

# **Triangle Industries Ltd.**

Condensed Interim Consolidated Financial Statements  
(Unaudited)

Expressed in Canadian dollars

**For the three and nine months ended September 30, 2018 and 2017**

## **Notice of No Auditor Review of Condensed Interim Financial Statements**

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These condensed interim consolidated financial statements of Triangle Industries Ltd. have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. In accordance with National Instrument 51-102 “Continuous Disclosure Obligations” released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim consolidated financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

**Triangle Industries Ltd.**

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

Expressed in Canadian dollars

	Note	September 30, 2018	December 31, 2017
<b>Assets</b>			
Current assets			
Cash	3	\$ 651,021	\$ 325,195
Receivables		41,964	586
Prepaid expenses		5,675	5,838
		698,660	331,619
Non-current assets			
Equipment	4	33,613	-
<b>Total assets</b>		<b>\$ 732,273</b>	<b>\$ 331,619</b>
<b>Liabilities and shareholders' equity</b>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 19,873	\$ 12,902
<b>Total liabilities</b>		<b>19,873</b>	<b>12,902</b>
Shareholders' equity			
Share capital	5	8,149,830	7,147,892
Share-based payment reserve	5	110,056	119,586
Deficit		(7,547,486)	(6,948,761)
<b>Total shareholders' equity</b>		<b>712,400</b>	<b>318,717</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 732,273</b>	<b>\$ 331,619</b>

Basis of Presentation and Summary of Significant Accounting Policies (Note 2)

Approved on behalf of the Board of Directors by:

*"Lucas Birdsall"*

Director

*"Sean Bromley"*

Director

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

**Triangle Industries Ltd.**

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

Expressed in Canadian dollars

	Note	Three months ended September 30,		Nine months ended September 30,	
		2018	2017	2018	2017
Expenses					
Consulting fees	7	\$ 318,125	\$ -	\$ 341,250	\$ -
Depreciation		2,880	-	5,618	-
Director fees	7	-	-	60,000	-
Management fees		9,000	-	15,000	-
Office and administration		22,684	-	74,106	46
Professional fees		17,602	3,513	78,014	14,788
Transfer agent and shareholder costs		2,692	1,991	27,544	8,174
Loss from operating activities		(372,983)	(5,504)	(601,532)	(23,008)
Interest and other income		-	1,174	2,807	3,223
Loss and comprehensive loss for the period		\$ (372,983)	\$ (4,330)	\$ (598,725)	\$ (19,785)
Loss per share, basic and diluted		\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.00)
Basic and diluted weighted average number of common shares outstanding		25,862,783	5,462,783	18,661,318	5,462,783

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

**Triangle Industries Ltd.**

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited)

Expressed in Canadian dollars

	Share Capital		Share-based Payment Reserve	Deficit	Total Shareholder's Equity
	Number of Shares	Amount			
Balance, December 31, 2016	5,462,783	\$ 7,147,892	\$ 119,586	\$ (6,920,215)	\$ 347,263
Loss for the period	-	-	-	(19,785)	(19,785)
<b>Balance, September 30, 2017</b>	<b>5,462,783</b>	<b>\$ 7,147,892</b>	<b>\$ 119,586</b>	<b>\$ (6,940,000)</b>	<b>\$ 327,478</b>
Balance, December 31, 2017	5,462,783	\$ 7,147,892	\$ 119,586	\$ (6,948,761)	\$ 318,717
Private placement	20,000,000	1,000,000	-	-	1,000,000
Exercise of stock options	400,000	59,530	(9,530)	-	50,000
Issue costs	-	(57,592)	-	-	(57,592)
Loss for the period	-	-	-	(598,725)	(598,725)
<b>Balance, September 30, 2018</b>	<b>25,862,783</b>	<b>\$ 8,149,830</b>	<b>\$ 110,056</b>	<b>\$ (7,547,486)</b>	<b>\$ 712,400</b>

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

**Triangle Industries Ltd.**

## Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

Expressed in Canadian Dollars

	<b>Nine months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
Cash flows from operating activities		
Loss for the period	\$ (598,725)	\$ (19,785)
Adjustments for:		
Depreciation	5,618	-
Interest income	-	(3,223)
Net change in non-cash working capital:		
Receivables	(41,378)	-
Prepaid expenses	163	-
Accounts payable and accrued liabilities	6,971	(4,134)
<b>Total cash flows used in operating activities</b>	<b>(627,351)</b>	<b>(27,142)</b>
Cash flows from investing activity		
Interest received	-	40
Purchase of equipment	(39,231)	-
<b>Total cash flows provided by (used in) investing activities</b>	<b>(39,231)</b>	<b>40</b>
Cash flows from financing activity		
Proceeds from issuance of shares, net	942,408	-
Proceeds from exercise of stock options	50,000	-
<b>Total cash inflows provided by financing activities</b>	<b>992,408</b>	<b>-</b>
Increase (decrease) in cash during the period	325,826	(27,102)
Cash at beginning of period	325,195	352,976
<b>Cash at the end of period</b>	<b>\$ 651,021</b>	<b>\$ 325,874</b>

There were no non-cash financing or investing activities during the nine months ended September 30, 2018 and 2017

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

## Triangle Industries Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

Expressed in Canadian dollars

For the three and nine months ended September 30, 2018 and 2017

### 1. Corporate Information

Triangle Industries Ltd. (the “Company”) was incorporated on November 16, 1983 under the British Columbia Companies Act and was in the business of providing freight, reloading and warehousing services, collectively called “transloading”. The Company wound up its transloading business and disposed of substantially all related assets in the year ended December 31, 2010. Management was of the opinion that Company resources could be better utilized under a new business plan designed to improve the Company’s prospects and to recapture shareholder interest. The Company is actively seeking opportunities to acquire or participate in new assets or businesses.

On May 1, 2018, the Company’s registered address changed to Suite 810 – 789 West Pender Street, Vancouver, British Columbia, Canada.

On April 10, 2018, the Company completed a share consolidation on the basis of one new share for each two and a half old shares. The Company trades on the NEX board of the TSX Venture Exchange (“TSX-V”). Upon approval from the TSX-V, the Company began trading on a consolidated basis on April 11, 2018, under the symbol “TLD.H” (formerly “TIA.H”). Accordingly, all current and comparative share capital amounts within these condensed interim consolidated financial statements have been retroactively restated to adjust for the share consolidation.

The Company incurred a net loss of \$598,725 during the nine months ended September 30, 2018 (2017 - \$19,785), and as of this date the Company’s accumulated deficit is \$7,547,486 (December 31, 2017 - \$6,948,761).

These condensed interim consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on November 27, 2018.

### 2. Basis of Presentation and Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these condensed interim consolidated financial statements are set out below.

#### I) Basis of Presentation and Measurement

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”). They do not include all the information required for annual financial statements, and therefore should be read in conjunction with the Company’s annual consolidated financial statements for the years ended December 31, 2017 and 2016.

#### II) Significant Accounting Policies

##### a) Basis of Consolidation

These consolidated financial statements combine the results and financial position of the Company and entities over which it exercises control. Although virtually inactive since 2011, the Company’s wholly-owned subsidiaries are as follows:

Subsidiary	Jurisdiction	Nature of Operation	Equity Interest	
			September 30, 2018	December 31, 2017
Bridges Reload Inc.	BC, Canada	Holding	100%	100%
Burnaby Distribution Centers Inc.	BC, Canada	Holding	100%	100%
Triangle Asset Management Ltd.	BC, Canada	Holding	100%	100%

The financial statements of these subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases. All intercompany balances and transactions have been eliminated.

## Triangle Industries Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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### b) Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a declining balance method over their estimated useful lives. The Company's equipment, which consists of furniture and fixtures are amortized at 30%.

### c) Changes in Accounting Standards

- IFRS 9 – Financial Instruments

The Company adopted IFRS 9, which replaced IAS 39 – Financial Instruments: Recognition and Measurement, in its financial statements beginning January 1, 2018. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9 there are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measure at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not have a material impact on the Company's financial statements.

- IFRS 15 – Revenue from contracts with customers

On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations.

The adoption of IFRS 9 did not have a material impact on the Company's financial statements.

### d) Accounting Standards Not Yet Adopted

The following IFRS standards are not yet effective and have not been applied in preparing these condensed interim consolidated financial statements.

- IFRS 16 *Leases* is effective for years commencing on or after January 1, 2019, and will replace IAS 17, *Leases*. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value, while lessor accounting remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. The Company intends to adopt IFRS 16 in its consolidated financial statements for the year commencing January 1, 2019.

The Company is currently assessing the impact of the adoption of IFRS 16.



## Triangle Industries Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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### e) Critical Accounting Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses and certain disclosures reported in these consolidated financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions are recognized in the period in which the estimates are revised and in future periods affected.

Areas where critical accounting estimates and assumptions have the most significant effect on the amounts recognized in these consolidated financial statements include the following:

#### Recovery of Deferred Tax Assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its deferred tax assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

#### Share-based Payments

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

### 3. Cash

Cash is comprised of the following:

	September 30, 2018	December 31, 2017
Cash	\$ 651,021	\$ 5,195
Term deposit	-	320,000
	<b>\$ 651,021</b>	<b>\$ 325,195</b>

The term deposit can be redeemed at any time without penalty.

### 4. Equipment

	Office Furniture and Equipment	Total
<b>Cost</b>	<b>\$</b>	<b>\$</b>
Balance, December 31, 2017	-	-
Additions	39,231	39,231
Balance, September 30, 2018	39,231	39,231
<b>Accumulated Amortization</b>		
Balance, December 31, 2017	-	-
Amortization	5,618	5,618
Balance, September 30, 2018	5,618	5,618
<b>Carrying value</b>		
As at December 31, 2017	-	-
<b>As at September 30, 2018</b>	<b>33,613</b>	<b>33,613</b>

## Triangle Industries Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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### 5. Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

On March 2, 2018, the Company completed the sale of 20,000,000 non-transferable subscription receipts (the “**Subscription Receipts**”) at a price of \$0.05 per Subscription Receipt for gross proceeds of \$1,000,000. Each Subscription Receipt is conditionally exchangeable for one unit consisting of one common share and one warrant. Each warrant is exercisable to acquire a further common share at a price of \$0.05 per share for a period of 12 months (the “**Offering**”).

Under the Subscription Receipt Agreement, the proceeds are to be released to the Company upon:

- i) shareholder approval of the Offering;
- ii) completion of the consolidation of the Company’s issued and outstanding shares on the basis of one new share for each two and a half old shares (the “**Consolidation**”); and,
- iii) receipt of all necessary regulatory approvals (approved on April 6, 2018).

On April 25, 2018, the Company issued 400,000 common shares related to 400,000 stock options with an exercise price of \$0.125 being exercised for gross proceeds of \$50,000 to certain former directors of the Company (Note 7).

#### Warrants

The Company has issued warrants entitling the holders to acquire common shares of the Company.

The following table is a reconciliation of outstanding and exercisable stock options from December 31, 2016 to September 30, 2018:

	Nine months ended September 30, 2018		Year ended December 31, 2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Beginning Balance	-	-	-	-
Warrants issued	20,000,000	\$0.05	-	-
Expired/Cancelled	-	-	-	-
Exercised	-	-	-	-
<b>Outstanding</b>	<b>20,000,000</b>	<b>\$0.05</b>	-	-

#### Stock Option Plan Details

The Company adopted an incentive stock option plan in 2008 (“the 2008 Plan”), which allows the Company’s Board of Directors, at its discretion and in accordance with the TSX-V requirements, to grant non-transferable options for the purchase of common shares to its directors, officers, employees, consultants, or service providers of the Company. Under the 2008 Plan, the maximum number of common shares which may be eligible for issuance at any one time, including shares issuable upon exercise of options outstanding is 2,731,391 common shares. Furthermore, the maximum number of common shares which may be granted to a participant under the 2008 Plan shall not exceed 5% of its issued and outstanding common shares on a non-diluted basis.

The terms of the 2008 Plan provide that the Board of Directors with the right to grant options, to acquire common shares of the Company, at not less than the closing market price of the shares at the time of granting the option. The options can be granted for a maximum term of 5 years. Options granted under the terms of the 2008 Plan vest at the discretion of the Board of Directors.

On September 7, 2012, when the Company’s listing moved to the NEX board of the TSX-V, a further compliance limit was imposed on stock option grants. During any 12-month period, the maximum number of options that may be reserved for issuance or issued is limited to 10% of the issued and outstanding securities.

## Triangle Industries Ltd.

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The following table is a reconciliation of outstanding and exercisable stock options from December 31, 2016 to September 30, 2018:

	Nine months ended September 30, 2018		Year ended December 31, 2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Beginning Balance	420,000	\$0.125	420,000	\$0.125
Options issued	-	-	-	-
Expired/Cancelled	-	-	-	-
Exercised	(400,000)	\$0.125	-	-
<b>Outstanding</b>	<b>20,000</b>	<b>\$0.125</b>	<b>420,000</b>	<b>\$0.125</b>

The following table summarizes the share options outstanding and exercisable at September 30, 2018:

Exercise Price	Number of Share Options Vested and Exercisable	Weighted Average Remaining Contractual Life	Expiry Date
\$ 0.125	20,000	2.13 years	November 15, 2020

## 6. Financial Instruments, Capital Management and Risk Management

### l) Financial Instruments

The Company's financial instruments include cash, receivables, and accounts payable and accrued liabilities.

#### Determination of Fair Value

The carrying value of cash, receivables, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Fair Value Measurement Hierarchy	Financial assets at FVTPL	Financial assets at amortized cost	Financial liabilities at amortized cost
As at September 30, 2018:				
Cash	Level 1	\$ 651,021	\$ -	\$ -
Receivables	Not applicable	-	997	-
Accounts payable and accrued liabilities	Not applicable	-	-	(19,873)
As at December 31, 2017:				
Cash	Level 1	\$ 325,195	\$ -	\$ -
Receivables	Not applicable	-	586	-
Accounts payable and accrued liabilities	Not applicable	-	-	(12,902)

## Triangle Industries Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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### Fair Value Hierarchy

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;

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

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### II) Capital Management

The Company's capital management objectives are to safeguard its ability to continue as a going concern and to seek new investment opportunities for the benefit of its shareholders. The Company includes shareholders' equity in the definition of capital.

The Company sets the amount of capital required in proportion to its operating requirements and perceived risk of loss. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company has historically relied on the equity markets to fund its activities and is open to new sources of financing to manage its expenditures in the interest of sustaining long-term viability. The Company's capital management objectives, policies and processes have not changed over the years presented.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

### III) Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

#### a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and receivables. The Company's credit exposure is limited to the carrying amount of its financial assets.

The Company's cash is held with a high-credit-rated financial institution and, as such, the Company does not believe there to be a significant credit risk.

#### b) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

##### (i) Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and a foreign currency will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuations.

##### (ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Its interest rate risk is limited to potential decreases on the interest rate offered for cash held with chartered Canadian financial institutions. The Company considers the risk to be immaterial.

##### (iii) Commodity price risk

Commodity risk is the exposure to fluctuations in the market price of commodities. The Company does not have any commodity exposure.

## Triangle Industries Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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### (iv) Equity price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company does not have any equity investments.

### c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do so at excessive cost. The key success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company's policy is to ensure that it will have sufficient cash to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Up to 3 months	3 to 12 months	1 to 2 years	Over 2 years	Total
Accounts payable and other liabilities:					
September 30, 2018	\$ 19,873	\$ -	\$ -	\$ -	\$ 19,873
December 31, 2017	4,762	8,140	-	-	12,902

## 7. Related Party Transactions

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Consulting fees	5,000	-	\$ 12,500	\$ -
Director fees	-	-	60,000	-
	<b>5,000</b>	<b>-</b>	<b>72,500</b>	<b>-</b>

Officers and directors of the Company participated in the sale of Subscription Receipts by purchasing 400,000 units for total gross proceeds to the Company of \$20,000 (Note 5).

On April 25, 2018, the Company issued 400,000 common shares related to 400,000 stock options with an exercise price of \$0.125 being exercised for gross proceeds of \$50,000 to certain former directors of the Company (Note 5).

As at September 30, 2018, there was \$997 (December 31, 2017 - \$Nil) due from a former CEO of the Company, which is included in receivables.