)
Inter-company balances	(245,458)	(482,977)	728,435	-
Net assets (liabilities)	(184,515)	97,927	(274,999)	(361,587)
Revenue	84,260	1,342,152	27,039	1,453,451
Expenses	69,824	1,162,347	80,060	1,312,231
Gain on disposition of control of subsidiary	-	-	-	-
Intercompany transactions	-	-	-	-
Net income (loss) and comprehensive income (loss)	14,436	179,805	(53,021)	141,220
Net income (loss) and comprehensive income (loss) attributable to shareholders	1,442	35,961	(53,021)	(15,618)
Net income (loss) and comprehensive income (loss) attributable to non-controlling interest	12,994	143,844	-	156,838

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

For the three months ending and as at December 31, 2019				
	Illumineris	ReECO Tech	Sparta	Total
	$	$	$	$
Current assets	132,535	988,064	679,504	1,800,103
Non-current assets	-	345,207	12,131	357,338
Current liabilities	(81,970)	(704,011)	(1,401,764)	(2,187,745)
Non-current liabilities	-	-	(455,956)	(455,956)
Inter-company balances	(230,426)	(420,564)	650,990	-
Net assets (liabilities)	(179,861)	208,696	(515,095)	(486,260)
Revenue	65,652	1,330,839	-	1,396,491
Expenses	(64,721)	(1,129,292)	(157,141)	(1,351,154)
Loss on disposition of control of subsidiary	-	-	(204,705)	(204,705)
Intercompany transactions	-	-	-	-
Net income (loss) and comprehensive income (loss)	931	201,547	(361,846)	159,368
Net income (loss) and comprehensive income (loss) attributable to shareholders	3	22,170	(361,846)	(339,673)
Net income (loss) and comprehensive income (loss) attributable to non-controlling interest	928	179,377	-	180,305

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