SPARTA CAPITAL LTD.

UNAUDITED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
MARCH 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	March 31 2020 $	September 30 2019 $
Assets			
Current assets			
Cash		268,238	436,034
Accounts receivable		1,373,887	1,371,321
Inventories		107,155	109,936
Prepaid expenses		72,422	214,561
Loans and notes receivable		355,788	61,000
Receivable from related parties	6		-
		2,177,490	2,192,852
Loan Receivable		-	94,788
Property and equipment		333,930	577,671
		2,511,420	2,865,311
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		525,180	2,883,028
Deferred revenue		29	15,731
Notes payable	5	799,473	796,964
Loans payable	5	979,805	967,926
Current portion of obligation under capital lease		-	26,981
Mortgage loan		-	
		2,304,487	4,690,630
Convertible debentures payable	5	480,477	304,634
Obligation under capital lease		-	26,321
		2,784,964	5,021,585
Shareholders' equity (deficit)			
Share capital	7	8,652,638	8,652,638
Share subscription receivable		-20,000	-20,000
Warrants	7	1,309	1,309
Contributed surplus		1,297,527	1,450,052
Equity portion of convertible debentures	5b	158,408	110,039
Deficit		-10,725,969	-10,294,858
Total equity attributable to the equity holders of the Corporation	15	-636,087	-100,820
Equity attributable to non-controlling interest	15	362,543	-2,055,454
		-273,544	-2,156,274
Going concern	2	2,511,420	2,865,311

Approved on behalf of the Board:

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

Director Director

SPARTA CAPITAL LTD.

Unaudited Consolidated Interim Statements of Comprehensive Income (Loss)

	Note	Three months ended March 31 2020	Three months ended March 31 2019	Six months ended March 31 2020	Six months ended March 31 2019
Revenue		1,909,329	2,263,866	3,305,820	5,320,564
Expenses					
Transportation		157,804	226,692	160,791	854,763
Product costs		574,241	433,641	968,034	851,400
Amortization		23,409	36,614	46,804	73,228
Automotive		32,973	34,003	48,796	47,688
Business development		1,163	15,350	21,380	29,635
Consulting fees		181,827	279,464	354,768	489,919
Equipment rental		472	97,896	629	273,262
Insurance		23,209	39,718	46,696	93,698
Interest and bank charges		37,352	31,167	74,644	125,968
Financing fees		-	-	-	9,375
Licenses and fees		15,507	13,298	24,974	22,825
Office		34,475	28,393	61,496	91,859
Professional fees		19,650	61,740	39,146	98,484
Occupancy		113,225	152,343	194,440	271,143
Property expenses		-	-	-	21,314
Repairs and maintenance		64,977	168,238	128,462	394,602
Salaries and benefits		403,914	927,735	804,092	2,117,236
Marketing		14,643	-	14,873	2,170
Accretion on convertible debentures		19,521	-	39,212	-
Exchange (gains) losses		(21,749)	(3,000)	18,530	-3,010
		1,696,613	2,543,292	3,047,767	5,865,559
Income (loss) from operations		212,716	(279,426)	258,053	-544,995
Gain (loss) on disposition of control of subsidiary		-	-	(204,705)	211,436
Net income (loss) and comprehensive income (loss) for the period		212,716	(279,426)	53,348	(333,559)
Net income (loss) and comprehensive income (loss) attributable to:					
Shareholders	15	-110,129	-321,211	-309,195	-283,718
Non-controlling interests	15	322,845	41,785	362,543	-49,841
		212,716	(279,426)	53,348	(333,559)
Net Income (loss) per share Basic and diluted	12	0.001	(0.002)	0.000	(0.006)

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 debenture $	Deficit $	Non-control interest $	Total $
Balance, October 1, 2019	182,265,090	8,652,638	1,450,052	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 debenture	-	-	-	-	-	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)
Income (loss) for period	-	-	-	-	-	-	(110,129)	322,845	212,716
Balance March 31, 2020	182,265,090	8,652,638	1,297,527	1,309	(20,000)	158,408	(10,725,969)	362,543	(273,544)
Balance, October 1, 2018	181,165,090	8,602,797	1,345,752	-	(85,000)	-	(10,032,886)	(1,662,457)	(1,831,794)
Share subscription received	-	-	-	-	65,000	-	-	-	65,000
Loss for the period	-	-	-	-	-	-	37,495	(91,628)	(54,133)
Non-controlling interest	-	-	-	-	-	-	227,075	(227,075)	-
Balance, December 31, 2018	181,165,090	8,602,797	1,345,752	-	(20,000)	-	(9,768,316)	(1,981,160)	(1,820,927)
Private placement	-	44,000	-	11,000	-	-	-	-	55,000
Share issuance cost	-	(3,850)	-	-	-	-	-	-	(3,850)
Income (loss) for period	-	-	-	-	-	-	(321,211)	(41,785)	(279,426)
Non-controlling interest	-	-	-	-	-	-	-	2	2
Balance March 31, 2019	181,165,090	8,642,947	1,345,752	11,000	(20,000)	-	(10,089,527)	(1,939,373)	(2,049,201)

SPARTA CAPITAL LTD.

Unaudited Consolidated Interim Statements of Cash Flows

	Three months ended March 31		Six months ended March 31	
	2020	2019	2020	2019
	$	$	$	$
Cash provided by (used in):				
Operations:				
Net income (loss) and comprehensive income (loss) for the period	212,716	(279,425)	53,348	(333,559)
Items not involving cash:				
Disposition of control of subsidiary	-	-	143,837	(231,634)
Amortization of capital assets	23,409	36,614	46,804	73,228
Accretion on convertible debentures	19,521	-	39,212	-
Amortization of financing costs	-	-	-	9,375
	255,646	(242,811)	283,201	(482,590)
Change in non-cash working capital:				
Accounts receivable	(470,213)	(64,442)	-579,224	(44,987)
Inventories	-	(2,500)	2,781	12,500
Prepaid expenses	(7,635)	(6,552)	50,639	(3,407)
Accounts payable and accrued liabilities	109,489	(153,273)	-109,879	53,823
Deferred revenue	-	-	-15,702	(2,800)
Notes payable	-	-	-	-
Current portion of obligation under capital lease	-	-	-	-
Mortgage loan	-	-	-	-
Cash flows from operations	(112,713)	(469,578)	(368,184)	(467,461)
Investing:				
Purchase of equipment	-	-	-	(2,144)
Loans receivable	27,002	-	-	-
Disposition of control of subsidiary	-	-	1,000	-
Cash flows used in investing	27,002	-	1,000	(2,144)
Financing:				
Share subscriptions received	-	-	-	65,000
Proceeds from share issuance	-	40,150	-	40,150
Loan proceeds	5,939	5,940	11,879	11,879
Convertible debentures	5,000	-	185,000	-
Warrants	-	11,000	-	11,000
Obligation under capital lease	-	(6,457)	-	(10,737)
Notes payable	1,313	1,312	2,509	-
Cash flows from financing	12,252	51,945	199,388	183,417
Increase (decrease) in cash	(73,459)	(417,633)	(167,796)	(286,188)
Cash, beginning of period	341,697	646,700	436,034	515,255
Cash, end of period	268,238	229,067	268,238	229,067

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 1202, 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 in the world of Urban Mining; i.e. mining for societal inefficiencies that exist right under everyone's nose. Then by applying various forms of technology, we upcycle (i.e. refine) these processes to improve our environment while profiting at the same time. Our efforts can already be evidenced by our diversion and/or sequestration of more than a Million kg of CO_2 and our gainful employment of more than seventy people who are helping accomplish these results.

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. The offerings include optimization of energy consumption in the commercial and manufacturing sectors, construction and energy through waste and biomass conversion, and energy savings in transportation.

This offering was expanded to include the conversion of waste plastic into various forms of energy, but while plastic conversion will be an important growing market, Sparta will continue to operate its existing businesses, through adaptable product and service offerings that not only address a wide range of issues, but also provide additional sources of waste plastic. The demand for sustainable options and Sparta's ability to offer multiple sectors a variety of green services and products means that the *Capture, Convert & Optimize* mentality is becoming a more realistic option for existing customers, potential customers, as well as investors.

The following is a brief summary of the existing divisions:

- **Sparta Energy Capture & Upcycle - a.k.a. Illumineris -** the collective term for a group focused on capturing *"lost"* or *"wasted"* energy. Illumineris provides a complimentary suite of technologies to assist its commercial and industrial clients to save significant amounts of energy from their existing power systems with zero cost out-lay. This includes such examples as; peak power mitigation systems; power-factor and harmonic mitigation; LED lighting retrofits; 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, corresponding costs and Greenhouse Gas (GHG)emissions.
- **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 converting them 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. This includes such exmples as; biomass conversion - focused on sequestering $C0_2$ emissions through waste into consumables; electronics recycling - focused on recycling and upcycling of old electronic components resulting from our ever increasing rate of change in electronic technology.
- **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. 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.

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 March 31, 2020, the Corporation realized a net income from operations of $212,716 (2019 – loss of $279,426), has a working capital deficit of $126,997 (2019 - $2,536,165) and negative cash flow from operations of $112,713; (2019 – $469,578).

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.

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, 2020.

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.

The voting-controlled subsidiaries of the Corporation and their principal activities as at March 31, 2020 were as follows:

Name of subsidiary		Principal activity
ReECO Tech Electronic Conversions Ltd. (“Re-ECO Tech Electronics”)	51%	Electronics recycling and resale
Illumineris Inc.	51%	Product distribution
Illumineris Systematics Inc.	51%	Product distribution
Illumineris Power Systems Ltd.	51%	Product distribution
SuperNova Performance Technologies Ltd.	100%	Product development
TruckSuite Canada Ltd.	51%	Product development and distribution
Sparta Technologies 4 Mining Ltd.	100%	Inactive
Newport Environmental Technologies Ltd.	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, 2019 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.

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, 2019.

5. Loans and borrowings

a. Loans payable consist of the following:

As at March 31,	**2020**	**2019**
	$	$
Fixed rate loans assumed in respect to SuperNova, with interest at 3% per annum and no fixed terms of repayment.	979,805	956,047
Loan due to a director of the Corporation, with no interest terms, payable on demand.	-	338,000
	979,805	**1,294,047**

b. Convertible debentures

As at March 31,	**2020**	**2019**
	$	$
Beginning balance	304,634	-
Issuance of convertible debentures	185,000	-
Less: equity portion of convertible debentures	(48,369)	-
Accretion expense	39,212	-
	480,477	**-**

On October 1, 2019, the Corporation issued 18 convertible debentures for gross proceeds of $185,000. The convertible debentures are unsecured with an interest rate of 10% per annum, maturing October 4, 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 $136,631 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 $48,369 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.

c. Notes payable consist of the following

As at March 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.	269,231	263,981
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	546,179
	799,473	**810,160**

6. Property and equipment

			March 31, 2020
	Cost	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**
Equipment	371,941	115,513	256,428
Vehicles	155,000	77,498	77,502
	526,941	193,011	333,930

			September 30, 2019
	Cost	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**
Equipment	558,526	122,417	436,109
Vehicle	240,816	99,254	141,562
	799,342	221,671	577,671

7. 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 March 31, 2020.

Issued

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 September 30, 2019 and 2018, and the changes for the years then ended, is as follows:

Number of options	**Weighted average**	**Exercise price**
Balance, September 30, 2017	3,400,000	0.06
Granted	5,588,000	0.05
Exercised	(150,000)	(0.05)
Expired	(600,000)	(0.10)
Balance, September 30, 2018	8,238,000	0.05
Granted	2,035,000	0.07
Exercised	-	-
Expired	-	-
Balance, September 30, 2019	10,273,000	0.05
Granted	-	-
Exercised	-	-
Expired	2,800.000	(0.05)
Balance, September 30, 2019	**7,473,000**	**0.055**

On March 15, 2015, the Corporation granted stock options to certain officers, directors and consultants for the purchase of 2,800,000 common shares of the Corporation at an exercise price of $0.05 per common share. These options expired on March 31, 2020.

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.

On November 10, 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. Stock-based compensation expense of $165,048 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 1.68%, d) forfeiture rate of 0%, e) expected life of 5 years.

On November 10, 2017, Sparta granted stock options in accordance with certain consulting agreements for the purchase of 2,000,000 common shares. 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.

During the year ended September 30, 2018, four of five sales milestones were met and 1,600,000 stock options vested. Stock-based compensation expense of $120,400 was recorded based on the fair value of the stock options on the date that the performance conditions were met 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 vesting were: a) dividend yield 0%, b) volatility 100%, c) risk-free rate between 1.86 to 2.33%, d) forfeiture rate of 0%, e) expected life of 5 years.

During the year ended September 30, 2019, the final sales milestone was met and the remaining 400,000 stock options vested. Stock-based compensation expense of $14,800 was recorded based on the fair value of the stock options on the date that the performance condition was met 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 vesting were: a) dividend yield 0%, b) volatility 100%, c) risk-free rate between 1.88%, d) forfeiture rate of 0%, e) expected life of 5 years.

The following summarizes the outstanding share options

2019

Exercise Price	**Options Outstanding**	**Options Exercisable**	**Weighted Average Remaining Contractual Life (Years)**
$0.05	5,438,000	5,438,000	2.57
$0.07	2,035,000	2,035,000	3.59
	7,473,000	**7,473,000**	**2.85**

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, 2017	**10,936,000**	**195,332**
Issued on conversion of convertible debentures (note 8(b))	5,900,000	59,000
Exercised	(3,700,000)	(55,000)
Expired	(13,136,000)	199,332
Balance, September 30, 2018	**-**	**-**
Issued	1,177,000	1,309
Balance, September 30, 2019	**1,177,000**	**1,309**
Issued	-	-
Balance, March 31, 2020	**1,177,000**	**1,309**

8. 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 its current estimated net realizable value.

9. Related Party Transactions and Balances

As at March 31, 2020, included in loans receivable is $117,476 (September 30, 2019 - $60,626) related to advances made to SETA Group, a company controlled by a Director of the Corporation.

10. 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, 2020 the shareholders' deficit was $273,545 (September 30, 2019 – $2,156,274) and loans and borrowings were $2,259,755 (September 30, 2019 – $2,122,826). 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.

11. 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 $854,578 (September 30, 2019 $816,603) of accounts receivable from two customer (September 30, 2019 – two), which represents 62% (September 30, 2019 - 60%) 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, 2020 of $268,238 (September 30, 2019 – $436,034) and a working capital deficit of $126,997 (September 30, 2019 – $2,497,778).

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.

12. 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 March 31, 2020 and 2019. The weighted average number of common shares basic and diluted is as follows:

	March 31, 2020	**March 31, 2019**
Weighted average common shares	182,265,090	181,715,090
Balance, March 31	182,265,090	182,165,090

13. Economic Dependence

Sparta Capital Ltd. earned $845,638, which represents 44% of its revenue, from two customers during the period ended March 31, 2020; ($2,497,702 - representing 47% of its revenue, from four customers for the period ended March 31, 2019).

14. 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 any and all assets of Illumineris.

The Corporation leases equipment and office space and recycling facilities including occupancy costs which require future annual payments of:

	$
2020	339,300
2021	355,521
2022	356,873
2023	356,873
2024	29,739
	1,438,306

15. 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 March 31, 2020 and 2019 is as follows. All inactive and immaterial subsidiaries have been included in Sparta.

For the six months ending and as at March 31, 2020	Illumineris	ReECO Tech	Sparta	Total
	$	$	$	$
Current assets	111,393	1,498,550	567,547	2,177,490
Non-current assets	-	322,969	10,961	333,930
Current liabilities	(54,441)	(834,641)	(1,415,405)	(2,304,487)
Non-current liabilities	-	-	(480,477)	(480,477)
Inter-company balances	(231,641)	(420,564)	652,205	-
Net assets (liabilities)	(174,689)	566,314	(665,169)	(273,544)
Revenue	220,237	3,085,583	-	3,305,820
Expenses	214,233	2,526,417	307,117	3,047,767
Gain on disposition of control of subsidiary	-	-	204,705	204,705
Intercompany transactions	-	-	-	-
Net income (loss) and comprehensive income (loss)	6,004	559,166	(511,822)	53,348
Net income (loss) and comprehensive income (loss) attributable to shareholders	7,472	61,508	(378,175)	(309,195)
Net income (loss) and comprehensive income (loss) attributable to non-controlling interest	(1,468)	497,658	(133,647)	362,543

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

For the six months ending and as at March 31, 2019

	Illumineris	ReECO Conversions	ReECO Electronics	Sparta	Total
	$	$	$	$	$
Current assets	211,713	825,266	792,660	582,997	2,412,636
Non-current assets	-	98,799	411,920	16,504	527,223
Current liabilities	(98,708)	(2,306,858)	(765,952)	(1,774,875)	(4,946,393)
Inter-company balances	(297,334)	(615,645)	(224,164)	1,137,143	-
Net assets (liabilities)	(184,329)	(2,041,106)	214,464	(38,230)	(2,049,201)
Revenue	102,743	2,502,774	2,627,904	87,143	5,320,564
Expenses	100,381	2,885,740	2,426,171	453,267	5,865,559
Gain on disposition of control of subsidiary	-	-	-	211,436	211,436
Net income (loss) and comprehensive income (loss)	2,362	(382,966)	201,733	(154,688)	(333,559)
Net income (loss) and comprehensive income (loss) attributable to shareholders	360	(34,467)	22,191	271,802	(283,718)
Net income (loss) and comprehensive income (loss) attributable to non-controlling interest	2,002	(348,499)	179,543	117,113	(49,841)

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