UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS
For the Three and Six Months Ended June 30, 2018 and 2017

CONTENTS

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

CWB HOLDINGS, INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands of United States dollars)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash	$ 10,784	$ 7,056
Trade and other receivables (note 4)	2,804	2,129
Inventories (note 6)	6,264	4,808
Prepaid expenses and other current assets	1,265	436
Income taxes receivable	687	-
	21,804	14,429
Non-current assets:		
Property and equipment, net (note 7)	4,111	3,373
Deferred tax assets (note 14)	734	549
Loan due from related party (note 5)	107	107
Other long-term assets (note 8)	799	996
	$ 27,555	$ 19,454
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,413	$ 948
Accrued liabilities	5,253	3,343
Deferred revenue	403	490
Income taxes payable	-	157
Convertible note (note 10)	-	1,040
Current portion of notes payable (note 11)	10	15
Current portion of finance lease obligations (note 9)	283	299
	7,362	6,292
Non-current liabilities:		
Long-term note payable (note 11)	15	28
Long-term finance lease obligations (note 9)	260	397
Deferred rent	87	98
	7,724	6,815
Shareholders' equity:		
Share capital	5,773	5,835
Contributed surplus (note 12)	1,208	787
Retained earnings	12,850	6,017
	19,831	12,639
Commitments (note 9,10,11)		
	$ 27,555	$ 19,454

Approved by the Board of Directors

Director (signed)

Director (signed)

CWB HOLDINGS, INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
(In thousands of United States dollars)

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Revenue	$ 17,217	$ 9,059	$ 30,309	$ 16,179
Cost of sales (note 13)	4,013	2,783	6,568	4,559
Gross profit	13,204	6,276	23,741	11,620
Expenses:				
General and administrative (note 13)	4,915	2,560	8,981	4,059
Sales and marketing (note 13)	2,411	1,335	4,474	2,737
Research and development	129	134	255	222
Initial public offering related costs (note 13)	752	-	859	-
	8,207	4,029	14,569	7,018
Operating income	4,997	2,247	9,172	4,602
Financing costs	(66)	(75)	(130)	(112)
Interest income	33	2	54	2
Income before taxes	4,964	2,174	9,096	4,492
Income taxes (note 14)	(1,234)	(751)	(2,263)	(1,519)
Net income and comprehensive income	$ 3,730	$ 1,423	$ 6,833	$ 2,973
Weighted average number of common shares - basic (note 12)	8,811,832	8,777,094	8,825,516	8,777,094
Weighted average number of common shares - diluted (note 12)	9,388,261	9,415,781	9,401,945	9,415,781
Earnings per share - basic (note 11)	$ 0.42	$ 0.16	$ 0.77	$ 0.34
Earnings per share - diluted (note 11)	$ 0.40	$ 0.16	$ 0.73	$ 0.32

CWB HOLDINGS, INC.

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands of United States dollars)

Six months ended June 30, 2017	Share capital	Contributed surplus	Retained earnings (deficit)	Total
Balance - December 31, 2016	$ 5,835	$ 327	$ (1,458)	$ 4,704
Share-based compensation expense	-	158	-	158
Net income	-	-	2,973	2,973
Balance - June 30, 2017	$ 5,835	$ 485	$ 1,515	$ 7,835

Six months ended June 30, 2018	Share capital	Contributed surplus	Retained earnings (deficit)	Total
Balance - December 31, 2017	$ 5,835	$ 787	$ 6,017	$ 12,639
Exercise of stock options	42	-	-	42
Share-based compensation expense	-	421	-	421
Share issuance costs	(104)	-	-	(104)
Net income	-	-	6,833	6,833
Balance - June 30, 2018	$ 5,773	$ 1,208	$ 12,850	$ 19,831

CWB HOLDINGS, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of United States dollars)

	Six months ended June 30, 2018	2017
Cash flows from operating activities:		
Net income	$ 6,833	$ 2,973
Items not involving cash:		
Depreciation	576	255
Loss from change in fair value of biological assets	(453)	(118)
Accretion on convertible note	71	66
Loss from change in fair value of convertible note	(66)	(42)
Allowance for doubtful accounts	152	(13)
Write down obsolete inventory	115	-
Deferred rent	(11)	(15)
Stock-based compensation	421	158
Gain on sale of assets	(28)	-
Deferred income taxes	(184)	237
Changes in working capital:		
Accounts receivable	(827)	(252)
Inventory	(1,118)	(507)
Prepaid expenses and other current assets	(829)	(116)
Accounts payable	465	61
Accrued liabilities	1,909	577
Income taxes	(844)	(819)
Deferred revenue	(87)	(132)
	6,095	2,313
Cash flows from investing activities:		
Purchases of property and equipment	(1,324)	(950)
Proceeds from sale of assets	38	-
Other long-term assets	197	(161)
	(1,089)	(1,111)
Cash flows from financing activities:		
Proceeds from convertible note	-	1,000
Payments on notes payable	(18)	(6)
Payments on finance lease obligations	(153)	(82)
Payments on convertible note	(1,000)	-
Debt settlement	(45)	-
Proceeds from sale of common stock	42	-
Share issuance costs	(104)	-
	(1,278)	912
Increase in cash and cash equivalents	3,728	2,113
Cash and cash equivalents, beginning of year	7,056	1,090
Cash and cash equivalents, end of period	$ 10,784	$ 3,203
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 130	$ 73

1. Company overview

CWB Holdings, Inc. (the "Company") was incorporated under the laws of Colorado, United States. The Company was initially formed December 8, 2013 under the name Stanley Brothers Social Enterprises, LLC, and on June 19, 2015 changed its name to CWB Holdings, LLC. On December 30, 2015 it changed its name to CWB Holdings, Inc.

The head office of the Company is located at 2425 55th Street, Suite 200, Boulder, Colorado 80301.

The Company has one wholly owned subsidiary which operates under the name of Stanley Brothers Social Enterprises, LLC ("SBSE").

2. Basis of preparation

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards (IAS 34), Interim Financial Reporting on a basis consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IAS).

These unaudited interim condensed consolidated financial statements include only significant events and transactions occurring since the Company's last fiscal year-end. They do not include all the information and notes required by IFRS for annual financial statements and therefore should be read in conjunction with the audited annual consolidated financial statements and notes for the Company's fiscal year ended December 31, 2017.

The unaudited interim condensed consolidated financial statements for the six months ended June 30, 2018 and 2017 were approved and authorized for issue by the board of directors on August 21, 2018.

(b) Measurement basis

The unaudited interim condensed consolidated financial statements have been prepared mainly on a historical cost basis. Other measurement bases used are described in the applicable notes.

(c) Basis of consolidation

The Company's unaudited interim condensed consolidated financial statements consolidate those of the parent company and its wholly owned subsidiary, SBSE, through dissolution date of April 17, 2018. Inter-company balances and transactions are eliminated in preparing the consolidated financial statements. The accounting policies of the subsidiary are consistent with the Company's policies.

(d) Use of estimates

The preparation of unaudited interim condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 9 and IFRS 15, which are described in note 3.

(e) Functional and presentation currency

The consolidated financial statements are presented in United States dollars, which is the Company's functional currency. All financial information presented in United States dollars has been rounded to the nearest thousand.

3. Adoption of new accounting standards and policies

IFRS 9, "Financial Instruments: Classification and Measurement"

IFRS 9, "Financial Instruments: Classification and Measurement", addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Company adopted the new standard on January 1, 2018.

The Company assessment of the new guidance was determined to not have a significant impact on the classification and measurement of its financial instruments for the following reasons:

- The Company does not currently hold any financial assets that would be accounted for differently under the new standard;
- The Company does not currently have any outstanding hedges that would require reassessment under the updated hedge accounting rules.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. This will apply to the Company's trade and other receivables. The financial performance and disclosure was not materially affected by the application of the standard.

IFRS 15, "Revenue from Contracts with Customers"

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers" (IFRS 15), which replaces IAS 18 "Revenue", IAS 11 "Construction Contracts" and several revenue-related interpretations. IFRS 15 establishes a new model for revenue earned from a contract with a customer. Specific guidance is given on identifying separate performance obligations in the contract and allocating the transaction price to the separate performance obligations in an amount that reflects total consideration expected during the term of the contract. In addition, the standard requires additional disclosures about the nature, amount, timing and uncertainty of revenue and related cash flows. This standard is effective for annual periods beginning on or after January 1, 2018.

The Company adopted the new standard on January 1, 2018 using the modified retrospective method, without restatement of the comparative figures. The Company's contracts are primarily short-term in nature and generally do not include significant multiple deliverables.

The Company reviewed its accounting policies and practices to identify potential differences that would result from applying the guidance. The new guidance requires the Company to estimate variable consideration and include in revenue amounts for which it is probable that a significant revenue reversal will not occur. The adoption of the guidance did not have a material impact on the timing or measurement of the Company's revenue recognition.

4. Trade and other receivables

Trade and other receivables consist of the following:

	June 30, 2018	December 31, 2017
Trade	$ 2,571	$ 2,126
Other miscellaneous receivables	460	79
Expected credit losses ("ECLs, see Note 15)	(227)	(76)
	$ 2,804	$ 2,129

The Company provides for ECLs based on its assessment of probability of specific losses, estimates of future individual exposures and provisions based on historical experience.

The aging of receivables is as follows:

	June 30, 2018	December 31, 2017
Current	$ 2,461	$ 1,561
Aged 1-30 days past due	282	466
Aged 31-60 days past due	69	45
Aged >60 days past due	219	133
Expected credit losses	(227)	(76)
	$ 2,804	$ 2,129

5. Loan due from related party

At June 30, 2018 and December 31, 2017, the Company had a non-interest bearing, unsecured, receivable due from one of the founders of the Company in the amount of $107. The Company assesses the receivable as fully collectible.

6. Inventories

Inventories consist of the following:

	June 30, 2018	December 31, 2017
Harvested hemp	$ 956	$ 1,582
Raw materials	2,871	1,622
Finished goods	1,854	1,857
Immature biological assets	774	-
	6,455	5,061
Less: inventory reserve	(191)	(253)
	$ 6,264	$ 4,808

An inventory provision is estimated by management and is included in cost of sales. For the six-month period ended, June 30, 2018, there were $115 additional reserves and $177 of write offs against the reserve. For the six-month period ended, June 30, 2017, there were no changes to the inventory reserves and no inventory write offs. The amounts of inventory expensed during the six-month periods ended June 30, 2018 and 2017 is $5,172 and $2,903, respectively.

The Company grows its industrial hemp (i) on leased farms operated entirely by Company personnel, and (ii) through third-party farming operations with oversight by the Company. The grow season for the Company's hemp products is generally from May through September of each year. All harvesting of plants is complete prior to year-end. 100% of the Company's hemp is consumed internally for its finished goods products and is not sold in its raw or processed form.

The Company capitalizes the direct and indirect costs associated with the production of its biological assets as incurred, less estimated yield losses and fair value adjustments. Any adjustments to capitalized biological asset costs are expensed to cost of sales. As little biological transformation has taken place since the beginning of the cultivation process the carrying value approximates the fair value of the biological assets as of June 30, 2018.

The changes in the carrying value of immature biological assets are as follows:

	Immature biological assets
Carrying amount, December 31, 2017	$ -
Production costs	416
Purchases	358
Carrying amount, June 30, 2018	$ 774

	Immature biological assets
Carrying amount, December 31, 2016	$ -
Production costs	407
Purchases	198
Carrying amount, June 30, 2017	$ 605

7. Property and equipment

Details of the Company's property and equipment and their carrying amounts are as follows:

	Machinery and equipment	Furnitures and fixtures	Leasehold improvements	Software	Under construction	Total
Cost						
At December 31, 2016	$ 1,302	$ 210	$ 236	$ 19	$ -	$ 1,767
Additions	2,055	102	171	174	142	2,644
Disposals	-	(5)	-	-	-	(5)
At December 31, 2017	3,357	307	407	193	142	4,406
Additions	664	24	191	404	41	1,324
Disposals	(38)	-	-	-	-	(38)
Transfer under construction	-	-	142	-	(142)	-
At June 30, 2018	$ 3,983	$ 331	$ 740	$ 597	$ 41	$ 5,692

	Machinery and equipment	Furnitures and fixtures	Leasehold improvements	Software	Under construction	Total
Accumulated depreciation						
At December 31, 2016	$ (253)	$ (41)	$ (36)	$ (8)	$ -	$ (338)
Depreciation for the year	(575)	(55)	(58)	(8)	-	(696)
Disposals	-	1	-	-	-	1
At December 31, 2017	(828)	(95)	(94)	(16)	-	(1,033)
Depreciation for the period	(457)	(38)	(61)	(20)	-	(576)
Disposals	28	-	-	-	-	28
At June 30, 2018	$ (1,257)	$ (133)	$ (155)	$ (36)	$ -	$ (1,581)

	Machinery and equipment	Furnitures and fixtures	Leasehold improvements	Software	Under construction	Total
Net book value						
At December 31, 2017	$ 2,529	$ 212	$ 313	$ 177	$ 142	$ 3,373
At June 30, 2018	$ 2,726	$ 198	$ 585	$ 561	$ 41	$ 4,111

Depreciation expense for the three months ended June 30, 2018 and 2017 was $307 and $168, respectively. Depreciation expense for the six months ended June 30, 2018 and 2017 was $576 and $255, respectively. The Company has certain equipment held under finance lease agreements. As of June 30, 2018, and December 31, 2017, the net carrying amount included in machinery and equipment is $1,027 and $1,205, respectively.

The Company financed the purchase of a vehicle under a note payable. As of March 31, 2018, the note was paid in full. At December 31, 2017, the net carrying amount included in machinery and equipment is $22.

8. Other long – term assets

Other long-term assets consist of long-term deposits on various leases for equipment and premises. No impairment was recorded for the six months ended June 30, 2018.

9. Leases

(a) Obligations under finance leases

Future annual minimum payments due under finance lease obligations are as follows:

	within 1 year	1 to 5 years	Total
June 30, 2018			
Future minimum lease payments	$ 348	$ 280	$ 628
Finance charges	(65)	(20)	(85)
Present value of minimum lease payments	$ 283	$ 260	$ 543

(b) Obligations under operating leases

Future annual minimum payments due under operating lease obligations are as follows:

	within 1 year	1 to 5 years	> 5 years	Total
June 30, 2018	$ 1,039	$ 1,942	$ 206	$ 3,187

Rent expense for the six months ended 2018 was approximately $680.

10. Convertible note

Details of the Company's convertible note are as follows:

	Total
January 1, 2018	$ 1,040
Accretion	71
Fair value adjustment	(66)
Payment	(1,000)
Debt settlement	(45)
June 30, 2018	$ -

The Company repaid the outstanding $1.0 million convertible note on May 31, 2018.
For the three months ending June 30, 2018 and 2017, total interest paid and expensed, related to the convertible note was $42 and $43, respectively. For the six months ending June 30, 2018 and 2017, total interest paid and expensed, related to the convertible note was $80 and $71, respectively.

11. Notes payable

Details of the Company's notes payable are as follows:

	June 30, 2018	December 31, 2017
Equipment notes payable	$ 25	$ 43
Less current portion	(10)	(15)
	$ 15	$ 28

The following tables detail the changes in the Company's notes payable balances:

		Long-term borrowings	Short-term borrowings		Total
January 1, 2018	$	28	15	$	43
Repayment		(7)	(11)		(18)
Conversion to short-term borrowings		(6)	6		-
June 30, 2018	$	15	10	$	25

For the three months ending June 30, 2018, total interest paid and expensed, related to the notes payable was less than $1. For the three months ending June 30, 2017, total interest paid and expensed, related to the notes payable was $12. For the six months ending June 30, 2018 and 2017, total interest paid and expensed, related to the notes payable was $1 and $18, respectively.

Scheduled maturities of notes payable were as follows:

		within 1 year		1 to 5 years		Total
June 30, 2018	$	10	$	15	$	25

12. Shareholders' Equity

(a) Issued and outstanding

	Number of shares outsanding	Treasury shares	Number of shares issued
January 1, 2018	9,043,280	(203,928)	8,839,352
Exercise of stock options	8,333	-	8,333
Cancelled	(107,857)	-	(107,857)
June 30, 2018	8,943,756	(203,928)	8,739,828

On May 25, 2018, 8,333 stock options were exercised from a former consultant of the Company.

On June 4, 2018, an existing employee and shareholder of the Company forfeited 107,857 shares due to a change in employment status.

(b) Contributed surplus

		June 30, 2018		December 31, 2017
Balance, beginning of period	$	787	$	327
Share-based compensation expense		421		460
Balance, end of period	$	1,208	$	787

(c) Earnings per share

Basic and diluted earnings per share have been calculated using net income.

The reconciliation of the weighted average number of shares for the purpose of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	June 30, 2018	June 30, 2017
Weighted average number of common shares - basic	8,825,516	8,777,094
Shares deemed to be issued in respect to share-based payments	576,429	638,687
Weighted average number of common shares - diluted	9,401,945	9,415,781
Earnings per share - basic	$ 0.77	$ 0.34
Earnings per share - diluted	$ 0.73	$ 0.32

(d) Founder options

At June 30, 2018 and December 31, 2017, the number of shares under option and exercisable was 576,429. Weighted average remaining contractual life is 1.55 years as of June 30, 2018 and 4.04 years as of December 31, 2017.

(e) 2015 Stock Option Plan

Share-based compensation expense recognized for the three months ended June 30, 2018, and 2017, was $162 and $83, respectively. Share-based compensation expense recognized for the six months ended June 30, 2018, and 2017, was $421 and $158, respectively.

The Company recognizes compensation expense for share option grants based on the fair value at the date of grant using the Black-Scholes option pricing model.

The following assumptions were used to determine the fair value of share option grants.

	Six months ended June 30,	
	2018	2017
Valuation assumptions:		
Expected annualized volatility	54.0%	56.0%
Expected term (years)	4.64	6.00
Risk-free interest rate	2.2%	2.9%

The following tables summarize information regarding the share options outstanding:

	Number of shares under option	Weighted average exercise price (USD)
Balance at January 1, 2018	727,192	$ 5.00
Granted	275,000	5.00
Exercised	(8,333)	5.00
Forfeited	(77,500)	5.00
Expired	(7,500)	5.00
Balance at June 30, 2018	908,859	$ 5.00
Exercisable at June 30, 2018	331,632	$ 5.00

Weighted average remaining contractual life is 8.95 years. The weighted average grant-date fair value of options granted during the six months ended June 30, 2018 was $1.91.

13. Expenses by nature

The cost of sales and operating expenses by nature are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Cost of sales	$ 4,013	$ 2,783	$ 6,568	$ 4,559
Inventory expensed to cost of sales	3,104	2,195	5,172	2,903
Other production costs	905	686	1,334	1,774
Depreciation and amortization	268	-	515	-
Revaluation of biological assets	(264)	(98)	(453)	(118)
General and administrative	$ 4,915	$ 2,560	$ 8,981	$ 4,059
Personnel	2,987	1,350	5,201	2,367
Facilities and other expenses	1,649	923	3,367	1,236
Accretion, depreciation and amortization	68	205	131	321
Travel and entertainment	211	82	282	135
Sales and marketing	$ 2,411	$ 1,335	$ 4,474	$ 2,737
Advertising, promotions and selling costs	1,163	609	1,950	1,451
Personnel	914	575	2,024	1,038
Facilities and other expenses	227	20	227	41
Travel and entertainment	107	131	273	207

On June 25, 2018 the Company filed its prospectus with the securities regulatory authorities in connection with an initial public offering. The Company incurred, and continues to incur, various legal, consulting, and professional fees in connection with its filing. For the three and six months ended June 30, 2018 costs related to initial public offering were $752 and $859, respectively.

14. Income taxes

(a) Components of income taxes

The major components of income tax expense attributable to income from continuing operations consists of:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
U.S. federal	994	657	1,830	1,327
State and local	240	94	433	192
	1,234	751	2,263	1,519

(b) Tax Rate Reconciliation

Income tax expense attributable to income from continuing operations for the six months ended June 30, 2018 and 2017, differed from the amounts computed by applying the U.S. federal income tax rate of 21% as a result of the following:

	2018	2017
Computed "expected" tax expense	21.0%	34.0%
State income taxes, net of federal tax benefit	3.7%	3.1%
Permanent items	0.2%	-2.1%
Change in rate	0.0%	-1.1%
	24.9%	33.9%

15. Financial risk management

The Company has exposure to the following risks from its use of financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial instruments and policies for managing these risks are detailed below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation, resulting in financial loss to the Company. Such risks arise primarily from certain financial assets held by the Company consisting of trade receivables and deposits. The Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets as summarized below:

	June 30, 2018	December 31, 2017
Trade and other receivables	$ 2,804	$ 2,129
Other long-term assets	799	996
	$ 3,603	$ 3,125

The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The loss allowance provision is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the excepted credit loss rate at each aging category of receivables.

	Current	Aged 1-30 days past due	Aged 31-60 days past due	Aged > 60 days past due
Expected loss rate	4.19%	4.69%	9.42%	48.12%
Gross carrying amount	2,461	282	69	219
Loss allowance provision, end of the period	103	13	6	105

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages liquidity risk by evaluating working capital and forecasting long-term financial liabilities as well as forecast cash inflows and outflows from business operations. Cash balances at June 30, 2018 and December 31, 2017 were $10,784 and $7,056, respectively. Net working capital at June 30, 2018 and December 31, 2017 was $14,442 and $8,137, respectively.

16. Fair value measurement

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments.

	June 30, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Loans and receivables:				
Cash	$ 10,784	$10,784	$ 7,056	$ 7,056
Accounts receivable	2,804	2,804	2,129	2,129
Loan due from related party	107	107	107	107
	$ 13,695	$13,695	$ 9,292	$ 9,292
Financial liabilities				
Other financial liabilities:				
Accounts payable and accrued liabilities	$ 6,666	$ 6,666	$ 4,291	$ 4,291
Obligations under finance lease	543	543	696	696
Convertible note	-	-	1,040	1,040
Notes payable	25	25	43	43
	$ 7,234	$ 7,234	$ 6,070	$ 6,070

17. Capital management

For capital management purposes, the Company defines capital as its shareholders' equity that includes share capital, contributed surplus and retained earnings. The amounts included in the Company's capital for the relevant periods are as follows:

June 30, 2018	$19,831
December 31, 2017	$12,639

The Company's principal objectives in managing capital are:

- to ensure that it will continue to operate as a going concern;
- to be flexible to take advantage of contract and growth opportunities that are expected to provide satisfactory returns to its shareholders;
- to maintain a strong capital base to maintain customers, investors, creditors and market confidence; and
- to provide an adequate rate of return to its shareholders.

The Company does not have any externally imposed capital compliance requirements at June 30, 2018. There were no changes in the Company's approach to capital management during the six months ended June 30, 2018.

18. Remuneration of directors and key management of the Company

The remuneration awarded to directors and senior key management, for the six months ended June 2018, includes the following:

For the six months ending June 30,	2018	2017
Wages	$ 259	$ 61
Share based compensation	325	-
	$ 584	$ 61

For the three months ending June 30,	2018	2017
Wages	$ 137	$ 36
Share based compensation	136	-
	$ 273	$ 36