CELLCUBE ENERGY STORAGE SYSTEMS INC.

(Formerly Stina Resources Ltd.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended December 31, 2018 and 2017

Expressed in Canadian Dollars

Unaudited – Prepared by Management

NOTICE TO READER

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

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management and have been approved by the Audit Committee

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established for a review of interim financial statements by an entity's auditor.

CELLCUBE ENERGY STORAGE SYSTEMS INC.
(formerly Stina Resources Ltd.)
Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian dollars (Unaudited)

As at	Note		December 31, 2018		June 30, 2018
ASSETS					
Current assets					
Cash and cash equivalents	5	**$**	**2,917,267**	$	2,827,653
Trade receivables			**1,165,248**		340,186
Deposits, advances and prepaids			**91,983**		299,488
VAT and HST receivable			**369,772**		1,868,810
Inventory and supplies	7		**9,058,864**		8,393,907
Work in progress	8		**457,035**		775,355
Subscription receivable			**-**		28,000
			14,060,169		14,533,399
Non-current assets					
Goodwill	6		**7,151,271**		7,151,271
Property, plant and equipment	9		**1,536,368**		1,640,309
Exploration and evaluation assets	11		**1,266,065**		1,208,808
Investment in private entity	12		**2,728,400**		2,567,760
Reclamation bond			**-**		8,428
Intangible assets	6, 13		**1,384,548**		462,444
		$	**28,126,821**	$	27,572,419
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade payables and accrued liabilities		**$**	**3,906,132**	$	3,435,812
Current portion of financing leases			**27,562**		45,911
Deferred revenue			**-**		8,232
Debentures	15(ii), 21		**300,000**		500,000
Restoration obligation			**8,428**		8,428
			4,242,122		3,998,383
Obligations under financing leases			**61,239**		54,752
Convertible debentures	15(i)		**3,921,399**		3,715,976
			8,224,760		7,769,111
Shareholders' equity					
Share capital	16		**33,268,802**		28,847,053
Equity component of convertible debentures	15(i)		**630,297**		630,297
Reserves	18		**14,884,955**		13,933,784
Deficit			**(28,826,405)**		(23,605,513)
Accumulated other comprehensive loss			**(55,588)**		(2,313)
			19,902,061		19,803,308
		$	**28,126,821**	$	27,572,419

Commitments and contingencies (Note 21)
Subsequent Events (Note 23)
Continuance of operations and going concern (Note 1)

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

CELLCUBE ENERGY STORAGE SYSTEMS INC.
(formerly Stina Resources Ltd.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Expressed in Canadian dollars (Unaudited)

	Note	Three months ended December 31, 2018	Three months ended December 31, 2017	Six months ended December 31, 2018	Six months ended December 31, 2017
Revenue		$ 524,788	$ -	$ 1,908,269	$ -
Cost of goods sold	10	(1,380,376)	-	(2,508,868)	-
Gross margin		(855,588)	-	(600,599)	-
EXPENSES					
Professional fees		159,572	19,546	381,260	56,867
Amortization	9	53,624	1,805	159,170	5,887
Consulting, financing and acquisition related fees		1,033,483	183,782	1,454,209	261,226
Exchange gain (loss)		(207,009)	(163)	(170,256)	1,116
Office and sundry		31,790	16,133	696,537	27,629
Regulatory fees and shareholder communications		3,134	390,865	20,753	398,683
Rent		63,924	4,800	118,947	9,600
Salaries and benefits		48,806	1,803	1,315,866	3,607
Share-based payments	17	93,750	296,124	187,500	1,050,236
Transfer agent		47,372	2,613	109,188	5,647
Travel and promotion		30,918	24,877	85,333	44,701
		1,359,364	942,185	4,358,507	1,865,199
Other Items					
Interest expense		152,125	-	227,398	-
Accretion expense	15(i)	101,562	-	205,423	-
Gain on debt settlement	14	(6,840)	-	(171,035)	(69,296)
Loss for the period		$ (2,461,799)	$ (942,185)	$ (5,220,892)	$ (1,795,903)
Other comprehensive loss					
Change in unrealized foreign currency translation losses on foreign operations		(66,874)		(53,275)	-
Loss and comprehensive loss		$ (2,528,673)	$ (942,185)	$ (5,274,167)	$ (1,795,903)
Weighted average number of common shares outstanding basic and diluted		138,101,224	56,067,104	138,101,224	51,529,257
Net loss per share - basic and diluted	3	$ (0.02)	$ (0.02)	$ (0.04)	$ (0.03)

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

CELLCUBE ENERGY STORAGE SYSTEMS INC.
(formerly Stina Resources Ltd.)
Condensed Interim Consolidated Statements of Changes in Shareholders’ Equity
Expressed in Canadian dollars (Unaudited)

	Number of Common Shares	Amount	Subscription Received in Advance	Equity Component of Convertible Debentures	Reserves	Accumulated other comprehensive income	Deficit	Total
Balance, Sept 30, 2017	**53,504,104**	**$ 14,210,746**	**$ 345,015**	**$ -**	**$ 3,109,178**	**$ -**	**$ (15,556,349)**	**$ 2,108,590**
Shares for private placement @ $0.20	15,000,000	1,877,070	(345,015)	-	1,122,930	-	-	2,654,985
Shares for private placement @ $0.27	11,111,109	2,111,114	-	-	888,886	-	-	3,000,000
Shares for private placement @ $0.30	41,666,664	5,559,579	-	-	6,940,420	-	-	12,499,999
Share issuance costs cash commissions	-	(988,658)	-	-	-	-	-	(988,658)
October 16, 2017 broker warrants	-	(157,995)	-	-	157,995	-	-	-
March 28, 2018 broker warrants	-	(53,690)	-	-	53,690	-	-	-
April 17 and 23, 2018 broker warrants	-	(349,667)	-	-	349,667	-	-	-
March 2018 broker warrants	-	(19,874)	-	-	19,874	-	-	-
Shares issued on options exercised @ $0.15	495,000	167,007	-	-	(92,757)	-	-	74,250
Shares issued on warrants @ $0.10	4,475,000	879,521	-	-	(432,021)	-	-	447,500
Shares issued on warrants @ $0.15	41,667	17,246	-	-	(10,996)	-	-	6,250
Shares issued on warrants @ $0.155	1,000,000	300,764	-	-	(145,764)	-	-	155,000
Shares issued on warrants @ $0.20	119,625	47,860	-	-	(23,925)	-	-	23,935
Shares issued on options exercised @ $0.15	565,000	190,625	-	-	(105,875)	-	-	84,750
Shares issued on options exercised @ $0.28	100,000	28,000	-	-	-	-	-	28,000
Shares issued on warrants @ $0.10	1,350,000	265,330	-	-	(130,330)	-	-	135,000
Shares issued on warrants @ $0.15	83,333	34,491	-	-	(21,991)	-	-	12,500
Shares issued on warrants @ $0.45	2,265,000	1,325,025	-	-	(305,775)	-	-	1,019,250
Shares issued on broker warrants @ $0.20	161,025	64,410	-	-	(32,205)	-	-	32,205
Shares issued on Hillcroft transaction	822,921	477,294	-	-	-	-	-	477,294
Shares issued on Jet Power transaction	1,914,052	1,107,050	-	-	-	-	-	1,107,050
Shares issued for Hillcroft / Jet Power Finders Fees	855,343	496,099	-	-	-	-	-	496,099
Shares issued for Gildemeister Finder fees	905,660	652,075	-	-	-	-	-	652,075
Shares issued on conversion of Jet Power shares	904,534	524,631	-	-	-	-	-	524,631
Warrants issued for Gildemeister Finder Fees	-	-	-	-	450,323	-	-	450,323
Warrants Issued for Jet Power / Hillcroft Finders Fees	-	-	-	-	178,650	-	-	178,650
Equity component of convertible debentures	-	-	-	630,297	-	-	-	630,297
Stock based Compensation - shares issued	300,000	81,000	-	-	-	-	-	81,000
Stock based Compensation	-	-	-	-	1,963,810	-	-	1,963,810
Net loss for the period ended June 30, 2018	-	-	-	-	-	-	(8,049,164)	(8,049,164)
Other Comprehensive Loss	-	-	-	-	-	(2,313)	-	(2,313)
Balance, June 30, 2018	**137,640,037**	**$ 28,847,054**	**$ -**	**$ 630,297**	**$ 13,933,783**	**$ (2,313)**	**$ (23,605,513)**	**$ 19,803,308**
Shares issued for private placement	27,260,537	$ 2,806,166	$ -	$ -	$ 1,282,915	$ -	$ -	$ 4,089,081
Share issuance costs cash commissions	-	(81,472)	-	-	-	-	-	(81,472)
Broker warrants Issued for finder fees	-	(33,575)	-	-	33,575	-	-	-
Shares issued on exercise of warrants	3,298,333	770,629	-	-	(457,566)	-	-	313,063
Shares issued on exercise of options	600,000	204,000	-	-	(114,000)	-	-	90,000
Shares issued on acquisition	4,200,000	756,000	-	-	-	-	-	756,000
Warrants Issued for financing fees	-	-	-	-	12,880	-	-	12,880
Broker warrants Issued for financing fees	-	-	-	-	5,869	-	-	5,869
Share-based payments	-	-	-	-	187,500	-	-	187,500
Net loss for the six months ended December 31, 2018	-	-	-	-	-	-	(5,220,892)	(5,220,892)
Other Comprehensive Loss	-	-	-	-	-	(53,275)	-	(53,275)
Balance December 31, 2018	**172,998,907**	**$ 33,268,802**	**$ -**	**$ 630,297**	**$ 14,884,955**	**$ (55,588)**	**$ (28,826,405)**	**$ 19,902,061**

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

CELLCUBE ENERGY STORAGE SYSTEMS INC.
(formerly Stina Resources Ltd.)
Condensed Interim Consolidated Statements of Cash Flows
Expressed in Canadian dollars (Unaudited)

	Note	Six months ended December 31, 2018	Six months ended December 31, 2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Loss for the period		**$ (5,220,892)**	$ (1,795,904)
Items not involving cash:			
Amortization		**216,842**	5,887
Amortization of intangibles		**57,351**	-
Accretion		**205,423**	-
Share-based payments		**187,500**	1,050,236
Gain on debt settlement		**(171,035)**	(69,296)
Exchange gain		**(213,915)**	-
Loss on disposal of fixed assets		**-**	-
Changes in non-cash working capital items			
Trade receivables		**(816,634)**	(340,678)
Work in progress		**318,320**	-
VAT and HST receivable		**1,499,038**	-
Deposits, advances and prepaids		**207,505**	(2,880,191)
Inventory and supplies		**(664,957)**	-
Deferred revenue		**(8,232)**	-
Trade payables and accrued liabilities		**454,355**	10,492
Net cash used in operating activities		**(3,949,331)**	(4,019,454)
CASH FLOWS USED IN INVESTING ACTIVITES			
Purchase of exploration and evaluation assets	11	**(57,257)**	(165,453)
Intangible assets		**(36,455)**	-
Purchase of equipment	9	**(94,152)**	(14,251)
Net cash used in investing activities		**(187,864)**	(179,704)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common shares, net		**4,410,671**	2,937,044
Repayment of convertible debentures	14	**(200,000)**	-
Change in share subscriptions receivable		**28,000**	689,585
Financing lease payments		**(11,862)**	-
Advances from related parties		**-**	3,690
Net cash from financing activities		**4,226,809**	3,630,319
Change in Cash		**89,614**	(568,839)
Cash, beginning of period		**2,827,653**	644,064
Cash, end of period		**$ 2,917,267**	$ 75,225

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Nature of operations

Cellcube Energy Storage Systems Inc. (formerly Stina Resources Ltd.), (the "Company") was incorporated in 1986 under the laws of the Province of British Columbia, Canada, and its principal activity is the exploration of its mineral properties in Canada and the United States and with acquisitions completed in mid 2018 (note 6) the Company is active in the electrical equipment and energy storage businesses. The Company's shares were traded on the Canadian Securities Exchange ("CSE") under the symbol "SQA". On May 17, 2018 the Company changed its name to CellCube Energy Storage Systems Inc., and began trading under the symbol CUBE on the CSE.

The Company maintains its head office at 65 Queen Street West, Suite 520, Toronto, Ontario M5H 2M5. The registered office of the Company is located at Suite 10 – 8331 River Road, Richmond, British Columbia, Canada, V6X 1Y1.

Continuance of operations and going concern

These condensed interim consolidated financial statements have been prepared on the going concern basis which assumes the Company will have sufficient cash to pay its debts, as and when they become payable, for a period of at least 12 months from the date the Board approved these condensed interim consolidated financial statements.

During the six months ended December 31, 2018, the Company incurred a loss and comprehensive loss of $ (5,274,168) (December 31 2017 - $(1,795,903)) and as at December 31, 2018 had an accumulated deficit of $ (28,826,406) (June 30, 2018 - $(23,605,513). As at December 31, 2018, the Company had net working capital of $9,818,047 (June 30, 2018: $10,535,016) and net assets of $19,902,061 (June 30, 2018: $19,803,308). During the six months ended December 31, 2018 the Company had cash outflows from operating activities of $3,949,331 (December 31, 2017 – $4,019,454) and had cash provided from financing activities of $4,226,809 (December 31, 2017 – $3,630,319). To date, the operations of the Company have solely been funded through the issuance of common shares and convertible debentures. In addition to the funding requirements of the operating businesses, the Company has minimum expenditure commitments falling due within one year of $1,210,431 and between one to two years of $1,151,264. Continued operations are dependent on the Company's ability to complete future equity and/or debt financings. Due to many external factors, including equity market conditions, it is not possible to predict whether future financing will be successful or available at all.

The Company has prepared a cash flow forecast which indicates that it does not have sufficient cash to meet its minimum expenditure commitments and support its current level of operations and corporate overheads and therefore needs to raise additional funds to continue as a going concern. To address the future additional funding requirements of the Company, the Company has undertaken the following initiatives:

- entered into discussions to secure additional equity funding from current or new shareholders;
- undertaken a program to continue to monitor the Company's ongoing working capital requirements and minimum expenditure commitments;
- continued focus on maintaining an appropriate level of operational expenditures and corporate overheads in line with the Company's available cash resources.

The Company is optimistic that it will be able to complete a capital raise(s) that will provide sufficient funding to meet its minimum expenditure commitments and support its planned level of operational expenditures and overhead expenses, and therefore it is appropriate to prepare these condensed interim consolidated financial statements on the going concern basis. However, in the event that the Company is not able to successfully complete the fundraising referred to above, significant uncertainty would exist as to whether the Company will continue as a going concern and, therefore, whether it will realize its assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial statements. These condensed interim consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

2. BASIS OF PREPARATION AND PRESENTATION AND STATEMENT OF COMPLIANCE

These unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" using accounting polices consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018.

The accounting policies applied in preparation of these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended June 30, 2018, with the exception of certain amendments to accounting standards issued by the IASB. These amendments did not have a significant impact on the Company's unaudited condensed interim consolidated financial statements.

The Company's interim results are not necessarily indicative of its results for a full year.

These condensed interim consolidated financial statements are expressed in Canadian dollars, the Company's functional currency and presentation currency, and have been prepared on a historical cost basis. The accounting policies set out in Note 3 have been applied consistently to all years presented in these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements were approved for issuance by the Board of Directors on February 27 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical Accounting Estimates and Judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of income and expenses during the reporting period. The preparation of condensed interim consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its judgments and estimates. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Critical Accounting Estimates

The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

Going concern assessment

The preparation of these condensed interim consolidated financial statements under the going concern assumption requires significant judgment in assessing that future loans or equity financing are likely to be available in order to meet obligations coming due. The going concern assumption implies that the Company is expected to continue operations for at least the ensuing twelve-month period. Alternatively, if the going concern assumption was not appropriate then assets of the Company would be stated at liquidation values which could result in a material change to asset values.

Asset useful life

Estimates of the economic life of property, plant and equipment and intangible assets.

Inventory valuation

The measurement of inventory including the determination of its net realizable value, involves the use of estimates. Estimation is required in determining the remaining costs of completion to bring inventory into its saleable form as well as to determine the salvage or scrap value of supplies.

Accounts receivable

The measurement of accounts receivable requires an estimate of amounts that are unlikely to be collected based the age of the receivable and the credit worthiness of the party that is indebted to the Company.

Depreciation and amortization

Depreciation and amortization are calculated to write off the cost, less estimated residual value, of assets on a systematic and rational basis over their expected useful lives. Estimates of useful lives are based on data and information from various sources including industry practice and company-specific history. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions.

Cash generating units (CGU)

In determining a CGU, management had to examine the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. The Company has determined that each business entity qualifies as an individual CGU. Each of these assets generates or will have the ability to generate cash inflows that are independent of the other assets and therefore qualifies as an individual asset for impairment testing purposes.

Componentization

The componentization of the Corporation’s assets are based on management’s judgment of what components constitute a significant cost in relation to the total cost of an asset and whether these components have similar or dissimilar patterns of consumption and useful lives for purposes of calculating depreciation and amortization. These judgments are made at the time an asset is acquired and do not change for the life of the asset. Management has considered market values, depreciation rates and industry practices in determining the level of componentization.

Impairment

Assets, especially property plant and equipment, goodwill, investment in private entity and exploration and evaluation assets, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the recoverable amount requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and consultants by referencing the calculated fair value of the equity instruments as of the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option or warrant, the expected vesting date for performance based warrnts, volatility and the dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 17.

Restoration provisions

Management's best estimates regarding the restoration provisions are based on the current economic environment and future cash flows. Changes in estimates of contamination, restoration standards, discount rates and restoration activities result in changes to provisions from period to period. Actual restortation provisions will ultimately depend on future market prices of restoration obligations.

Convertible debentures

In accordance with the substance of the contractual arrangement, convertible debentures are compound financial instruments that are accounted for separately by their components: a financial liability and an equity instrument. The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount factors, and the presence of any derivative financial instruments.

Critical Accounting Judgments

The following are the key judgment and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

Business combinations

In accordance with IFRS 3 – Business Combination ("IFRS 3"), a transaction is recorded as a business combination if the significant assets, liabilities, or activities in addition to property and related mortgage debt assumed constitute a business. A business is defined as an integrated set of activities and assets, capable of being conducted and managed for the purpose of providing a return, lower costs, or other economic benefits. Where there are no such integrated activities, the transaction is treated as an asset acquisition. The estimation of the fair value of the assets and liabilities acquired in an acquisition is subject to judgement concerning estimating market values and predicting future events. These values are uncertain and can materially impact the carrying value of the acquired assets and the amount allocated to goodwill.

Inventory valuation

Inventory valuation is subject to accounting judgements and estimates relating to percentage of completion for items sold under contract and future markets for inventory items. Changes to these estimates can materially impact the carrying value of inventory and the costs recorded in the Consolidated Statements of Loss and Comprehensive Loss. The measurement of inventory including the determination of its net realizable value, involves the use of estimates. Estimation is required in determining the remaining costs of completion to bring inventory into its saleable form as well as to determine the salvage or scrap value of supplies. The Company's inventory is only valuable to the extent that it can be turned into saleable product. Sales acquired at a level above their cost, volume of sales necessary to use inventory and other factors are all a jiudgement of the Company

Share-based payments and warrants

The amounts used to estimate fair values of stock options and warrants issued are based on estimates of future volatility of the Company's share price, expected lives of the options and warrants, expected dividends to be paid by the Company and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect of changes in such estimates on the consolidated financial statements of future periods could be significant.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which is based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is impaired in the statement of operations during the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title to said properties. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects

Fair value of securities not quoted in an active market

Management uses its judgment in selecting an appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices or rates.

Revenue

Revenue from services contracts is recognized on a percentage of completion basis, measured by the percentage of costs incurred to date to the estimated total costs for each contract. Judgement is used in determining the stage of completion and estimates of costs to complete. The Company employs sophisticated project management tools to assist with the management of projects and the recognition of revenue on a percentage completion basis. Management regularly reviews the systems, processes, and calculations relating to percentage completion on significant contracts, making adjustments as required.

Income taxes

Significant judgment is required in determining the provision for future income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however; the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. Utilization of the tax losses depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Principles of consolidation

These consolidated financial statements include the financial position, results of operations and cash flows of the Company and its subsidiaries. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

The Company's subsidiaries are as follows:

Entity	Relationship	Geographic location	Equity interest	Basis of accounting	Functional Currency
Enerox GmbH	Subsidiary	Austria	100%	Full consolidation	Euro
Enercube Switchgear Systems Inc.	Subsidiary	Canada	100%	Full consolidation	Canadian dollar
Powerhaz Energy Mobile Solutions Inc.	Subsidiary	Canada	100%	Full consolidation	Canadian dollar
Stina Resources Nevada Ltd.	Subsidiary	USA	100%	Full consolidation	U.S. dollar
Pure Vanadium Corp.	Subsidiary	USA	100%	Full consolidation	U.S. dollar

Foreign currency

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (the "functional currency"). The consolidated financial statements of the Company are presented in Canadian dollars ("CAD"), which is the Company's functional and presentation currency for the periods covered by these consolidated financial statements.

(ii) Foreign currency translation

Transactions in currencies other than CAD are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary items and non-monetary assets and liabilities that are denominated in foreign currencies are recognized in profit or loss in the period in which they arise. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognized together with other changes in the fair value. Net foreign exchange gains/(losses) on non-monetary and monetary financial assets and liabilities other than those classified as at fair value through profit or loss are netted with realized gains/losses in the consolidated statements of loss and comprehensive loss.

(iii) Translation of foreign subsidiary

The functional currency of the Company's subsidiary in Austria differs from the consolidated group CAD dollar presentation currency. As a result, the assets and liabilities of this subsidiary are translated on consolidation at the rate of exchange prevailing at the statement of financial position. Revenue and expenses are translated at the average rate of exchange for the period. The net unrealized gain or loss resulting from this translation is recognized in accumulated other comprehensive income.

Business combinations

On the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed 12 months from the acquisition date with retroactive restatement of the impact of adjustments to those provisional fair values effective as at the acquisition date. Incremental costs related to acquisitions are expensed as incurred. When the cost of the acquisition exceeds the fair value of the identifiable net assets acquired, the difference is recorded as goodwill.

Cash and cash equivalents

Cash consists of cash on hand and balances with banks funds held in trust.

Exploration and evaluation assets

The Company is in the exploration stage in respect to its exploration and evaluation assets. Pre-exploration costs are expensed in the year in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Where the Company has entered into option agreements for the acquisition of an interest in exploration and evaluation assets which provided for periodic payments, such amounts unpaid are not recorded as a liability when they are payable entirely at the Company's discretion. Although the Company has taken steps to verify title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. The exploration and evaluation assets may be subject to prior undetected agreements or transfers and title may be affected by such defects.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to the Statement of Loss and Comprehensive Loss. The Company assesses exploration and evaluation assets for impairment at each reporting date.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine development cost". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Any incidental revenue earned in connection with exploration activities is applied as a reduction to capitalized exploration costs. Any operational income earned in connection with exploration activities is recognized in the Statement of Loss and Comprehensive Loss.

Property plant and equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss in the period.

Amortization is calculated on the declining balance basis at the following annual rates:

Computer and technical equipment	30%
Softwave equipment	30%
Office, furniture and equipment	25%
Buildings	10%
Automobiles	30%

Impairment of long-lived assets

The carrying amount of the Company's non-current assets (which include property, plant and equipment, exploration and evaluation assets, unallocated goodwill) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the Statement of Loss Comprehensive Loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Inventories

Vanadium products, in-process and stockpile inventories are recorded at the lower of average cost and net realizable value. The cost of finished goods and work-in-progress is determined by the weighted average cost method and comprises raw materials, direct labour, and other direct costs, as well as related production overheads including applicable depreciation on property, plant and equipment. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and applicable selling expenses.

Raw materials and supplies inventories are valued at the lower of average cost and net realizable value. Cost includes acquisition, freight and other directly attributable costs.

Any provision for obsolescence is determined by reference to specific items of materials. A review is undertaken at each reporting period to determine the extent of any provision for obsolescence. The average cost of production includes all costs directly attributable to the processing process, including the systematic allocation of general fees incurred during the process.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Goodwill

Under the acquisition method of accounting, the costs of business combinations are allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of acquisition. The excess of the fair value of consideration paid over the fair value of the identifiable net assets acquired is recorded as goodwill and allocated to the related business segment. Goodwill is not amortized; instead it is tested for impairment at each period end and also when there is an indicator of impairment.

Intangible assets

The Company's intangible assets are composed of customer contracts acquired in previous acquisitions and development costs.

(i) Customer contracts and relationships:

Customer contracts and relationships have a finite useful life and are amortized over their estimated economic life of up to 10 years on a straight line basis which approximates a basis consistent with the contract value initially established upon acquisition.

(ii) Research and development:

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development costs are capitalized only if the development costs can be measured reliably, the product or process is technically and commercially feasible, the future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development and to use or sell the asset.

Capitalized development costs correspond to projects for specific customer applications that draw on approved generic standards or technologies already applied in production. These projects are analyzed on a case-by-case basis to ensure they meet the criteria for capitalization as described above. Development costs are subsequently amortized over the life of the program from the start of production. Amortization of development costs is recognized in research and development costs in the statements of operations.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred

Leases

Leases of property, plant and equipment are classified as finance leases when the lessee retains substantially all the risks and rewards of ownership. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Convertible debentures

The Company's convertible debentures are segregated into their debt and equity components at the date of issue, in accordance with the substance of the contractual agreements. Valuation of the equity component is determined as the difference between the face value of the note and the present value of amount payable at maturity. The equity element is presented in equity under the heading "equity component of convertible debentures". Accretion on the liability component is determined by using an effective interest rate established through current market conditions and the liquidity of the Company.

Share capital and share units

Common shares and share units issued are classified as equity. Incremental costs directly attributable to the issue of common shares and units are recognized as a deduction from equity, net of any tax effect.

Proceeds received on the issuance of units, consisting of common shares and share purchase warrants are allocated between the common share and warrant component. The warrant component is valued using the Black-Scholes option pricing model. Any value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in warrant reserve.

Revenue

Vanadium battery revenue is recognized when it is probable that the economic benefits will flow to the Company, risks and rewards of ownership are transferred to the customer, delivery has occurred, the sales price is reasonably determinable, and collectability is reasonably assured. These criteria are generally met at the time the product is shipped or delivered to the customer and, depending on the delivery conditions, title and risk have passed to the customer and acceptance of the product, when contractually required, has been obtained. Revenue is measured based on the price specified in the sales contract, net of discounts, at the time of sale.

Revenue and the associated cost of sales for switchgear contracts are recognized based on percentage completion method. The percentage completion is based on the number of hours charged to the project compared to the budgeted hours for the contract.

Basic and diluted loss per share

Basic earnings per share are computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if the dilutive securities were exercised or converted to common shares. The dilutive effect of the options and warrants are computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Diluted amounts are not presented when the effect of the computations is anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Share-based payments

The Company has four share-based compensation plans: the Stock Option Plan (the "SOP Plan"), the Performance-based Warrant Plan (the "PBW Plan"), the Warrant Plan (the "W" Plan) and the

Restricted Share Unit Plan (the “RSU Plan”). The Company measures share-based awards based on the fair value of the options, warrants or units on the date of grant.

Stock Option Plan

The Company operates an employee stock option plan. Share-based awards to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Performance-based Warrant Plan

The Company has a PBW Plan to provide employee performance warrants (“EPWs”) to participants in the plan as a form of remuneration. Performance-based awards to employees are measured at the fair value of the instruments issued and amortized over the anticipated vesting periods. If the time to complete the performance-based target has expired before the target is met, any stock-based payment expense recorded is reversed, similarly, if the target is achieved earlier than the original vesting period, any stock-based payment expense remaining to be expensed will be expensed upon satisfaction completion of the target. An EPW is exchangeable for one common share of the Company upon vesting. The fair value and vesting terms for EPSUs granted are specific to each individual grant as determined and approved by the Board of Directors.

Warrant Plan

The Company has a W Plan to provide warrants (“Ws”) to participants in the plan as a form of remuneration. Warrant awards to employees are measured at the fair value of the warrant issued and amortized over the vesting periods. The fair value of warrants is determined using a Black–Scholes pricing model which incorporates all market vesting conditions.

Restricted Share Unit Plan

The Company has an RSU Plan to provide common shares to participants in the plan as a form of remuneration. Each RSU has the same value as one common share at the date of grant based on the prior day’s closing price. The vesting terms for RSUs granted are specific to each individual grant as determined by the Board of Directors. The fair value of the RSUs is expensed over the vesting period specific to the grant.

Research and development costs

Research costs are expensed when incurred. Development costs including direct material, direct labour and contract service costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. The Company did not have any development costs that met the capitalization criteria for the period ended September 30, 2018.

(Expressed in Canadian dollars) (Unaudited)

4. Recent accounting pronouncements

The following is a future change in accounting policies not yet effective as at December 31, 2018:

(a) IFRS 16 – Leases – The standard was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The Company is assessing the impact of this standard.

5. Cash and cash equivalent

Cash and cash equivalents consist of cash held in banks and held in trust which represents unrestricted funds held at a Canadian chartered bank by the Company's corporate counsel, representing proceeds from closed private placements less disbursements directed by the Company.

6. Acquisitions

Acquisition of Pure Vanadium

On December 17, 2018, the Company acquired all the all the outstanding common shares of Pure Vanadium Corp ("Pure") in exchange for 4,200,000 common shares valued at $756,000 and the assumption of $187,000 in debt. The Company acquired Pure's portfolio of licenses for the production and sale of vanadium electrolyte for the development of formulations for grid-scale electrical storage batteries. The Company also granted an 1.5% royalty on electrolyte sales revenues to the founder of the associated technologies.

The purchase consideration has been allocated to the identified assets and liabilities on a preliminary basis taking into account management's best estimates of their individual fair values as at the acquisition date. The preliminary determination of these fair values is subject to a high level of measurement uncertainty. Management has commenced, but not yet completed, its final determination of the fair values. The difference between the preliminary determination and the final amounts may be materially different.

As Pure did not meet the definition of a business per IFRS 3, the acquisition has been accounted for as an asset acquisition, whereby the Company is considered to issue shares in return for the net assets of Pure at their fair value as follows:

Patents & Licences		943,000
Accounts payable and accrued liabilities		(187,000)
	$	**756,000**
Consideration paid:		
Shares issued on acquisition	**$**	**756,000**

Acquisition of Enerox

On November 3, 2017, the Company entered into an agreement with the Austrian liquidator to the insolvency proceedings over the assets of the insolvent Austrian based energy storage Company, Gildemeister Energy Storage GmbH "Gildemeister", to purchase the assets of Gildemeister. Under the terms of the agreement, the Company agreed to purchase the assets for 5.21 million Euros plus applicable refundable value added tax (amount refunded in August 2018). In addition, the Company was obligated to finance the operations of the insolvent Company until the closing date.

(Expressed in Canadian dollars) (Unaudited)

The Company completed the transaction on April 25, 2018. The total asset acquisition price of 5.21 million euros ($8.2 million) was paid for from proceeds of private placements. The total purchase price, including the costs required to fund the ongoing operations prior to closing of 1.0 million Euros, totaled $9.8 million. In addition to its CellCube battery technology, the Company acquired the following significant assets of Gildemeister: all inventory on-hand, capital asset equipment used in the manufacturing of CellCube batteries, software, intellectual property, including patents and trademarks, office equipment, and Gildemeister's customer base. The assets were acquired by the Company and subsequently contributed to a newly incorporated wholly owned Austrian-based company, Enerox GmbH, which holds and operates the former Gildemeister assets and business on behalf of the Company. The Company did not acquire any debt on the acquisition. The transaction was accounted for as business combination under IFRS 3 - “Business Combinations” as the transaction met the definition of a business acquisition. In connection with the acquisition, the Company issued 905,660 common shares with a value of $652,075 and 1,000,000 share purchase warrants exercisable at a price of $0.53 until May 7, 2021 with a value of $450,323, both of which were charged to expense in the period as acquisition fees.

The purchase consideration has been allocated to the identified assets on a preliminary basis taking into account management’s best estimates of their individual fair values as at the acquisition date. The preliminary determination of these fair values is subject to a high level of measurement uncertainty due to the complexity of the acquisition and the inherently uncertain nature of valuing research and development projects. Management has commenced, but not yet completed, its final determination of the fair values. The difference between the preliminary determination and the final amounts may be materially different.

Preliminary Fair value of Net Assets Acquired:

Patents, concessions, trademarks and developed software	$	493,731
Inventory and supplies		8,071,099
Property, plant and equipment		1,173,108
Goodwill		397,825
Deferred tax liabilities		(397,825)
	$	9,737,938
Consideration paid:		
Cash	$	9,737,938

The excess purchase price over the net fair value of the net assets acquired was allocated to goodwill. Goodwill is attributable to the post-acquisition synergies. The goodwill amount is not deductible for tax purposes.

Acquisition of Enercube Switchgear Aystems Inc. & Powerhaz

(Formerly Jet Power and Hillcroft Consulting Ltd.)

On February 28, 2018, the Company announced the proposed arm’s length acquisition of 100% of the outstanding common shares of Jet Power and Controls Ltd. “Jet Power”, a private Company incorporated in Alberta. Jet Power is a manufacturer of electrical switchgear and motor control switches which management believes will fit seamlessly with the acquired Gildemeister technology.

On May 23, 2018 the Company completed the acquisition of Jet Power and Hillcroft Consulting Ltd (“Hillcroft”) through the issuance of 3,641,507 of the Company’s common shares. Management is still in the process of determining the fair values of the net assets acquired in connection with the acquisition of Jet Power and Hillcroft. The transaction was accounted for as business combination under IFRS 3 - “Business Combinations” as the transaction met the definition of a business acquisition. In settlement of finder fees incurred in connection with the acquisition, the Company issued 855,343 common shares with a value of $496,099, 200,000 share purchase warrants exercisable at a price of $0.53 until May 7, 2021 and 500,000 share purchase warrants exercisable at a price of $0.375 until June 20, 2021 with a combined value of $178,650 all of which were charged to acquisition fees in the period.

(Expressed in Canadian dollars) (Unaudited)

In addition, the Company incorporated a wholly-owned Alberta Company (2103387 Alberta Ltd.), as part of a three-cornered amalgamation to acquire all the issued and outstanding shares of Jet Power on behalf of the Company). This company was subsequently amalgamated and renamed Enercube Switchgear Systems Inc.

The purchase consideration has been allocated to the identified assets and liabilities on a preliminary basis taking into account management's best estimates of their individual fair values as at the acquisition date. The preliminary determination of these fair values is subject to a high level of measurement uncertainty due to the complexity of the acquisition and the inherently uncertain nature of valuing the assets and liabilities acquired. Management has commenced, but not yet completed, its final determination of the fair values. The difference between the preliminary determination and the final amounts may be materially different.

Fair value of Net Assets Acquired:

Accounts receivable	$	335,704
Inventory		1,380,612
Prepaid expenses		142,012
Property, plant and equipment		592,977
Goodwill		6,753,446
Accounts payable and accrued liabilities		(2,807,561)
Lease obligations		(83,878)
Deferred tax liabilities		(90,690)
Deferred revenue		(8,232)
Debenture payable		(500,000)
Net assets acquired	$	5,714,390
Consideration paid:		
Shares issued on acquisition		2,108,975
Pre-acquisition intercompany liabilities deemed to be settled		3,605,415
Total	$	5,714,390

The excess purchase price over the net fair value of the net assets acquired was allocated to goodwill. Goodwill is attributable to the post-acquisition synergies. The goodwill amount is not deductible for tax purposes.

7. Inventory and supplies

		As at December 31, 2018		As at June 30, 2018
Supplies	$	**452,135**	$	863,185
Raw materials		**2,386,332**		2,407,791
Work in process		**5,174,374**		4,093,857
Finished goods		**1,046,024**		1,029,074
	$	**9,058,864**	$	8,393,907

(Expressed in Canadian dollars) (Unaudited)

8. Work in progress

	As at December 31, 2018	As at June 30, 2018
Work in progress	**$ 457,035**	$ 775,355
Deferred revenue	**-**	(8,232)
	$ 457,035	$ 767,123

9. Property Plant & Equipment

	Buildings	Automobiles	Office furniture and equipment	Computer and technical equipment	Soft Wave equipment	Total
	$	$	$	$	$	$
Cost						
As at September 30, 2017	-	-	12,990	7,492	13,986	34,468
Acquired through acquisition	175,515	96,834	190,795	1,302,941	-	1,766,085
Additions	-	-	9,855	122,991	-	132,846
Dispositions	-	-	-	(100,004)	-	(100,004)
As at June 30, 2018	175,515	96,834	213,640	1,333,420	13,986	1,833,395
Additions	-	-	10,610	64,028	-	74,638
Dispositions	-	-	-	-	-	-
Foreign exchange	-	-	(2,523)	(5,887)	-	(8,410)
As at December 31, 2018	175,515	96,834	221,727	1,391,562	13,986	1,899,624

	Buildings	Automobiles	Office furniture and equipment	Computer and technical equipment	Soft Wave equipment	Total
	$	$	$	$	$	$
Accumulated amortization						
As at September 30, 2017	-	-	2,124	4,368	2,099	8,591
Amortization for the period	19,599	-	28,124	145,578	11,887	205,188
Dispositions	-	-	-	(9,694)	-	(9,694)
As at June 30, 2018	19,599	-	30,248	140,252	13,986	204,085
Amortization for the period	-	-	11,966	147,203		159,170
Dispositions	-	-	-	-	-	-
As at December 31, 2018	19,599	-	42,214	287,456	13,986	363,255

	Buildings	Automobiles	Office furniture and equipment	Computer and technical equipment	Soft Wave equipment	Total
	$	$	$	$	$	$
Net book value						
As at June 30, 2018	155,916	96,834	183,392	1,193,169	-	1,640,309
As at December 31, 2018	155,916	96,834	179,513	1,104,106	-	1,536,368

Included in cost of goods sold is $57,672 of amortization related to the depreciable assets used in the production of goods for sale.

(Expressed in Canadian dollars) (Unaudited)

10. Cost of Goods Sold

Included in cost of goods of good sold are expenses directly related to the products that have been sold in the period including the cost of materials, direct labour, a portion of salary, rent for facilities used in production and amortization of assets used in production.

	Six months ended December 31, 2018	Six months ended December 31, 2017
Materials	1,888,150	-
Labour	418,305	-
Rent	144,742	-
Amortization	57,672	-
	2,508,868	**-**

11. Exploration and Evaluation Assets

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

		As at December 31 2018	As at June 30, 2018
Bisoni McKay Vanadium Property, Nevada, USA			
Acquisition costs			
Balance, beginning of period	**$**	**931,907**	931,907
Exploration expenditures			
Balance, beginning of period	**$**	**276,901**	160,981
Geological consulting		**57,257**	85,018
Claim fees and staking			53,228
Storage			1,367
Reduction in restoration obligation		**-**	(23,693)
Balance, end of period		**334,158**	276,901
Total Bisoni McKay Vanadium Property		**1,266,065**	1,208,808

Bisoni MacKay Property, Nevada

On April 25, 2005, Company entered into a property option agreement with Vanadium International Co. ("Vanadium") to purchase a 50% undivided interest in 19 mining claims (the Bisoni MacKay Vanadium Property), located in Nye County, Nevada, USA. The optioned claims are subject to a 2.5% Net Smelter Royalty (NSR). The Company earned its 50% interest, by making a series of cash payments and share issuances During 2008, the Company exercised a purchase option, included in the original property option agreement, to acquire the remaining 50% interest in the mining claims, for a 100% total interest, subject to the 2.5% NSR. The Company had staked an additional 18 claims in the area which are contiguous with the existing claims to make the total 37 claims (During the period ended September 30, 2017 the Company staked an additional 164 claims immediately adjacent to and north of these 37 claims, for a total of 201 claims on the Bisoni McKay and Bisoni-Rio properties.

During 2008, the Company posted a reclamation bond with the Nevada state government should the Company not complete any required site reclamation or environmental remediation. Effective October 1, 2008, the Company recorded an asset retirement obligation of $21,768 (CAD) relating to the Company's activities on the property. Partial site reclamation was completed in the prior fiscal year, resulting in a reduction in the asset retirement obligation by $23,693 and a refund in that amount from the BLM. Further reduction and refund is available in the future from re-seeding of the property. The property remains in good standing and there are no indications of impairment, consequently the asset has not been impaired as at December 31, 2018.

(Expressed in Canadian dollars) (Unaudited)

During the quarter, the Company set a record date for the spin out of the Bisoni and Bisoni – McKay vanadium properties to the newly formed corporation, V23 Resource Corp (“V23”), as January 4, 2019. Cellcube shareholders of record owning common shares of the Company on January 4, 2019, will be eligible to receive the distribution of one common share of V23 for every two common shares of Cellcube upon completion of the spinout arrangement. Cellcube intends to retain a 19.9-per-cent interest in V23, in addition to certain off-take rights and a net smelter royalty. (Note 23)

AGT Soft Wave Distribution Rights

On February 3, 2016 the Company entered into a product distribution agreement with America Greener Technologies Inc. and AGT Soft Wave Inc. for the non-exclusive Canadian distribution rights for the manufacturer's water treatment technology, Soft Wave (a physical water treatment technology), in exchange for a one-time payment of $25,000 and a 12% royalty of all Soft Wave technology distributed and sold within Canada. The one-time payment of $25,000 has been expensed as research and development costs. At June 30, 2018 management determined that the proposed distribution opportunity is not a viable going concern at this time and the carrying value was reduced to zero.

12. Investment in private entity

On May 2, 2018, the Company announced that it had made a $1.95 million USD (CAD $2.5 million) strategic investment in Braggawatt USA for Distributed Energy Solutions representing an ownership interest of slightly less than 10%. Braggawatt provides financing through an on-line platform that allows corporations and not-for-profit organizations to effectively adopt cost-saving on-site energy solutions. The fair value using period end exchange rates has been determined to be CAD$2.7 million. Fair value was assessed based on comparable company valuations and projected earnings. Due to the valuation analysis and the recency of the transaction, the investment continues to be carried at initial cost as an estimate of fair value.

13. Intangible assets

Intangible assets, all arising from the acquisition of the Gildemeister assets in the current period, are comprised of the following;

Cost	Patents, concessions and trademarks	Developed software	Total
As at September 30, 2017	-	-	-
Acquired through acquisition	156,740	336,991	493,731
As at June 30, 2018	**156,740**	**336,991**	**493,731**
Acquired through acquisition	943,000	-	943,000
Additions	36,453	-	36,453
As at December 31, 2018	**1,136,193**	**336,991**	**1,473,184**

Accumulated amortization	Patents, concessions and trademarks	Developed software	Total
As at September 30, 2017	-	-	-
Amortization for the period	-	(31,285)	(31,285)
As at June 30, 2018	**-**	**(31,285)**	**(31,285)**
Acquired through acquisition			
Amortization for the period	(16,305)	(41,046)	(57,351)
As at December 31, 2018	**(16,305)**	**(72,331)**	**(88,636)**

Net book value	Patents	Developed	Total
As at June 30, 2018	156,740	305,706	462,444
As at December 31, 2018	**1,119,888**	**264,660**	**1,384,548**

(Expressed in Canadian dollars) (Unaudited)

14. Gain on debt settlement

During the six months ended December 31, 2018, the Company entered into debt settlement with various creditors that resulted in a net gain on debt settlements of $171,035 (December 31, 2017 - $69,296), representing the discount from the face value of the debt totaling $439,785.

15. Convertible debentures

(i) During the fiscal period ended June 30, 2018, the Company issued 449 debenture units at a price of $10,000 per unit, for total proceeds of $4.49 million. (Completed April 6, 2018). The debentures mature on the second anniversary of the date of issuance and bear interest at a rate of 9 per cent per annum, calculated semi-annually in arrears, which shall accrue and be paid on the maturity date. Interest expense in the amount of $217,949 and accretion in the amount of $205,423 was charged to the condensed interim consolidated statements of loss and comprehensive loss. Each debenture shall be convertible at the holder's option into units of the Company at a conversion price of 60 cents per unit. Each unit will comprise one common share of the Company and one-half of a common share purchase warrant, each whole warrant being exercisable to purchase a common share at an exercise price of $1 for a period of three years from the date of issuance. The following table summarizes the assumptions used to determine the equity value of the conversion feature of the debentures;

	Tranche 1	Tranche 2	Total
Note amount	2,150,000	2,340,000	4,490,000
Maturity Date	2020-04-05	2020-05-15	
Issue Date	2018-04-05	2018-05-15	
Interest rate	9.0%	9.0%	
Discount Rate	21.5%	21.5%	
PV Debt @ 21.5%	1,736,558	1,890,021	3,626,580
Residual Equity Component	413,442	449,979	863,420
Total proceeds from debt	**2,150,000**	**2,340,000**	**4,490,000**

The following table summarizes the movement in the convertible debentures for the six months ended December 31, 2018

	2018-12-31	2018-06-30
Balance beginning of period	3,715,976	-
Proceeds from issuance of convertible debentures	-	4,490,000
Amount allocated to equity on issuance	-	(863,420)
Accretion of discount	205,423	89,396
	3,921,399	3,715,976

(ii) In addition, there are $300,000 (June 30, 2018 - $500,000) of convertible debentures outstanding in Enercube, (formerly Jet Power) which had a maturity date of September 18, 2018. These convertible debentures bear interest at a rate of 8 per cent per annum, payable in arrears on an annual basis commencing December 31, 2017. The debenture holders have demanded a repayment in cash claiming an event of default occurred at the time of the acquisition of Jet Power by the Company and have filed a statement of claim with the Court of Queen's Bench of Alberta seeking repayment of principal and interest and court costs (note 21). The Company is in the process of preparing a defence and counterclaim and continues to negotiate with the debenture holders to resolve this matter. During the quarter, $200,000 of the debentures were repaid in cash. As payment in cash has been demanded, no equity component for the conversion feature has been recorded. The full face amount and accrued interest have been recorded as a current liability.

(Expressed in Canadian dollars) (Unaudited)

16. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

Issued and outstanding as of December 31, 2018: 172,998,907

i) On October 16, 2017, the Company completed a non-brokered private placement of 15 million units at a price of $0.20 per unit for total proceeds of $3 million. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase a common share at an exercise price of 45 cents for a period of three years following the closing of the offering. Various eligible persons were paid a cash commission equal to 6 per cent of the proceeds raised from subscribers introduced to the Company by such finder plus broker warrants equal to 6 per cent of the shares issued. Each broker warrant entitles the holder to acquire one common share of the Company at an exercise price of 20 cents for a period of three years following the closing of the offering.

The warrants were fair valued at $1,122,930 and the broker warrants were fair valued at $157,995. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

Expected life of warrants	2 years
Annualized volatility	99%
Risk-free interest rate	1.57%
Share price	0.29
Dividend rate	0%

Total share issuance cost of $182,090 was incurred on above placement.

ii) On February 9, February 27 and March 15, 2018, the Company completed a non-brokered private placement of 11,111,109 total units at a price of $0.27 per unit for total proceeds of $3,000,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase a common share at an exercise price of $0.45 cents for a period of three years following the closing of the offering. All proceeds were received by March 31, 2018. Various eligible persons were paid a cash commission equal to 6% of the proceeds raised from subscribers introduced to the Company by such finder plus broker warrants equal to 6% of the shares issued. Each broker warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.27 cents for a period of three years following the closing of the offering.

The warrants were fair valued at $888,886 and the broker warrants were fair valued at $53,690. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

Expected life of warrants	3 years
Annualized volatility	95% to 96%
Risk-free interest rate	1.57% to
Share price	0.29 to 0.33
Dividend rate	0%

Total cash share issuance cost of $216,217 was incurred on above placement.

(Expressed in Canadian dollars) (Unaudited)

iii) On March 28, 2018 the Company completed the first tranche of a non-brokered private placement of 10,610,000 units at a price of $0.30 per unit for total proceeds of $3,183,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase a common share at an exercise price of $0.60 cents for a period of three years following the closing of the offering. Various eligible persons were paid a cash commission equal to 6% of the proceeds raised from subscribers introduced to the Company by such finder plus broker warrants equal to 6% of the shares issued. Each broker warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.60 cents for a period of three years following the closing of the offering.

The fair value of warrants issued of $1,417,661 was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

Expected life of warrants	3 years
Annualized volatility	100%
Risk-free interest rate	1.75%
Share price	0.47
Dividend rate	0%

iv) On April 5, 2018 the Company closed the Second tranche of a previously announced and fully subscribed non-brokered private placement for gross proceeds of $2,687,999 through the issuance of 8,959,998 units (“Units”) of the Company at a price of $0.30 per Unit (the “Offering”). Each Unit consists of one common share (a “Common Share”) of the Company and one-half of one Common Share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder thereof to purchase a Common Share at an exercise price of $0.60 for a period of three (3) years following the closing of the Offering. Eligible persons were paid a cash commission equal to 6 per cent of the proceeds raised from subscribers introduced to the Company by such finders and broker warrants equal to 6 per cent of the units issued pursuant to the offering entitling the holder to acquire 4,480,000 common shares at a price of $0.60 until April 5, 2021.

The fair value of warrants issued of $1,121,173 was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

Expected life of warrants	3 years
Annualized volatility	101%
Risk-free interest rate	1.75%
Share price	0.44
Dividend rate	0%

v) On April 17, 2018 the Company closed a third tranche of its fully subscribed non-brokered private placement for gross proceeds of $1,701,901 through the issuance of 5,673,006 units of the Company at a price of 30 cents per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase a common share at an exercise price of 60 cents for a period of three years following the closing of the offering. Eligible persons were paid a cash commission equal to 6 per cent of the proceeds raised from subscribers introduced to the Company by such finders and broker warrants equal to 6 per cent of the units issued pursuant to the offering entitling the holder to acquire 2,836,503 common shares at a price of $0.60 until April 17, 2021.

(Expressed in Canadian dollars) (Unaudited)

The warrants were fair valued at $939,536 and the broker warrants were fair valued at $19,874. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions

	Nine months
Expected life of warrants	3 years
Annualized volatility	102%
Risk-free interest rate	2.01%
Share price	0.54
Dividend rate	0%

vi) On April 23, 2018 the Company closed the final tranche of a previously announced private placement through the issuance of 16,423,660 units of the Company a price of 30 cents per unit for gross proceeds of $4,927,099. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase a common share at an exercise price of 60 cents for a period of three years following the closing of the offering. Combined with its three previously announced tranches, the Company successfully raised an aggregate total of $12.5 million in the oversubscribed private placement. Eligible persons were paid a cash commission equal to 6 per cent of the proceeds raised from subscribers introduced to the Company by such finders and broker warrants equal to 6 per cent of the units issued pursuant to the offering entitling the holder to acquire 8,211,829 common shares at a price of $0.60 until April 20, 2021.

The warrants were fair valued at $3,462,050 and the broker warrants were fair valued at $349,667. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

Expected life of warrants	3 years
Annualized volatility	102%
Risk-free interest rate	2.01%
Share price	0.65
Dividend rate	0%

vii) On December 17, 2018 the Company closed the initial tranche of a non-brokered private placement financing by issuing a total of 12,666,337 units (each, a “Unit”) at a price of $0.15 per unit for gross proceeds of $1,899,950. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant exercisable at a price of $0.30 for a period of 36 months. Finder’s fees payable on the Private Placement, consisting of (i) a fee equal to 6% of the gross proceeds of the Private Placement placed by the finders, and (ii) the issuance of non-transferable share purchase warrants equal to 6.0% of one half of the common shares placed by the finders, will also be issued by the Company.

The warrants were fair valued at $557,835 using the Black-Scholes option pricing model using the following weighted average assumptions:

Expected life of warrants	3 years
Annualized volatility	111.2%
Risk-free interest rate	1.9%
Share price	0.16
Dividend rate	0%

(Expressed in Canadian dollars) (Unaudited)

viii) On December 17, 2018 the Company closed a second tranche of a non-brokered private placement financing by issuing a total of 9,710,000 units (each, a "Unit") at a price of $0.15 per unit for gross proceeds of $1,456,500. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant exercisable at a price of $0.30 for a period of 36 months. Finder's fees payable on the Private Placement, consisting of (i) a fee equal to 6% of the gross proceeds of the Private Placement placed by the finders, and (ii) the issuance of non-transferable share purchase warrants equal to 6.0% of one half of the common shares placed by the finders, will also be issued by the Company.

The warrants were fair valued at $449,330 and the broker warrants at $33,575 using the Black-Scholes option pricing model using the following weighted average assumptions:

Expected life of warrants	3 years
Annualized volatility	111.2%
Risk-free interest rate	21.9%
Share price	0.17
Dividend rate	0%

Total cash share issuance cost for the December 17, 2018 closings of $54,922 was incurred on above placement.

ix) On December 31, 2018 the Company closed a third tranche of a non-brokered private placement financing by issuing a total of 4,754,200 units (each, a "Unit") at a price of $0.15 per unit for gross proceeds of $713,130. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant exercisable at a price of $0.30 for a period of 36 months. Finder's fees payable on the Private Placement, consisting of (i) a fee equal to 6% of the gross proceeds of the Private Placement placed by the finders, and (ii) the issuance of non-transferable share purchase warrants equal to 6.0% of one half of the common shares placed by the finders, will also be issued by the Company.

The warrants were fair valued at $275,750 using the Black-Scholes option pricing model using the following weighted average assumptions:

Expected life of warrants	3 years
Annualized volatility	111.2%
Risk-free interest rate	1.90%
Share price	0.185
Dividend rate	0%

Total cash share issuance cost of $26,550 was incurred on above placement.

x) On May 23, 2018 the Company completed the acquisition of Jet Power through the issuance of 3,641,507 of the Company's common shares at an average price of $0.58

xi) On December 17, 2018, the Company completed the acquisition of Pure Vanadium Corp. through the issuance of 4,200,000 of the Company's common shares at a price of $0.18

xii) During the period ended June 30, 2018, 1,060,000 employee options were exercised at $0.15 for total proceeds of $159,000.

xiii) During the period ended June 30, 2018, 100,000 employee options were exercised at $0.28 for total proceeds of $28,000

xiv) During the period ended June 30, 2018, 5,825,000 warrants were exercised at $0.10 for total proceeds of $582,500

xv) During the period ended June 30, 2018, 125,000 warrants were exercised at $0.15 for total proceeds of $18,750

(Expressed in Canadian dollars) (Unaudited)

xvi) During the period ended June 30, 2018, 1,000,000 warrants were exercised at $0.155 for total proceeds of $ 155,000

xvii) During the period ended June 30, 2018, 2,265,000 warrants were exercised at $0.45 for total proceeds of $1,019,250

xviii) During the period ended June 30, 2018, 280,650 broker warrants were exercised at $0.20 for total proceeds of $56,140

xix) During the period ended June 30, 2018, 1,000,000 warrants exercisable at a price of $0.53 until May 7, 2021 were issued as finder's fees relating to the acquisition of the Gildemeister assets (note 6).

xx) During the period ended June 30, 2018, 200,000 share purchase warrants exercisable at a price of $0.53 until May 7, 2021 and 500,000 share purchase warrants exercisable at a price of $0.375 until June 20, 2021 were issued as finder's fees relating to the acquisition of Jet Power and Hillcroft. (note 6).

xxi) During the six months ended December 31, 2018 600,000 shares were issued on the exercise of options with gross proceeds of $90,000.

xxii) During the six months ended December 31, 2018 770,629 shares were issued on the exercise of warrants with gross proceeds of $313,063.

Share purchase warrants

A summary of the changes in the share purchase warrants for the period ended December 31, 2018 compared to the periods ended June 30, 2018 and September 30, 2017 are as follows:

Year ended September 30, 2017	Issued	(Exercised)	Year ended June 30, 2018	Issued	(Exercised)	Expired	Six months ended December 31, 2018	Terms
2,100,000	-	(100,000)	2,000,000	-		(2,000,000)	-	Exercisable at $0.15 until September 19, 2018 (i)
4,000,000	-	(2,500,000)	1,500,000	-	-	-	1,500,000	Exercisable at $0.10 until February 27, 2019 (ii)
525,000	-	-	525,000	-	-	-	525,000	Exercisable at $0.15 until July 5, 2020 (i)
325,000	-	-	325,000	-	-	-	325,000	Exercisable at $0.15 until September 11, 2020 (i)
500,000	-	-	500,000	-	-	-	500,000	Exercisable at $0.15 until January 22, 2020 (i)
11,000,000	-	(3,225,000)	7,775,000	-	(2,500,000)	-	5,275,000	Exercisable at $0.10 until April 28, 2019
1,000,000	-	(1,000,000)	-	-	-	-	-	Exercisable at $0.155 until October 29, 2019
1,040,832	-	(125,000)	915,832	-	(798,333)	-	117,499	Exercisable at $0.15 until January 8, 2019
	7,500,000	(2,265,000)	5,235,000	-	-	-	5,235,000	Exercisable at $0.45 until October 13, 2020
	811,200	(298,650)	512,550	-	-	-	512,550	Exercisable at $0.20 until October 13, 2020
-	677,777	-	677,777	-	-	-	677,777	Exercisable at $0.45 until February 9, 2021
-	3,166,368	-	3,166,368	-	-	-	3,166,368	Exercisable at $0.45 until February 26,2021
-	1,711,409	-	1,711,409	-	-	-	1,711,409	Exercisable at $0.45 until March 15, 2021
-	197,742	-	197,742	-	-	-	197,742	Exercisable at $0.27 until February 26, 2020
-	121,358	-	121,358	-	-	-	121,358	Exercisable at $0.27 until March 15, 2020
-	5,305,000	-	5,305,000	-	-	-	5,305,000	Exercisable at $0.60 until March 28, 2021
-	4,480,002	-	4,480,002	-	-	-	4,480,002	Exercisable at $0.60 until April 5, 2021
-	2,836,503	-	2,836,503	-	-	-	2,836,503	Exercisable at $0.60 until April 7, 2021
-	8,211,829	-	8,211,829	-	-	-	8,211,829	Exercisable at $0.60 until April 20, 2021
	251,000	-	251,000	-	-	-	251,000	Exercisable at $0.27 until March 15, 2020
-	638,395	-	638,396	-	-	-	638,396	Exercisable at $0.60 until April 20, 2021
-	1,000,000	-	1,000,000	-	-	-	1,000,000	Exercisable at $0.53 until May 7, 2021
-	200,000	-	200,000	-	-	-	200,000	Exercisable at $0.53 until May 7, 2021
-	500,000	-	500,000	-	-	-	500,000	Exercisable at $0.375 until June 20, 2021
-	-	-	-	84,475	-	-	84,475	Exercisable at $4.39 until February 17, 2020
-	-	-	-	64,489	-	-	64,489	Exercisable at $4.39 until May 5, 2020
-	-	-	-	13,409	-	-	13,409	Exercisable at $4.39 until May 5, 2020
-	-	-	-	6,198,169	-	-	6,198,169	Exercisable at $0.30 until December 12, 2021
-	-	-	-	4,585,000	-	-	4,585,000	Exercisable at $0.30 until December 17, 2021
-	-	-	-	2,577,100	-	-	2,577,100	Exercisable at $0.30 until December 27, 2021
-	-	-	-	342,600	-	-	342,600	Exercisable at $0.30 until December 17, 2021
20,490,832	**37,608,583**	**(9,504,650)**	**48,585,766**	**13,865,242**	**(3,298,333)**	**(2,000,000)**	**57,152,675**	

(Expressed in Canadian dollars) (Unaudited)

17. Share-based compensation

The Company has four share-based compensation plans: the Stock Option Plan (the "SOP Plan"), the Performance-based Warrant Plan (the "PBW Plan"), the Warrant Plan (the "W Plan") and the Restricted Share Unit Plan (the "RSU Plan"). Under the terms of each plan, the aggregate number of securities that may be issued or outstanding under all share-based compensation arrangements of the Company is limited.

The following is a summary of the number of common share options ("Options") issued under the SOP Plan, warrants issued under the PBW Plan, warrants issued under the W Plan and restricted share units ("RSUs") issued under the RSU Plan outstanding as at September 30, 2018 and the amount of share-based payments expense recognized for the three months ended September 30, 2018 and the year ended September 30, 2017.

	Number outstanding	**Share-based payments expense**	
		For the six months ended December 31, 2018	For the six months ended December 31, 2017
Common share options	**4,840,000**	**$ -**	$ 1,050,236
Ws	**3,000,000**	**-**	-
PBWs	**3,000,000**	**-**	-
RSUs	**3,000,000**	**187,500**	
	13,840,000	**187,500**	1,050,236

Common share options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities. The vesting period is determined by the Company's board of directors at the time of grant.

The grant date fair value of options granted during the previous periods was $0.18 (September 30, 2017 - $0.15). The fair value was determined using the Black-Scholes option pricing model using the following assumptions:

	Nine months ended June 30, 2018	**Year ended September 30, 2017**
Expected life of options	2 years	2 years
Annualized volatility	118.35%	116.37%
Risk-free interest rate	0.74%	0.74%
Dividend rate	0%	0%

(Expressed in Canadian dollars) (Unaudited)

The changes in options during the period ended December 31, 2018 and nine months ended June 30, 2018 are as follows:

	For the six months ended December 31, 2018			For the nine months ended June 30, 2018		
	Number of options		Weighted Average Exercise Price	Number of options		Weighted Average Exercise Price
Options outstanding, beginning of period	5,440,000	$	0.19	5,100,000	$	0.15
Options exercised	(600,000)		0.15	(1,160,000)		0.15
Options granted	-			1,500,000		0.28
Options outstanding, end of period	4,840,000	$	0.19	5,440,000	$	0.19
Options exercisable, end of period	4,840,000	$	0.19	5,440,000	$	0.19

During the period ended June 30, 2018, 1,060,000 options were exercised at $0.15, for total proceeds of $159,000 and 100,000 options at $0.28 were exercised for total proceeds of $28,000 (proceeds received subsequent to June 30, 2018).

During the period ended June 30, 2018 1,500,000 stock options were granted at $0.28 expiring October 16, 2019. During the period ended June 30, 2018, 705,000 options priced at $0.15 were transferred to new optionees. The expiration date of these options remained at June 27, 2019. In addition, 1,000,000 options priced at $0.28 were transferred to new optionees and the expiration date of these options remained as October 16, 2019.

During the three months ended December 31, 2018, 600,000 options were exercised for cash proceeds of $90,000.

Stock options at December 31, 2018 are as follows:

3,440,000 @ $0.15, expiring June 27, 2019
1,400,000 @ $0.28, expiring October 16, 2019
4,840,000

Performance-based warrants

On June 15, 2018, the Company issued 3,000,000 performance-based warrants with an exercise price of $0.50 that vest upon the successful completion of the specific performance targets. The fair value of the performance-based warrants granted during the year was $0.16 per warrant totaling $465,013 calculated using the following assumptions in the Black-Sholes option pricing model:

Risk-free interest rate	1.97%
Expected price volatility	102%
Expected warrant life (in years)	3
Annual dividend rate	Nil

The estimated fair value of the performance-based warrants is amortized on a straight-line basis over the performance period.

The balance outstanding at December 31, 2018 was 3,000,000 (June 31, 2018 – 3,000,000).

(Expressed in Canadian dollars) (Unaudited)

Warrants

On June 15, 2018, the Company issued 3,000,000 warrants with an exercise price of $0.50 that vest in equal amounts over 12 quarters commencing in the quarter ended June 30, 2018. The fair value of the warrants granted during the year was $0.22 per warrant totaling $650,818 calculated using the following assumptions in the Black-Sholes option pricing model:

Risk-free interest rate	2.01%
Expected price volatility	102%
Expected warrant life (in years)	3
Annual dividend rate	Nil

The estimated fair value of the warrants is amortized over the vesting period. The balance outstanding at December 31, 2018 was 3,000,000 (June 30, 2018 – 3,000,000).

RSUs

On June 15, 2018, the Company issued 3,000,000 RSUs that vest in equal amounts over 12 quarters commencing in the quarter ended June 30, 2018.

RSUs are valued based on the market price of the common shares of the Company at the date of grant and are expensed over the vesting period. The balance outstanding at December 31, 2018 was 3,000,000 with a total fair value of $1,320,000 (June 30, 2018 – 3,000,000).

Acquisition related fees

In connection with the acquisitions completed during the period ended June 30, 2018, fees were paid with the following share-based instruments;

Description	# of units	Value
Shares issued for Hillcroft / Jet Power Finders Fees	855,343	496,099
Shares issued for Gildemeister Finder fees	905,660	652,075
Warrants issued for Gildemeister Finder Fees (i)	1,000,000	450,323
Warrants Issued for Jet Power / Hillcroft Finders Fees (ii)	700,000	178,650
		1,777,147

i) Exercisable at a price of $0.53 until May 21, 2021
ii) Exercisable at a price of $0.38 until June 20, 2021

The common shares were valued at the share price on the date the agreement closed. The warrants were valued using the Black-Sholes option pricing model using the following assumptions;

	Gilemeister Finders Fees	Jet Power / Hillcroft Finders Fees	Jet Power / Hillcroft Finders Fees
Expected life of warrants	3 years	3 years	3 years
Annualized volatility	101%	101%	102%
Risk-free interest rate	2.01%	2.01%	1.92%
Dividend rate	0%	0%	0%

18. Reserves

The reserves recorded in equity on the Company's consolidated statement of financial position are composed of the value of stock option grants, share purchase warrants and the conversion feature of convertible debentures issued prior to exercise. On exercise the corresponding amount will be transferred to share capital. The original value recorded for options, warrants and convertible debentures that expire unexercised remains in the reserve balance.

(Expressed in Canadian dollars) (Unaudited)

19. Key management personnel compensation

	For the six months ended December 31, 2018	For the six months ended December 31, 2017
Consulting fees	**556,709**	$ 86,799
Share-based compensation	**187,500**	-
	$ 744,209	$ 86,799

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors and the CEO, the President, the CFO, the Corporate Secretary and the President of Enercube.

The Company incurred consulting fees for the six months ended totaling $362,677 (December 31, 2017 - $12,000) from officers, directors and/or companies controlled by offices or directors.

20. Segmented Information

	Enerox GmbH Austria	**Enercube Switchgear Systems Inc. Canada**	**Corporate and other Canada, US**	**Total**
As at December 31, 2017				
Property, plant and equipment	$ -	$ -	$ 24,072	$ 24,072
Exploration and evaluation assets	-	-	1,132,587	1,132,587
Total assets	-	-	4,502,954	4,502,954
Total liabilities	-	-	75,901	75,901
For the period ended December 31, 2017				
Revenue	-	-	-	-
Net loss	-	-	(1,795,903)	(1,795,903)
Amortizaton	-	-	5,887	5,887

	Enerox GmbH Austria	**Enercube Switchgear Systems Inc. Canada**	**Corporate and other Canada, US**	**Total**
As at December 31, 2018				
Property, plant and equipment	$ 926,581	$ 583,297	$ 26,490	$ 1,536,368
Exploration and evaluation assets	-	-	1,266,065	1,266,065
Total assets	9,280,525	2,404,508	16,441,788	28,126,821
Total liabilities	591,169	3,082,115	4,551,476	8,224,760
For the period ended December 31, 2018				
Revenue	258,612	1,649,657	-	1,908,269
Net loss	(1,755,584)	(1,098,310)	(2,366,998)	(5,220,892)
Amortizaton	59,652	99,518	-	159,170

(Expressed in Canadian dollars) (Unaudited)

21. Commitments and Contingencies

Operating expenditures contracted for at December 31, 2018 but not yet incurred is as follows:

Less than one year	$	1,210,431
1-2 years		1,151,264
3-5 years		561,592
over 5 years		-
	$	2,923,288

Operating expenditure commitments comprises of building property leases, and financing and operating leases as at December 31, 2018.

In connection with the convertible debentures issued by Jet Power in September 2017 and acquired as part of the acquisition in May 2018, one of the debenture holders claimed an event of default and demanded repayment in correspondence dated January 2018. On August 2, 2018 and October 23, 2018 statements of claim relating to all of the convertible debentures issued by Jet Power (note 15) and an alleged event of default were filed with the Court of Queen's Bench of Alberta demanding repayment of principal of $500,000 and interest of $80,000 to June 30, 2018. The statement of claim also seeks court costs. The Company is in the process of preparing a defence and counterclaim and will defend its position. It continues to negotiate with the debenture holders to resolve this matter. During the quarter ended December 31, 2018 $200,000 of the debentures were repaid in cash. The full face value plus accrued interest payable has been recorded as a current liability as at December 31, 2018.

22. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

The Company is exposed to credit risk by holding cash and short-term investments. Holding the cash and short-term investments in large Canadian financial institutions minimizes this risk. The Company has minimal accounts receivable exposure, and its various refundable credits are due from Canadian governments.

Currency Risk

The Company's functional currency is the Canadian dollar. There is moderate foreign exchange risk to the Company relating to the US dollar as one of its mineral property interests is located in Nevada, USA. Additionally, the Company's subsidiary, Enerox, operates in Austria and as a result the Company faces moderate foreign exchange risk relating to the Euro. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company does not engage in any hedging activities to reduce its foreign currency risk. The Company's exposure to foreign currency risk reported in the foreign currency was as follows;

December 31, 2018	**Euro**	**USD**
Financial Assets (liabilities)		
Trade and other receivables	120,889	-
Trade and other payables	(197,161)	-
	(76,271)	-

June 30, 2018	**Euro**	**USD**
Financial Assets (liabilities)		
Trade and other receivables	1,160,130	-
Trade and other payables	(338,061)	-

(Expressed in Canadian dollars) (Unaudited)

The following summary illustrates the fluctuations in the exchange rates applied during the period ended December 31, 2018 and June 30, 2018:

	Average rate		Closing rate	
	Six months ended December 31, 2018	Nine months ended June 30, 2018	Period ended December 31, 2018	Period ended June 30, 2018
USD	1.3137	1.2759	1.3642	1.3168
Euro	1.5138	1.5303	1.5613	1.5360

Sensitivity analysis

The Company does not have significant foreign currency exposure based on each subsidiary's functional currency. However a 10% strengthening of the Canadian dollar against the following currencies at December 31, 2018, would give rise to a translation risk on net income and would have increased equity, and reduced the consolidated loss and comprehensive loss for the period ended December 31, 2018 by $112,229, assuming all other variables remain constant: A weakening of the Canadian dollar against the above currencies at December 31, 2018 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates. The income earned on certain bank accounts is subject to the movements in interest rates. Currently, this risk will have an immaterial effect on operations. The Company's existing debt are fixed rate instruments and therefore faces no current risk relating to changes to borrowing interest rates.

The interest rate profile of the Company's long-term debt was as follows;

	Carrying amount	
	December 31, 2018	June 30, 2018
Variable rate instruments	-	-
Fixed rate instruments	4,790,000	4,990,000
	4,790,000	4,990,000

Sensitivity analysis

The Company does hold any variable interest rate debt and therefore is not exposed to chainges in interest expense due to changes in the interest rate.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Company is at risk to changes in commodity prices which may affect financing options available.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages this risk by careful management of its working capital and may need to raise debt and/or issue equity to meet obligations as they come due and may also need to curtail expenditures to maintain adequate liquidity (notes 1 and 21).

Capital Management

The Company is engaged in the mineral exploration field and the development, manufacture and sale of vanadium redox flow batteries. The Company manages related industry risk issues directly in the industries in which it currently operates. The Company is potentially at risk for environmental issues and fluctuations in commodity - based market prices associated with resource property interests and for the materials required for the production of vanadium redox flow batteries. Management is of the opinion that the Company addresses all risks and compliance in accordance with industry standards and specific environmental requirements.

The Company includes cash and equity in the definition of capital. Equity is comprised of issued common shares, reserves and deficit.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

The Company has designated its cash and cash held in trust as held-for-trading, which is measured at fair value. Trade receivables, deposits, advances and reclamation bond are classified as loans and receivables, which are measured at amortized cost. Investment in private entity was designated as FVTPL. Accounts payable and amounts due to related parties are classified as other financial liabilities, which are measured at amortized cost. Convertible debentures and financing leases are measured at amortized cost.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of assets and liabilities measured on a recurring basis include cash and short-term investments which are based on Level 1 inputs as they are measured with reference to identical demand instruments at BMO. Management estimates that the recorded values of all accounts receivable, accounts payable, and amounts due to and from related parties approximate their current fair values because of their nature and anticipated settlement dates (Level 3).

(Expressed in Canadian dollars) (Unaudited)

The following table summarizes the fair value hierarchy under which the Company's applicable financial instruments are valued;

	December 31, 2018			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 2,917,267	$ 2,917,267	$ -	$ -
Investment in private entity	2,728,400	-	-	2,728,400
Debentures	(300,000)	(300,000)		
Convertible debentures	(3,921,399)	-	(3,921,399)	-

	June 30, 2018			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 2,827,653	$ 2,827,653	$ -	$ -
Investment in private entity	2,567,760	-	-	2,567,760
Debentures	(500,000)	(500,000)		
Convertible debentures	(3,715,976)	-	(3,715,976)	-

Fair values versus carrying amounts shown in the balance sheet are as follows;

December 31, 2018	Fair value through profit and or loss	Fair value through other comprehensive income	Loans and receivables	Amortized cost	Carrying amount	Fair value
Financial Assets						
Trade and other receivables	$ -	$ -	$ 1,535,020	$ -	$ 1,535,020	$ 1,535,020
Reclamation bond	-	-	-	-	-	-
Investment in private entity	2,728,400	-	-	-	2,728,400	2,728,400
	2,728,400	-	1,535,020	-	4,263,420	4,263,420
Financial Liabilities						
Trade and other payables	-	-	-	(3,906,132)	(3,906,132)	(3,906,132)
Financing leases	-	-	-	(88,801)	(88,801)	(88,801)
Debentures	-	-	-	(300,000)	(300,000)	(300,000)
Convertible debentures	-	-	-	(3,921,399)	(3,921,399)	(4,490,000)
	-	-	-	(8,216,332)	(8,216,332)	(8,784,933)
Net financial assets (liabilities)	$ 2,728,400	$ -	$ 1,535,020	$ (8,216,332)	$ (3,952,912)	$ (4,521,513)

June 30, 2018	Fair value through profit and or loss	Fair value through other comprehensive income	Loans and receivables	Amortized cost	Carrying amount	Fair value
Financial Assets						
Trade and other receivables	$ -	$ -	$ 340,186	$ -	$ 340,186	$ 340,186
Reclamation bond	-	-	8,428	-	8,428	8,428
Investment in private entity	2,567,760	-	-	-	2,567,760	2,567,760
	2,567,760	-	348,614	-	2,916,374	2,916,374
Financial Liabilities						
Trade and other payables				(3,435,812)	(3,435,812)	(3,435,812)
Financing leases				(100,663)	(100,663)	(100,663)
Debentures				(500,000)	(500,000)	(500,000)
Convertible debentures				(3,715,976)	(3,715,976)	(4,490,000)
	-	-	-	(7,752,451)	(7,752,451)	(8,526,475)
Net financial assets (liabilities)	2,567,760	-	348,614	(7,752,451)	(4,836,077)	(5,610,101)

The fair values of trade and other receivables and trade and other payables approximate their carrying amounts due to the short-term maturities of these instruments. The estimated fair value of long-term debt approximates its carrying value since debt is subject to terms and conditions similar to those available to the Company for instruments with comparable terms, and the interest rates are market-based

23. Subsequent events

On January 24, 2019, the Company announced that it had entered into an Extension Agreement of the non-binding letter of intent ("LOI") with Regency Gold Corp. (RAU.H TSX V) for the purpose of a business combination. The parties agreed that they would have until 5:00 pm (Eastern Time) on April 1, 2019 to complete mutual due diligence and complete the transaction in accordance with the terms of the LOI. V23 Resource Corp. is a vanadium exploration company wholly owned by CellCube, with two vanadium properties located in Nye County, Nevada (Note 11).

On February 15. 2019, announced it has settled an aggregate of $330,000 of indebtedness of the Company with an arm's length creditor through the issuance of 2,200,000 common shares at a price of $0.15 per Common Share. The Company has also paid a finder's fee to an individual in connection with arranging a loan to the Company by issuing 1,112,500 Common Shares at a price of $0.15 per Common Share.