SENSOR TECHNOLOGIES CORP.

(FORMERLY MOONCOR OIL & GAS CORP.)

CONSOLIDATED FINANCIAL STATEMENTS

(Prepared in Canadian dollars)

For Years Ended December 31, 2018 and 2017

Wasserman
Ramsay

Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Sensor Technologies Corp.:

Opinion

We have audited the consolidated financial statements of Sensor Technologies Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of income (loss) and comprehensive income (loss), changes in' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that as of December 31, 2018 the Company has incurred losses of $1,779,442 resulting in an accumulated deficit of $4,907,907. In addition, the Company, has a working capital defiicency in the amount of $2,169,443. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Kevin Ramsay.

Wasserman Ramsay

Chartered Professional Accountants
Licensed Public Accountants

Markham, Ontario
April 26, 2019

SENSOR TECHNOLOGIES CORP. (Formerly – Mooncor Oil & Gas Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017
(Expressed in Canadian Dollars)

	Note	December 31,2018	December 31,2017
ASSETS			
Current Assets:			
Cash		$ 19,135	$ 8,739
Trade and other accounts receivable		83,153	46,299
Inventory	5	36,537	32,656
Tax credits receivable	7	20,149	20,489
Prepaid expenses		52,014	15,406
Total current assets		210,988	123,589
Non-current assets:			
Oil and gas property interests	4	509,279	-
Equipment	6	2,058	2,496
Deposits	14	333,560	-
Total non-current assets		844,897	2,496
Total assets		$ 1,055,885	$ 126,085
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities		$ 1,344,623	$ 197,189
Reclamation & decommissioning obligation - current portion	10	411,070	-
Amount owing to parent company		-	3,012,766
Advances	8	600,870	-
Deferred revenue		23,868	44,594
Total current liabilities		2,380,431	3,254,549
Long term liabilities			
Debentures	11	1,803,138	-
Total long term liabilities:		1,803,138	-
Total liabilities		4,183,569	3,254,549
SHAREHOLDERS' DEFICIENCY			
Capital stock	9	1,656,936	1
Equity component of convertible debenture		123,226	-
Accumulated other comprehensive income		61	-
Deficit		(4,907,907)	(3,128,465)
Total shareholders' deficiency		(3,127,684)	(3,128,464)
Total liabilities and shareholders' deficiency		$ 1,055,885	$ 126,085
Nature of Continuance and Operations	1		
Subsequent events	22		

Approved on Behalf of the Board

"Jay Vieira" **Director**

"Binh Quach", CPA, CMA **Director**

The accompanying notes form an integral part of these consolidated financial statements

SENSOR TECHNOLOGIES CORP. (Formerly – Mooncor Oil & Gas Corp.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in Canadian Dollars)

	Note		Year ended December 31, 2018		2017
Revenue		$	381,105	$	467,234
Interest income			1,768		-
Total revenue			382,873		467,234
Cost of sales			(89,101)		(125,153)
Royalty payable			(13,040)		-
Gross profit		$	280,732	$	342,081
Expenses					
Research and development			(156,622)		(148,073)
Selling			(23,482)		(28,599)
Reclamation and decommissioning expenses	10		(322,239)		-
Salaries			(78,383)		(76,314)
Professional fees and disbursements			(26,402)		(15,676)
Exploration expenses	15		(4,377)		-
Office and general	16		(85,279)		(145,651)
Insurance			(18,300)		-
Amortization			(938)		(1,370)
Corporate services	17		(28,165)		-
Total expenses		$	(744,187)	$	(415,683)
(Loss) before undernoted			(463,455)		(73,602)
Finance costs			(248,329)		-
Income (loss) on foreign exchange			962		(3,811)
Cost of public listing	2		(1,068,620)		-
Net (loss) for the year			(1,779,442)		(77,413)
Other comprehensive (loss) for the year					
Exchange differences on translation of foreign operations			(1,277)		-
Total comprehensive (loss) for the year		$	(1,780,719)	$	(77,413)
Weighted average shares outstanding - basic and diluted	9		18,061,888		5,584,540
(Loss) earnings per common share based on net (loss) income for the year		$	(0.10)	$	(0.01)

The accompanying notes form an integral part of these consolidated financial statements

SENSOR TECHNOLOGIES CORP. (Formerly – Mooncor Oil & Gas Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN DEFIENCY
DECEMBER 31, 2018 AND 2017
(Expressed in Canadian Dollars)

	Share Capital							
	Number	**Amount**	**Contributed Surplus**	**Warrants**	**Equity portion of convertible debenture**	**Accumulated OCI**	**Deficit**	**Total Deficiency**
Balance, December 31, 2016	167,535,185	$ 1	$ -	$ -	$ -	$ -	$ (3,051,052)	$ (3,051,051)
Net loss for the year	-	-	-	-	-	-	(77,413)	(77,413)
Balance, December 31, 2017	167,536,185	$ 1	$ -	$ -	$ -	$ -	$ (3,128,465)	$ (3,128,464)
Consolidation of shares at 30:1	(161,951,645)	-	-	-	-	-	-	-
Shares issued on acquisition of STI	47,500,000	558,454	-	-	-	-	-	558,454
Shares issued on conversion of debentues	5,149,589	1,029,916	-	-	-	-	-	1,029,916
Equity portion of convertible debenture	-	-	-	-	191,791	-	-	191,791
Equity portion of convertible debentures transferred to common stock on conversion of debentures	-	68,565	-	-	(68,565)	-	-	-
Net loss for the year	-	-	-	-	-	-	(1,779,442)	(1,779,442)
Exchange differences on translation of foreign operations	-	-	-	-	-	61	-	61
Balance, December 31, 2018	58,234,129	$1,656,936	$ -	$ -	$ 123,226	$ 61	$ (4,907,907)	$ (3,127,684)

The accompanying notes form an integral part of these consolidated financial statements

SENSOR TECHNOLOGIES CORP. (Formerly – Mooncor Oil & Gas Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in Canadian Dollars)

		2018		2017
Cash flows used in operating activities				
Net (loss) for the year	$	(1,779,442)	$	(77,413)
Cost of public listing		1,068,620		-
Amortization		938		1,370
Accrued interest on debentures		137,361		-
Accretion on debentures		87,486		-
Accretion of reclamation and decommissioning obligation		322,239		-
		(162,798)		(76,043)
Changes in non-cash working capital balances				
Trade and other accounts receivable		(28,828)		233,550
Inventory		(3,881)		77,979
Tax credits receivable		(340)		1,186
Prepaid expenses		(21,738)		(1,222)
Accounts payable and accrued liabilities		102,079		82,869
Deferred revenue		(20,726)		(167,289)
Cash flows (used in) generated from operating activities		(136,232)		151,030
Cash flows (to) from investing activities				
Equipment		(500)		-
Increase in deposits		61,482		-
Cash flows from investing activities		60,982		-
Cash flows from (used in) financing activities				
Amount owing to parent company		(212,766)		(150,613)
Proceeds from advances		296,460		-
Cash flows from (used in) financing activities		83,694		(150,613)
Net increase in cash		8,444		416
Effect of changes in foreign exchange rate		(482)		-
Cash received on acquisition		2,434		-
Cash, beginning of the year		8,739		8,323
Cash, end of the year	$	19,135	$	8,739
Supplemental Information				
Non-cash financing and investing activities				
Issuance of common shares for acquisition	$	558,454	$	-
Issuance of common shares - conversion of debenture	$	1,098,481	$	-
Cash paid for:				
Income taxes	$	-	$	-
Interst paid	$	-	$	-

The accompanying notes form an integral part of these consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Sensor Technologies Corp. (formerly - Mooncor Oil & Gas Corp.) (the "Company" or "STC") is continued under the Business Corporations Act (Ontario). The Company's principal assets are oil and natural gas interests which are in commercial production and in the exploration phase. The Company is also in the process of exploring other opportunities. The Company is domiciled in the province of Ontario and its head office is located at 2455 Cawthra Road, Unit 75, Mississauga, Ontario, Canada. The Company's parent corporation is IntellaEquity Inc. ("Intella").

On October 24, 2018, the Company commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "SENS". Previously, the Company traded on TSX Venture Exchange ("TSXV" under the symbol of "MOO"). These consolidated financial statements ("consolidated statements) include the accounts of the Company and its wholly owned subsidiaries, Mooncor Energy Inc. ("Mooncor Energy"), an Alberta Corporation, Sensor Technologies Inc. ("STI"), an Ontario Corporation, Primary Petroleum Company U.S. Inc ("PPCUSA"), a Montana, USA Corporation, Primary Petroleum Company LLC ("PPCLLC"), a Montana, USA Corporation and AP Petroleum Company ("APLLC"), a Montana, USA Corporation.

The consolidated statements were approved for issue by the board of directors on April 26, 2019.

The consolidated statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has incurred a net loss of $1,779,442 for year ended December 31, 2018 (2017- $77,413), has a working capital deficiency in the amount of $2,169,443 and has a deficit in the amount of $4,907,907 as at December 31, 2018. Management estimates that the funds available as at December 31, 2018 will not be sufficient to meet the Company's potential capital and operating expenditures through to December 31, 2019. The Company will have to raise additional funds to continue operations. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company. The challenges of securing requisite funding and the cumulative losses indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These interim consolidated statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

(Expressed in Canadian Dollars)

2. ACQUISITION OF SENSOR TECHNOLOGIES INC

FOX-TEK Canada Inc. ("FOX-TEK") incorporated under the Business Corporations Act (Ontario) was a subsidiary of IntellaEquity Inc. (formerly Augusta Industries Inc.) ("Intella"). During the year, the Company acquired STI from Intella for a purchase price of $21,500,000. $9,500,000 of the purchase price will be satisfied through the issuance of an aggregate of 47,500,000 post-consolidated common shares (the "Consideration Shares") in the capital of STC at a price of $0.20 per Consideration Share. The balance of the Purchase Price, being up to $12,000,000, will be satisfied through a royalty of 15% on all future sales of STI's products and a 20% royalty on all future sales of STI's services (collectively, the "Royalty"). The Royalty shall be payable until the earlier of (i) the 10 year anniversary of the closing of the acquisition of STI, and (ii) the aggregate payment of $12 million.

In October 2018, FOX-TEK and Sensor Technologies Inc. ("STI"), a wholly owned subsidiary of the Company entered into an amalgamation agreement (the "Agreement") whereby Fox-Tek amalgamated with STI to operate as STI.

As a result of the issuance of the common shares of the Company for STI, the former shareholder of STI, namely IntellaEquity Inc, ended up controlling the Company. As such the acquisition is considered a reverse-takeover ("RTO") for accounting purposes.

A summary of the estimated fair value of the assets and liabilities at date of the acquisition, as a result of the reverse takeover transaction are as follows:

Assets acquired		
Cash	$	2,434
Trade and other accounts receivable		8,026
Prepaid expenses		14,870
Oil and gas property interests		509,279
Deposits		395,042
Total assets acquired	$	929,651
Less: Liabilities assumed		
Accounts payable and accrued liabilities	$	1,045,382
Advances		304,410
Reclamation and decommissioning obligation		90,025
Total liabilities assumed	$	1,439,817
Net liabilities acquired	$	(510,166)
Consideration consists of:		
Common shares	$	558,454
Cost of public listing		(1,068,620)
	$	(510,166)

Under RTO accounting, the purchase price is determined by the fair value of shares that would have had to been issued as if Fox-Tek were the acquirer. This number has been determined to be 5,584,540 Fox-Tek shares. The value of these shares has been calculated as $558,454.

3. BASIS OF PRESENTATION

Statement of Compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") which includes International Financial Reporting Standards, International Accounting Standards ("IAS"), and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC") effective as of December 31, 2018. These standards are collectively referred to as "IFRS".

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The consolidated financial statements are presented in Canadian dollars, which is the parent's functional and presentation currency. Each entity in the group determines its own functional currency. Management reviewed the primary and secondary indicators in IAS 21, the effects of changes in foreign exchange rates, and determined that the functional currency for its USA subsidiaries is US dollars and for all other subsidiaries is Canadian dollars.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries; Sensor Technologies Inc., Mooncor Energy, PPCUSA, PPCLLC and APLLC (collectively referred to as the "Company" or "Mooncor"). Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting periods. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are as follows:

- Assets' carrying values and impairment charge

  In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. Impairment of oil and gas property interests

While assessing whether any indications of impairment exist for property interests, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of property interests. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's oil and gas property interests, costs to sell the properties and the appropriate discount rate. Internal sources of information include the manner in which oil and gas property interests are being used or are expected to be used and indications of expected economic performance of the assets. Reductions in oil price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable oil reserves or adverse current economics can result in a write-down of the carrying amounts of the Company's property interests.

- Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually during the life of an oil well to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the oil well. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- Oil and natural gas reserves

The Company's reserves of oil and natural gas are estimated based on information compiled by the Company's qualified persons, independent geologists and engineers. The process of estimating reserves requires significant judgment in evaluating and assessing available geological, geophysical, engineering and economic data, projected rates of production, estimated commodity price forecasts and the timing of future expenditures, all of which are, by their very nature, subject to interpretation and uncertainty. The evaluation of recoverable reserves is an ongoing process impacted by current production, continuing development activities and changing economic conditions. Changes in estimates of reserves may materially impact the carrying value of the Company's oil and gas properties, the recorded amount of depletion, the determination of the Company's obligations pursuant to decommissioning liabilities and the assessment of impairment provisions.

- Contingencies

  Refer to Note 11.

The information about significant areas of judgment considered by management in preparing the consolidated statements is as follows:

- Going concern

  The Company's management has made an assessment of the Company's ability to continue as a going concern and the consolidated statements continue to be prepared on a going concern basis. However, management does not believe the Company has sufficient cash on hand to meet the Company's operating expenditures beyond December 31, 2018 which may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Refer to Note 1.

- Oil and gas property interests expenditures

  The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Company defers exploration and evaluation expenditures. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in the consolidated statement of income (loss) in the period when the new information becomes available.

- Determination of functional currency

  The effects of Changes in Foreign Exchange Rates' (IAS 21) define the functional currency as the currency of the primary economic environment in which an entity operates. The determination of functional currency, which is performed on an entity by entity basis, is based on various judgmental factors outlined in IAS 21. Based on assessment of the factors in IAS 21, primarily those that influence labour, material and other costs of goods or services received by its subsidiaries, management determined that the functional currency for the parent company is Canadian dollars and the US dollar for the Company's subsidiaries located in the USA.

- Determination of cash generating units ("CGU")

  The Company applies judgment when determining their CGUs. The Company has two main sources of cash flows, the oil and gas business (the oil and gas business) and the sale of fiber optic sensing systems from STI (the technology business). After analysis of the Company's asset base, the Company determined that the assets for these two businesses were independent of each other and designated the Oil and Gas CGU and the Technology CGU.

- Deferred tax assets

  Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies. As at December 31, 2018 and 2017, the Company has not recognized any deferred tax assets because it is not probable that future taxable income will be available against which the Company can use the benefits of the deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The policies set out below are consistently applied to all years presented unless otherwise noted.

Oil and gas exploration and evaluation assets and oil and gas property interests

- Oil and gas exploration and evaluation assets

  Exploration and evaluation ("E&E") assets primarily relate to acquisition costs and related reclamation and decommissioning. Expenditures incurred on the acquisition of a license interest is initially capitalized on a license by license basis. The acquisition costs of E&E properties include the cash consideration and the estimated fair market value of share-based payments issued for such property interests.

  Exploration costs are expensed in the period incurred. The acquisition costs are deferred until commercial reserves are proven, sold or abandoned. Commercial proven reserves are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future periods from known reservoirs and are considered technically feasible.

  Costs incurred subsequent to the determination of technical feasibility and commercial viability are added to the cost base of the respective item of P&E when they increase the future economic benefits of that asset. The costs of regular service and maintenance are expensed in profit or loss in the period in which they occur.

  Net proceeds from any disposal of an E&E asset are initially credited against the previously capitalized costs. Any surplus proceeds are credited to the consolidated statement of income (loss).

- Oil and gas property interests

  All directly attributable costs incurred after the technical feasibility and commercial viability of producing hydrocarbons have been demonstrated are capitalized on a field-by-field basis only when the costs increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognized in profit or loss as incurred.

Impairment

E&E assets are reviewed for impairment whenever facts or circumstances indicate that the cost capitalized to E&E assets may not be recoverable. If commercial reserves have not been established through the completion of E&E activities and there are no future plans for activity in that field, the E&E assets are determined to be impaired and the carrying amount is charged to income. Facts and circumstances that indicate impairment of E&E assets include but are not limited to:

a. the period for which the Company has the right to explore a specific area has expired or will expire in the near future, and is not expected to be renewed.
b. substantive expenditure on future E&E activities in a specific area is neither budgeted nor planned.

c. E&E activities in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in a specific area.
d. sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount, by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the net selling price and value in use. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized in the statement of loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognized in the statement of loss immediately.

Depletion

Depletion of oil and gas property interests within each cash-generating unit (CGU) is recognized using the unit-of-production method based on the Company's share of total proved plus probable oil and natural gas reserves before royalties as determined by independent reserve engineers.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

Decommissioning liability

A decommissioning liability is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognized as part of the cost of the related asset. The amount recognized is management's estimated cost of decommissioning, discounted to its present value using a pre-tax risk free rate that reflects the time value of money. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the related asset unless the change arises from production. The unwinding of the discount on the decommissioning provision is included as a finance cost. Actual cost incurred upon settlement of the decommissioning liability are charged against the provision to the extent the provision was established.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and;

- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from a contract to provide services such as installation and data monitoring is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognized by reference to the stage of completion of the installation to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- Servicing fees included in the data monitoring products sold are recognised by reference to the proportion of the total cost of providing the service for the product sold; and
- Revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses as incurred.

Revenue from the sale of goods is recognised when title has passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of electric field mapping ("EFM") monitoring systems and Fox-Tek ("FT") systems are accounted for as separately identifiable components and the fair value of the consideration received or receivable is allocated between the goods supplied and the installation and data monitoring sold. The consideration allocated to the data monitoring is measured by reference to their fair value – the amount for which the services could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognized as revenue pro rata over the service period.

Inventory

Inventory consists of raw materials used in the manufacturing of fiber optics sensing systems, work in process and finished goods. Inventory is recorded at the lower of cost and net realizable value. The cost is determined on the weighted average principle and includes expenditures incurred in acquiring the inventories, production or conversion costs and other cost incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Equipment

Computer hardware, scientific and office equipment, and computer software are stated at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the declining balance method. The estimated useful lives, residual values and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(Expressed in Canadian Dollars)

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The amortization rates for equipment are as follows:

	Method	Rate
Computer hardware	Declining balance	30%
Scientific equipment	Declining balance	30%
Office equipment	Declining balance	20%
Computer software	Declining balance	50%

Research and Development

All research costs are expensed as incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and,
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

As at December 31, 2018 and 2017, the Company did not have any projects in the development stage.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. It requires consideration as to whether the fulfillment of the arrangement is dependent on the use of a specific tangible asset or the arrangement conveys a right to use the tangible asset.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease payments are recognized as an expense in the consolidated statement of loss on a straight-line basis over the lease term. The Company did not have any finance leases during the years ended December 31, 2018 and 2017.

Tax credit receivable

Government assistance and tax credits relating to qualifying expenditures, to the extent that there is reasonable assurance of realization, are accounted for using the cost reduction method, whereby the government assistance and tax credits are recorded as reductions against the related expenses or the carrying value of the related assets. Tax credits are subject to review by the Canada Revenue Agency ("CRA") and any adjustments that may result could reduce the tax credit recorded.

Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the statement of loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Capital stock, stock options and warrants

The Company's common shares, stock options and share purchase warrants are classified as equity instruments only to the extent that they do not meet the definition of a financial liability or financial asset. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds. Expired warrants are transferred to capital stock on expiry.

Income (loss) per share

Basic income (loss) per share figures are calculated using the weighted average number of common shares outstanding during the year. Diluted income (loss) per share figures are calculated based on the weighted average number of common shares outstanding adjusted for the effects of all dilutive potential shares including warrants and stock options. The effect on the diluted income (loss) per share on the exercise of the warrants and stock options would be anti-dilutive.

Basic and diluted income (loss) per common share is calculated using the weighted average number of common shares outstanding during the year. The Company has reserved shares for issuance in accordance with applicable corporate and securities laws. Consideration received on the issuance of reserved shares will be credited to capital stock and will be valued at either the fair value of the consideration received or shares issued, whichever is more readily determinable.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The Company records compensation cost using the fair value method of accounting for share-based payments. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as share-based payments expense and share-based payment reserve. When options are exercised, the proceeds received, together with any related amount in share-based payment reserve, will be credited to capital stock.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Financial instruments

The Company adopted IFRS 9 as of January 1, 2018

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost. The Company determines the classification of financial assets at initial recognition.

Financial assets at Fair-value through profit or loss

Financial instruments classified as fair value through profit and loss are reported at fair value at each reporting date, and any change in fair value is recognized in the statement of operations in the period during which the change occurs. Realized and unrealized gains or losses from assets held at FVPTL are included in losses in the period in which they arise.

Financial assets at Fair-value through other comprehensive income

Financial assets carried at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument bases) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value remains in other comprehensive income (loss) and is not recycled to profit or loss.

Financial assets at amortized cost

Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. The Company's accounts receivable are recorded at amortized cost as they meet the required criteria. A provision is recorded based on the expected credit losses for the financial asset and reflects changes in the expected credit losses at each reporting period

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has elected to measure at FVTPL. The Company's financial liabilities include trade and other payables which are classified at amortized cost.

The Company has completed a detailed assessment of its financial instruments as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9

Financial Instrument	**IAS 39**	**IFRS 9**
Cash	Loans and receivables	FVTPL
Sundry receivables	Loans and receivables	Amortized cost
Investments	FVTPL	FVTPL
Deposits	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial Liabilities	Amortized cost
Advances	Other financial Liabilities	Amortized cost

The adoption of this standard did not have a material impact on the Company's consolidated financial statements but resulted in certain additional disclosures. The carrying value and measurement of all financial instruments remains unchanged as at January 1, 2018 as a result of the adoption of the new standard.

Impairment

IFRS 9 requires an 'expected credit loss' model to be applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition.

Classification of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy that reflects the significance of inputs in measuring fair value as the following:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Foreign currencies

(i) Functional currency

The consolidated financial statements are presented in Canadian dollars, which is the parent's functional and presentation currency. Each entity in the group determines its own functional currency. Management reviewed the primary and secondary indicators in IAS 21, the effects of changes in foreign exchange rates, and determined that the functional currency for its USA subsidiaries is US dollars and for all other subsidiaries is Canadian dollars.

(ii) Foreign operations

Under IFRS, when the Company translates the financial statements of subsidiaries from their functional currency to presentation currency, assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the financial reporting date. Share capital, warrants, equity reserves, accumulated other comprehensive income, and deficit are translated into Canadian dollars at historical exchange rates. Revenues and expenses are translated into Canadian dollars at the transaction date. Foreign exchange gains and losses on translation are included in other comprehensive income. Foreign exchange differences that arise relating to balances that form part of the net investment in a foreign operation are recognized in a separate component of equity through other comprehensive income. On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference in other comprehensive income is recognized within profit or loss in the consolidated statement of income (loss).

(iii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized within profit or loss in the consolidated statement of income (loss). Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in the consolidated statement of income (loss). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Changes in Accounting Policies

During the current fiscal year the Company adopted the following new accounting policies. The implementation of the new policies had no significant impact to the Company's consolidated statements for the year ended December 31, 2018.

1. IFRS 9 – *Financial Instruments* ("IFRS 9") was issued by the IASB as a complete standard in July 2014 and replaces IAS 39 - *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

2. IFRS 15 - *Revenue from Contracts With Customers* ("IFRS 15") replaced IAS 18 - *Revenue*, IAS 11 - *Construction contracts*, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 was effective for annual periods beginning on or after January 1, 2018.

3. IFRIC 22 – *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22") was issued in December 2017 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial

recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 was effective for annual periods beginning on or after January 1, 2018.

Future accounting pronouncements

The following pronouncement was issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019.

IFRS 16, *Leases* ("IFRS 16") was issued in January 2016 to improve the accounting for leases, generally by eliminating a lessees' classification of leases and introducing a single lessee accounting model. The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position. Leases with durations of 12 months or less and leases for low value assets are both exempted. The measurement of the total lease expense over the term of a lease will be unaffected by the new standard. However, the new standard will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases.

The presentation on the statement of income and other comprehensive income (loss) required by the new standard will result in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased. The standard is effective for annual periods beginning on or after January 1, 2019 and will supersede IAS 17 Leases. The Company does have some leases and will apply the standard effective January 1, 2019, The Company does not expect the affect of adoption of this standard to be significant.

4. OIL AND GAS PROPERTY INTERESTS

Oil and gas property interests as at December 31, 2018 totaled $509,279 (2017 - $nil).

In 2008, the Company acquired two suspended heavy oil wells and leases and related petroleum and natural gas rights in the Lloydminster area of Alberta for cash proceeds of $400,000.

The Company's interest in the first lease is a 60% working interest subject to:

a. an obligation to pay a 60% share of the variable Crown royalties;
b. a 60% share of a 1% Gross Overriding Royalty ("GORR") payable to the party; and
c. a 3% GORR on the 60% share of production.

The Company's interest in the second lease is a 100% working interest declining to 60% after recoupment of the payout account of approximately $485,000 associated with the well on the lease. This lease is subject to:

a. a 60% share of the Crown royalty;
b. a 60% share (36% after payout) of a 1% GORR payable on oil production;
c. a 5% to 15% variable convertible GORR payable in respect of oil production;
d. a 15% convertible GORR payable in respect of gas production; and
e. a 3% GORR payable on the Company's 60% share of production. The 5% to 15% variable convertible GORR and 15% convertible GORR are convertible to a 40% working interest once payout has been achieved.

The leases include the right to complete one infill well on each of the leases. Upon completion and payout of any infill well, the Company will have a 60% working interest in the applicable well subject to the encumbrances on the applicable lease.

(Expressed in Canadian Dollars)

On January 27, 2015, the Company acquired oil and gas leases (the "Leases") and related data in the Pondera and Teton Counties in Northwestern Montana USA (the "Property") through the acquisition of Primary Petroleum Company (USA) Inc. The acquisition relates to undeveloped leasehold mineral rights. The Property consists of a working interest in freehold and state petroleum and natural gas rights (surface to basement) expiring from 2017 to 2023. The Company is the operator of the working interests.

In January 2018, the Company has assigned and transferred operations of the existing wells in Montana, USA, to Noah Energy, Inc, a private USA oil and gas company.

5. INVENTORY

Inventory is valued at lower of cost or net realizable value. The breakdown of inventory is comprised as follows**:**

	December 31, 2018	2017
Raw materials	$ 36,537	$ 32,656
	$ 36,537	**$ 32,656**

The total amount of inventory expensed at cost as cost of sales during the year ended December 31, 2018 was $6,403 (2017 - $nil). Impairment expenses during the year ended December 31, 2018 was $Nil (2017 - $76,199).

6. EQUIPMENT AND INTANGIBLE ASSETS

	Computer Hardware	Office Equipment	Computer Software	Total
Cost				
Balance at December 31, 2017	**$ 934**	**$ 2,448**	**$ 16,725**	**$ 20,107**
Addition during year	-	-	500	500
Balance at December 31, 2018	**$ 934**	**$ 2,448**	**$ 17,225**	**$ 20,607**
Accumulated amortization				
Balance at December 31, 2017	**$ (819)**	**$ (1,866)**	**$ (14,926)**	**$ (17,611)**
Amortization charge	**$ (31)**	**$ (106)**	**$ (801)**	**$ (938)**
Balance at December 31, 2018	**$ (850)**	**$ (1,972)**	**$ (15,727)**	**$ (18,549)**
Net Book Value December 31, 2017	**$ 115**	**$ 582**	**$ 1,799**	**$ 2,496**
Net Book Value December 31, 2018	**$ 84**	**$ 476**	**$ 1,498**	**$ 2,058**

(Expressed in Canadian Dollars)

7. TAX CREDITS RECEIVABLE

The Company undertakes research and development activities, the costs of which are eligible for investment tax credits which may be refunded or applied to reduce the income tax payable in the current year and future years.

During the year ended December 31, 2018, the Company recognized $20,149 (2017 - $24,411) relating to the Ontario Investment Tax Credit, which has been deducted from research and development expenses. Investment tax credits for the fiscal year are dependent upon qualification of each individual project under stringent technical criteria and amounts may vary upon further review by the Canada Revenue Agency. Adjustments to the claim, if any, will be accounted for in the year of assessment. Historically, the investment tax credits have been assessed as filed, accordingly the Company has accrued a refundable credit of $20,149 for year ended December 31, 2018.

8. ADVANCES

	December 31, 2018	2017
Loan payable - 10% to 12% per annum, due on demand, owing to a company controlled by the former CEO of the Company, secured against the assets of the Company	$211,992	$ -
Loan payable - 12% per annum, due on demand, owing to a former director of the Company, secured against the assets of the Company	79,485	-
Loan payable - 12% per annum, due on demand, owing to a former director of the Company, secured against the assets of the Company	43,792	-
Loan payable - 12% per annum, due on demand, owing to an arm's length third party, secured against the assets of the Company	31,444	-
Loan payable - 15% per annum, due on demand, owing to an arm's length third party	50,349	-
Loan payable to parent company due on demand	183,808	-
Total advances	**$600,870**	**$ -**

(Expressed in Canadian Dollars)

9. SHAREHOLDERS' EQUITY

Capital Stock

At December 31, 2018 and 2017, the authorized share capital comprised an unlimited number of common shares with no par value.

	# of Common Shares		Amount
Balance, December 31, 2016	**167,536,185**	**$**	**1**
Transactions	**-**		**-**
Balance, December 31, 2017	**167,536,185**	**$**	**1**
Consolidation of share @ 30:1	**(161,951,645)**		
Shares issued on acquisition of Fox-Tek	**47,500,000**		**558,454**
Shares issued on conversion of debentures	**5,149,589**		**1,029,916**
Equity portion of convertible debentures transferred to common stock on conversion of debentures	**-**		**68,565**
Balance, December 31, 2018	**58,234,129**	**$**	**1,656,936**

Warrants

Details of warrant transactions for the year ended December 31, 2018 are as follows:

	# of Warrants		Amount		Weighted Average Exercise Price
Balance, December 31, 2016	**11,448,492**	**$**	**41,100**	**$**	**3.00**
Transactions	-		-		-
Balance, December 31, 2017	**11,448,492**		**41,100**	**$**	**3.00**
Expiry of warrants - June 13, 2018	(11,448,492)		(41,100)		-
Balance, December 31, 2018	-	$	-	$	-

During the year ended December 31, 2018, 11,448,492 warrants with an average exercise price of $3.00 expired unexercised.

(Expressed in Canadian Dollars)

Stock options

On July 26, 2011, the shareholders of the Company approved a stock option plan (the "Plan") to enable directors, officers, employees and consultants of the Company to purchase common shares. All options granted to optionees performing investor relations activities shall vest and become fully exercisable ¼ three months from the date of grant, ¼ six months from the date of grant, ¼ nine months from the date of grant and the final ¼ twelve months from the date of grant. All options granted under the Plan shall expire no later than at the close of business ten years from the date of grant. The Plan provides that the number of common shares reserved for issuance upon exercise of options granted shall not exceed 10% of total issued and outstanding shares of the Company. No material changes were made to the Plan in the current year. No options were granted during the years ended December 31, 2018 or 2017.

The following table summarizes information about the options outstanding and exercisable as at December 31, 2018 and 2017:

# of Options Outstanding and Exercisable	Exercise Price		Expiry Date	Remaining Contractual Life (years)
270,000	$	7.50	November 19, 2020	1.89
75,000		6.00	April 8, 2021	2.27
67,500		6.90	May 4, 2021	2.34
211,250		4.20	November 29, 2021	2.92
623,750	**$**	**6.00**		**2.33**

Basic and diluted loss per share based on loss for the year

Basic and diluted loss per share based on loss for the years ended December 31:

Numerator:		**2018**		2017
Net (loss) for the year	**$**	**(1,779,442)**	$	(77,413)

Denominator:	**2018**	2017
Weighted average number of common shares outstanding - basic and diluted (i)	**18,061,888**	**5,584,540**

(Loss) per common share based on net (loss) for the year:		**2018**		2017
Basic and diluted	**$**	**(0.10)**	**$**	**(0.01)**

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 20,791 shares related to convertible securities and the options outstanding at year end both of which were anti-dilutive for the year ended December 31, 2018 (2017 – 402,408 shares).

(Expressed in Canadian Dollars)

10. RECLAMATION AND DECOMMISSIONING OBLIGATION

As at December 31, 2018, the Company adjusted the obligation to $411,070 (2017 - $90,423) for the estimated future cost of reclamation and abandonment work on its oil and gas leases relating to the Lloydminster property in Alberta using the estimate of the Alberta Energy Regulators. Management expects that the reclamation and decommissioning costs will be incurred in the next year.

In January 2018 the Company has assigned and transferred operations of the existing wells in Montana, USA, to Noah Energy, Inc. The Company no longer has any obligation towards future cost of reclamation and abandonment work on its oil and gas leases relating to the properties in Montana. Included in office and general expenses in the consolidated statements of loss and comprehensive loss for year ended December 31, 2018 was the reversal of the provision for asset retirements obligation of $29,568 (2017 - $nil).

The estimated reclamation costs as at December 31, 2018 and 2017 are as follows:

	Alberta	Montana	Total
Balance, December 31, 2013	**$ 72,050**	**$ -**	**$ 72,050**
Decommissioning obligation	10,692	-	10,692
Accretion expense	1,481	-	1,481
Balance, December 31, 2016	**$ 87,267**	**$ 30,981**	**$ 118,248**
Accretion expense	1,564	-	1,564
Foreign currency translation	-	(2,035)	(2,035)
Balance, December 31, 2017	**$ 88,831**	**$ 28,946**	**$ 117,777**
Reclamation and decommissioning expense	322,239	-	322,239
Write back of reclamation and decommissioning obligation	-	(29,568)	(29,568)
Foreign currency translation	-	622	622
Balance, December 31, 2018	**$ 411,070**	**$ -**	**$ 411,070**

11. DEBENTURES

Balance, December 31, 2017	**$ -**
Convertible debetures issued on July 1, 2018	2,800,000
Equity portion of convertible equity	(191,791)
Convertion of debentures into shares	(1,029,918)
Accrued interest	137,361
Accretion	87,486
Balance, December 31, 2018	**$ 1,803,138**

On July 1, 2018, Fox-Tek issued unsecured convertible debentures of $2,800,000 to its parent company to cover part of its inter-company balance. The debentures bear interest at a rate of 12% per annum payable monthly till maturity on June 30, 2021. All or any part of the principal of the debenture can be converted into common shares by the holder at a conversion price of $0.20 per share.

Management used the residual method to allocate the fair value of the conversion options. Management calculated the fair value of the liability component as $2,608,209 using a discount rate of 15%, and then management deducted the fair value of the liability component from the fair value of the convertible debenture as a whole, with the resulting residual amount of $191,791 being the fair value of the equity component.

On August 1, 2018, Intella assigned $1,010,000 of the convertible debentures to a third party, Lakeshore Capital Management Inc. ("Lakeshore"). On November 16, 2018, Lakeshore converted the debenture and interest accrued to September 30, 2018 ($1,028,918) to common shares at the conversion price of $0.20 per share.

For the year ended December 31, 2018, accrued interest of $138,894 (2017 - $nil) and accretion expense of $32,053 (2017 - $nil) are included in finance costs in the consolidated statements of loss and comprehensive loss.

12. RELATED PARTY TRANSACTIONS

Related parties include Board of Directors, close family members, key management personnel, enterprises and others who exercise significant influence over the reporting entity. All amounts owing to related parties are unsecured, non-interest bearing and due on demand unless otherwise noted.

a. Included in accounts payable and accrued liabilities as at December 31, 2018 is $31,316 (2017 - $31,316) for legal fees and disbursements owing to a law firm (McMillan) in which an officer of the Company, Robbie Grossman, was a former partner.

b. Included in accounts payable and accrued liabilities as at December 31, 2018 is $43,068 (2017 - $43,068) for legal fees and disbursements owing to a law firm (Garfinkle Biderman LLP) of which an officer of the Company, Robbie Grossman, was a former partner.

c. At December 31, 2018, $511,137 (December 31, 2017 - $423,750) has been included in accounts payable and accrued liabilities for unpaid remuneration of the Company's former Chief Executive Officer and director, Allen Lone.

d. At December 31, 2018 and 2017, $4,000 is included in accounts payable and accrued liabilities to an officer and director of the Company.

e. At December 31, 2018 and 2017 $2,430 has been included in accounts payable and accrued liabilities for Alan Myers and Associates, an accounting firm in which Alan Myers, the CFO, is a partner, for taxation services provided.

f. Included in advances are promissory notes outstanding at December 31, 2018 of $335,269 (2017 - $183,669), from related parties (former directors and a company controlled by a former officer of the Company) and secured against the assets of the Company and due on demand. The loans bear interest at 10% to 12% per annum and are secured against the assets of the Company (Note 8).

g. Included in office and general expenses for the year ended December 31, 2018 is $5,000 (2017 - $6,650) for consulting services provided by Binh Quach, a director of the Company. As at December 31, 2017, $24,817 (2017- $19,817) has been included in accounts payable.

h. Included in office and general expenses for the year ended December 31, 2018 is $40,000 (2017 - $40,000) for accounting services provided by Momen Rahman, CFO of Intella. As at December 31, 2018, $166,000 (2017- $126,000) has been included in accounts payable.

i. Included in professional expenses and disbursements for the year ended December 31, 2018 is $15,000 (2017 - $nil) for legal services and disbursements provided by Jay Vieira, the CEO of the Company. As at December 31, 2018, $14,950 (2017- $nil) has been included in accounts payable.

(Expressed in Canadian Dollars)

j. Included in research and development expenses for the year ended December 31, 2018 is $23,333 (2017 - $nil) for services provided by Mumin Demiral, a director of the Company.

k. The Royalty expense of $13,040 is due to the Company's parent corporation Intella. This amount is included as an amount payable under accounts payable and accrued liabilities.

l. Included in financing costs is $138,984 due to the Company's parent corporation Intella Inc. for interest accrued on the convertible debenture owing to IntellaEquity Inc.

Key management compensation

The compensation of key management of the Company is included in the summary table below. Key management are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

	Year ended December 31, 2018	2017
Short-term compensation	$ 70,235	$ -

These transactions are in the normal course of operations.

(Expressed in Canadian Dollars)

13. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 25.75% (2017 - 25.75%) were as follows:

	2018	2017
Income (loss) before income taxes	$ (1,779,442)	$ 18,018
Expected income tax recovery based on statutory rate	(458,206)	4,600
Adjustment to expected income tax benefit:		
Non-deductible expenses and other	299,066	22,000
Change in deferred tax assets not recognized	159,140	(26,600)
	$ -	$ -

b) Deferred Income Tax

	2018	2017
Unrecognized deferred tax assets (liabilities)		
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Non-capital loss carry-forwards	$ 17,650,000	$ 14,319,000
Capital loss carry-forwards	2,464,000	2,464,000
Other temporary differences	41,000	41,000
Total	$ 20,155,000	$ 16,824,000

The Canadian non-capital losses of $17,650,000 (2017 - $14,319,000) expire from 2026 to 2038. The U.S. non-capital losses of $395,000 (2016 - $312,000) expire from 2030 to 2038. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

(Expressed in Canadian Dollars)

14. COMMITMENTS & CONTINGENCIES

Gross overriding royalties

In addition to the gross overriding royalty ("GORR") agreements entered into in connection with the various oil and gas projects undertaken as disclosed in Note 4, the Company has entered into the following GORR agreement:

As part of the purchase of a database of technical information for the Lloydminster property, the Company entered into a GORR agreement with the vendor. Pursuant to the agreement, the Company has committed to pay royalties equal to 3% on all production from the lands included in the database.

Deposits

The Company is liable to undertake reclamation and abandonment work on its leases. On December 31, 2018, the Company has lodged deposits of $333,560 (December 31, 2017 - $nil) with the Alberta Energy Resource Conservation Board (“AERCB”) as required by legislation.

Legal Claims

In the ordinary course of business activities, the Company is a party in certain litigation and other claims. Management believes that the resolution of such litigation and claims will not have a material effect on the consolidated financial position of the Company.

Environmental Contingencies

The Company’s exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believe its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

15. EXPLORATION EXPENSES

The exploration costs during the years ended December 31, 2018 and 2017 were as follows:

		2018		2017
Annual lease renewal costs	$	1,798	$	-
Land management	$	867		-
Others	$	1,712		-
	$	4,377	$	-

(Expressed in Canadian Dollars)

16. OFFICE AND GENERAL EXPENSES

The office and general expenses during the years ended December 31, 2018 and 2017 were as follows:

	Year ended December 31, 2018	2017
Accounting services	$ 12,770	$ -
Rent expense	40,530	33,041
Computer expenses	3,804	2,846
Telephone expense	13,132	10,860
Inventory impairment	-	76,199
Others	15,043	22,704
	$ 85,279	$ 145,650

17. CORPORATE SERVICES

The corporate service expenses during the years ended December 31, 2018 and 2017 were as follows:

	Year ended December 31, 2018	2017
Corporate services	25,506	-
Transfer agent	2,659	-
	$ 28,165	$ -

18. CAPITAL DISCLOSURES

The Company's objectives when managing capital are as follows:

a. To safeguard the Company's ability to continue as a going concern.
b. To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties.
c. To raise sufficient capital to meet its general and administrative expenditures.

The Company considers its capital to be equity, which comprises capital stock, contributed surplus, warrants, foreign currency translation reserve and deficit, which at December 31, 2018 was a deficiency of $4,907,907 (2017 – $3,128,465).

The Company manages its capital structure and makes adjustments to it based on general economic conditions, short term working capital requirements, and planned exploration and development. The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets' underlying assumptions as necessary. There have been no changes in the way the Company manages its capital during years ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

19. OPERATING LEASE COMMITMENTS

The Company is committed under operating lease agreements for the rental of its premises and a car lease. Minimum annual future lease payments are approximately as follows:

Year		Lease Commitments
2019		31,678
2020		24,819
2021		6,205
	$	**56,497**

20. RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions in relation to the Company's activities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant price, credit, liquidity, interest or foreign exchange risks arising from the financial instruments. There were no changes to the Company's risks, objectives, policies and procedures during the years ended December 31, 2018 and 2017.

Credit risk

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors. For many new international clients, the Company demands that equipment costs are prepaid prior to shipment.

Trade and other accounts receivable

Trade and other accounts receivable consists primarily of trade accounts receivable from the sale of equipment, installation and reporting services. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

The carrying amounts of trade and other accounts receivable are reduced through the use of an allowance for doubtful accounts and the amount of the loss is recognized in the consolidated statement of loss in general and administrative expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off reduce other expenses in the statement of loss. Historically, trade credit losses have been minimal.

(Expressed in Canadian Dollars)

Concentration of credit risk

Two customers represent approximately 88% of sales for the year ended December 31, 2018 (2017 three customers represented 68%). The sales from major customers and their respective operational segments are as follows:

	Year ended December 31, 2018	2017
Enbridge Canada	141,030	141,030
Enbridge USA	193,476	125,360
Stork Technical Services	-	57,538
	$ 334,506	**$ 323,928**

The accounts receivable from two customer represents approximately 58% of trade and accounts receivable as of December 31, 2018 (2017 – 27%). The trade and accounts receivable balances from these customers are as follows:

	December 31, 2018	2017
Enbridge Pipelines USA	40,485	5,491
CNRL	-	6,930
Transcanada Inc	7800	-
	$ 48,285	**$ 12,421**

Cash

Cash consist of bank balances and petty cash. Credit risk associated with cash is minimized substantially by ensuring that these financial assets are invested in debt instruments of highly rated financial institutions. As at December 31, 2018, the Company had cash of $19,135 (2017 - $8,739) and does not expect any counterparties to fail to meet their obligations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company maintains a majority of its surplus funds in interest bearing accounts with Canadian financial institutions, which pay interest at a floating rate.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses which may damage the Company's reputation.

The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(Expressed in Canadian Dollars)

The following items are the contractual maturities of financial liabilities:

December 31, 2018	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 1,344,623	$ 1,344,623	$ 1,344,623	$ -
Advances	600,870	600,870	600,870	-
Debentures	1,803,138	2,448,000	216,000	2,232,000
Reclamation and decommissioning liabilities	411,070	411,070	411,070	-
Non-cash liabilities	23,868	23,868	23,868	-
	$ 4,183,569	**$ 4,828,431**	**$ 2,596,431**	**$ 2,232,000**

December 31, 2017	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 197,189	$ 197,189	$ 197,189	$ -
Amount owing to parent company	3,012,766	3,012,766	3,012,766	-
Non-cash liabilities	44,594	44,594	44,594	-
	$ 3,254,549	**$ 3,254,549**	**$ 3,254,549**	**$ -**

In addition to the financial liabilities, the Company has contractual cash flows relating to lease commitments (note 19).

Foreign exchange

The Company operates primarily in Canada and the United States. The presentation currency is Canadian dollars and the functional currency of the parent company is the Canadian dollar. As at December 31, 2018, the Company's US dollar net monetary assets totaled $12,142 (2017 - $30,992). Accordingly, ,a 5% change in the US dollar exchange rate as at December 31, 2017 on this amount would have resulted in an exchange gain or loss and therefore net income would have increased (decreased) by $607.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company’s future operations will be significantly affected by changes in the market prices for commodities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company’s control. The supply and demand for commodities, the level of interest rates, the rate of inflation, and stability of exchange rates can all cause significant fluctuations in commodity prices. Such external economic factors may in turn be influenced by changes in international investment patterns, monetary systems and political developments.

21. SEGMENTED INFORMATION

The Company's reportable segments are strategic business units that offer different services and/or products. They are managed separately because each segment requires different strategies and involves different aspects of management expertise.

STI develops non-intrusive asset health monitoring sensor systems for the oil and gas market to help operators track the thinning of pipelines and refinery vessels due to corrosion and erosion, strain due to bending or buckling, and process pressure and temperature. STI's FT fiber optic sensor and EFM systems allow cost-effective, 24/7 remote monitoring capabilities to improve scheduled maintenance operations, avoid unnecessary shutdowns, and prevent accidents and leaks.

MEI, PPI, PPC and APPC are oil & gas companies

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company carries out its operations through wholly-owned entities. These entities are located in Canada and the United States.

(Expressed in Canadian Dollars)

For the year ended December 31, 2018

	STI Operations	Oil and Gas Operations	Corporate Operations	Total
Revenue	$ 381,105	$ -	$ -	$ 381,105
Interest income	-	1,768	-	1,768
Total revenue	381,105	1,768	-	382,873
Cost of sales	(89,101)	-	-	(89,101)
Royalty	(13,040)	-	-	(13,040)
Gross profit	$ 278,964	$ 1,768	$ -	$ 280,732
Expenses				
Research and development	(156,622)	-	-	(156,622)
Selling	(23,482)	-	-	(23,482)
Reclamation and decomissioning expenses	-	(322,239)	-	(322,239)
Salaries	(78,383)	-	-	(78,383)
Professional fees and disbursements	(26,152)	-	(250)	(26,402)
Exploration expenses	-	(4,377)	-	(4,377)
Office and general	(71,272)	-	(14,007)	(85,279)
Insurance	(12,027)	-	(6,273)	(18,300)
Amortization	(938)	-	-	(938)
Corporate services	-	-	(28,165)	(28,165)
Total expenses	$ (368,876)	$ (326,616)	$ (48,695)	$ (744,187)
(Loss) before undernoted	(89,912)	(324,848)	(48,695)	(463,455)
Finance costs	(100,652)	-	(147,677)	(248,329)
Cost of public listing	-	-	(1,068,620)	(1,068,620)
Income on foreign exchange	-	-	449	449
Net (loss) for the year	(190,564)	(324,848)	(1,264,543)	(1,779,955)
Other comprehensive (loss) for the year				
Exchange differences on translation of foreign operations	-	(1,277)	-	(1,277)
Total comprehensive (loss) for the year	**$ (190,564)**	**$ (326,125)**	**$ (1,264,543)**	**$ (1,781,232)**

As at December 31, 2018

Equipment	$ 2,058	$ -	$ -	$ 2,058
Total assets	$ 184,411	$ 820,844	$ 50,630	$ 1,055,885

(Expressed in Canadian Dollars)

For the year ended December 31, 2017

	STI Operations	Oil and Gas Operations	Corporate Operations	Total
Revenue	$ 467,234	$ -	$ -	$ 467,234
Cost of sales	(125,153)	-	-	(125,153)
Gross Profit	342,081	-	$ -	342,081
Expenses				
Research and development	(148,073)	-	-	(148,073)
Selling	(28,599)	-	-	(28,599)
Salaries	(76,314)	-	-	(76,314)
Professional fees and disbursements	(15,676)	-	-	(15,676)
Office and general	(145,651)	-	-	(145,651)
Amortization	(1,370)	-	-	(1,370)
Total expenses	$ (415,683)	$ -	$ -	$ (415,683)
(Loss) before undernoted	(73,602)	-	-	(73,602)
(Loss) on foreign exchange	(3,811)	-	-	(3,811)
Net (loss) for the year	(77,413)	-	-	(77,413)
Exchange differences on translation of foreign operations	-	-	-	-
Total comprehensive (loss) for the year	**$ (77,413)**	**$ -**	**$ -**	**$ (77,413)**

As at December 31, 2017

	STI Operations	Oil and Gas Operations	Corporate Operations	Total
Equipment	$ 2,496	$ -	$ -	$ 2,496
Total assets	$ 126,085	$ -	$ -	$ 126,085

Revenue by Geographic Region

Sales is as follows:

	Year ended 2018	2017
USA	$ 193,476	$ 125,360
Canada	187,629	284,336
Others	-	57,538
Total	**$ 381,105**	**$ 467,234**

22. SUBSEQUENT EVENT

Subsequent to the year ended December 31, 2018, the conversion price of the convertible debenture issued to IntellaEquity in the aggregate amount of $1,853,852 with accrued interest was amended from $0.20 per common share to $0.05 per common share subject to regulatory approval. Interest on the debenture will continue to accrue at an annual rate of 12%, subject to adjustments, until redeemed or converted in accordance with the terms of the debenture.