

Xebec Adsorption Inc.

Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

The Condensed Interim Consolidated Financial Statements which are included in this Report have not been subject to a review by the Company's External Auditors.

Xebec Adsorption Inc.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

(expressed in Canadian dollars)

	As at June 30, 2016 \$	As at December 31, 2015 \$
Assets		
Current assets		
Cash	1,583,525	2,717,965
Trade and other receivables	2,184,937	2,437,159
Inventories	1,426,508	1,141,840
Investment tax credits receivable	47,953	117,676
Other current assets	158,961	158,856
Total current assets	5,401,884	6,573,496
Non-current assets		
Property, plant and equipment (Note 3)	268,170	322,395
Intangible assets (Note 4)	220,049	240,783
Total non-current assets	488,219	563,178
Total assets	5,890,103	7,136,674
Liabilities		
Current liabilities		
Bank loan (note 5)	725,000	375,000
Trade payables	2,534,278	3,105,172
Accrued liabilities	944,961	793,556
Deferred revenues	1,677,313	680,003
Current portion of government royalty program obligation	757,540	243,207
Provisions	479,861	698,561
Total current liabilities	7,118,953	5,895,499
Non-current liabilities		
Government royalty program obligation	-	480,834
Obligation arising from shares issued by a subsidiary (note 6)	3,452,668	3,583,808
Government assistance	4,583	7,083
Deferred rent	125,324	112,132
Provisions	9,572	20,013
Total non-current liabilities	3,592,147	4,203,870
Total liabilities	10,711,100	10,099,369
Equity		
Share capital (note 7)	19,318,856	19,318,856
Contributed surplus	2,978,653	2,925,379
Accumulated other comprehensive loss	(974,320)	(1,105,821)
Deficit	(26,144,186)	(24,101,109)
Total equity	(4,820,997)	(2,962,695)
Total liabilities and equity	5,890,103	7,136,674

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

Approved by the Board of Directors

(signed) Kurt Sorschak Director

(signed) William Beckett Director

Xebec Adsorption Inc.

Condensed Interim Consolidated Statements of Income (Loss)

For the three-month and six-month period ended June 30, 2016 and 2015

(Unaudited)

(expressed in Canadian dollars)

	For the 3 months period ended June 30,		For the 6 months period ended June 30,	
	2016 \$	2015 \$	2016 \$	2015 \$
Revenue	2,071,434	2,204,557	4,525,001	5,301,248
Cost of goods sold	<u>1,539,590</u>	<u>1,963,656</u>	<u>3,633,613</u>	<u>4,380,882</u>
Gross margin	<u>531,844</u>	<u>240,901</u>	<u>891,388</u>	<u>920,366</u>
Research and development expenses	43,648	(12,772)	100,396	(2,713)
Selling and administrative expenses	1,398,556	1,251,572	2,591,993	2,301,247
Foreign exchange (gain) loss	14,761	136,640	268,290	(216,963)
Gain on conversion of shares issued by a subsidiary (note 6)	<u>(94,324)</u>	<u>-</u>	<u>(301,284)</u>	<u>-</u>
	<u>1,362,641</u>	<u>1,375,440</u>	<u>2,659,395</u>	<u>2,078,571</u>
Operating Loss	<u>(830,797)</u>	<u>(1,134,539)</u>	<u>(1,768,007)</u>	<u>(1,158,205)</u>
Other income (charge)				
Finance income	(1,269)	(11,893)	(2,672)	(14,321)
Finance expense	<u>156,302</u>	<u>39,494</u>	<u>277,742</u>	<u>63,136</u>
	<u>155,033</u>	<u>27,601</u>	<u>275,070</u>	<u>48,815</u>
Loss before income taxes	<u>(985,830)</u>	<u>(1,162,140)</u>	<u>(2,043,077)</u>	<u>(1,207,020)</u>
Income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,750</u>
Net loss for the period	<u>(985,830)</u>	<u>(1,162,140)</u>	<u>(2,043,077)</u>	<u>(1,215,770)</u>
Loss per share				
Basic and diluted	<u>(0.02)</u>	<u>(0.03)</u>	<u>(0.05)</u>	<u>(0.03)</u>

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

Xebec Adsorption Inc.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

For the three-month and six-month period ended June 30, 2016 and 2015

(Unaudited)

(expressed in Canadian dollars)

	For the 3 months period ended June 30,		For the 6 months period ended June 30,	
	2016 \$	2015 \$	2016 \$	2015 \$
Net loss for the period	(985,830)	(1,162,140)	(2,043,077)	(1,215,770)
Other comprehensive income (loss)				
Cumulative translation adjustment	<u>(265,259)</u>	<u>51,423</u>	<u>131,501</u>	<u>(257,480)</u>
Comprehensive loss for the period	<u>(1,251,089)</u>	<u>(1,110,717)</u>	<u>(1,911,576)</u>	<u>(1,473,250)</u>
Attributable to:				
Shareholders of the Company	(1,251,089)	(1,111,204)	(1,911,576)	(1,487,659)
Non-controlling interest	<u>-</u>	<u>486</u>	<u>-</u>	<u>14,409</u>
	<u>(1,251,089)</u>	<u>(1,110,718)</u>	<u>(1,911,576)</u>	<u>(1,473,250)</u>

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

Xebec Adsorption Inc.

Consolidated Statement of Changes in Shareholders' Equity

For the years ended December 31, 2011 and 2010

(expressed in Canadian dollars)

	Number		Amount						
	Common shares	Warrants	Share capital – Common shares and warrants \$	Contributed surplus \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Equity attributable to the Company \$	Non-controlling interest \$	Total \$
Balance – January 1, 2015	39,363,867	10,091,886	19,732,623	2,460,146	(606,685)	(20,914,588)	671,496	257,795	929,291
Net loss for the period	-	-	-	-	-	(1,215,770)	(1,215,770)	-	(1,215,770)
Other comprehensive income (loss)	-	-	-	-	(271,889)	-	(271,889)	14,409	(257,480)
Comprehensive income (loss) for the period	-	-	-	-	(271,889)	(1,215,770)	(1,487,659)	14,409	(1,473,250)
Share-based compensation	-	-	-	27,294	-	-	27,294	-	27,294
Balance – June 30, 2015	39,363,867	10,091,886	19,732,623	2,487,440	(878,574)	(22,130,358)	(788,869)	272,204	(516,665)
Balance – January 1, 2016	39,363,867	-	19,318,856	2,925,379	(1,105,821)	(24,101,109)	(2,962,695)	-	(2,962,695)
Net loss for the period	-	-	-	-	-	(2,043,077)	(2,043,077)	-	(2,043,077)
Other comprehensive income	-	-	-	-	131,501	-	131,501	-	131,501
Comprehensive income (loss) for the period	-	-	-	-	131,501	(2,043,077)	(1,911,576)	-	(1,911,576)
Share-based compensation	-	-	-	53,274	-	-	53,274	-	53,274
Balance – June 30, 2016	39,363,867	-	19,318,856	2,978,653	(974,320)	(26,144,186)	(4,820,997)	-	(4,820,997)

Accumulated other comprehensive income relates solely to cumulative translation adjustments.

Xebec Adsorption Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the three-month and six-month period ended June 30, 2016 and 2015

(Unaudited)

(expressed in Canadian dollars)

	For the 3 months period ended June 30,		For the 6 months period ended June 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash flows from				
Operating activities				
Net loss for the period	(985,830)	(1,162,140)	(2,043,077)	(1,215,770)
Items not affecting cash				
Amortization of property, plant and equipment	23,496	27,842	48,214	56,133
Amortization of intangible assets	18,975	38,474	37,097	76,954
Reversal of inventory writedown	(17,420)	-	(17,420)	-
Gain on debt forgiveness	-	(22,026)	-	(190,092)
Government assistance	(1,250)	(1,250)	(2,500)	(2,500)
Accretion and revaluation of government royalty program obligation	24,760	(4,078)	33,499	2,353
Accretion of the obligation arising from shares issued by a subsidiary (note 6)	82,430	-	170,144	-
Stock-based compensation expense	4,716	13,688	53,274	27,294
Deferred rent	6,596	6,596	13,192	13,192
	<u>(843,527)</u>	<u>(1,102,894)</u>	<u>(1,707,577)</u>	<u>(1,232,436)</u>
Changes in non-cash working capital components related to operations (note 10)	810,040	681,112	403,272	505,105
	<u>(33,487)</u>	<u>(421,782)</u>	<u>(1,304,305)</u>	<u>(727,331)</u>
Investing activities				
Acquisition of property, plant and equipment	(8,625)	(8,625)	(21,894)	(21,894)
Acquisition of intangible assets	-	-	-	-
	<u>(1,353)</u>	<u>(8,625)</u>	<u>(1,803)</u>	<u>(21,894)</u>
Financing activities				
Restricted cash	-	-	-	145,386
Increase (decrease) of bank loan	80,000	430,000	350,000	293,563
Repayment of long-term debt	-	(10,663)	-	(33,798)
Repayment of government royalty program obligation	-	(14,460)	-	(14,460)
	<u>80,000</u>	<u>404,877</u>	<u>350,000</u>	<u>390,691</u>
Net increase (decrease) in cash during the period	26,423	(25,530)	(974,845)	(358,534)
Cash – Beginning of period	<u>1,913,534</u>	<u>363,512</u>	<u>2,717,965</u>	<u>1,008,421</u>
Effect of exchange rate changes on cash	(356,432)	52,568	(159,595)	(259,337)
Cash and cash equivalent – End of period	<u>1,583,525</u>	<u>390,550</u>	<u>1,583,525</u>	<u>390,550</u>
Additional information				
Interest paid	49,112	30,297	74,099	47,508

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

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

1 Nature of business

a) Nature of business

Xebec Adsorption Inc. (“Xebec” or the “Company”) is a global provider which specializes in the design and manufacture of cost-effective and environmentally responsible purification, separation, dehydration and filtration equipment for gases and compressed air. Xebec’s main product lines are: biogas plants for the purification of biogas from agricultural digesters, landfill sites and waste water treatment plants, natural gas dryers for natural gas refuelling stations, associated gas purification systems which enable diesel displacement on drilling sites, and hydrogen purification systems for fuel cell and industrial applications. The Company is incorporated and domiciled in Canada and is listed on the TSX Venture (TSXV) Exchange under the symbol XBC-V. The address of its registered office is 730 Industriel Boulevard, Blainville, Quebec, Canada.

b) Liquidity risk

- c) The Company has realized an operating loss of \$1,768,007, had cash outflows from operations of \$1,304,305 for the period ended June 30, 2016 and finished the period with cash amounting to \$1,583,525, a working capital deficit of \$1,717,069, and had access to credit facilities totalling \$750,000 of which \$725,000 has been used (see note 5). During the year, management undertook various initiatives and developed a plan to manage its operating and liquidity risks in light of prevailing economic conditions. Management is also currently seeking alternative financings for its operations. The Company has prepared a budget for 2016 for which management believes the assumptions are reasonable. Achieving budgeted results is dependent on improving the volume of revenues in Canada, United States and China, delivering on sales and contract schedules, meeting expected overall operating margin levels and controlling general and administrative costs.

The Company is thus faced with uncertainties that may have an impact on future operating results and liquidity. These uncertainties include fluctuations in foreign currency rates and achieving the Company’s business plan goals as mentioned in the previous paragraph, which includes the development of a new business segment. While management believes it has developed planned courses of action to mitigate operating and liquidity risks, there is no assurance that management will be able to achieve its business plan and maintain the necessary liquidity level including accessing liquidities from China if events or conditions develop that are not consistent with management’s expectations, key budget assumptions for 2016 and planned courses of action. Therefore, the Company may require additional external funding, and there is no assurance that it would be successful. Future changes in capital markets conditions could result in such funding not being available when required or at acceptable costs. The Company is unable to predict the possible effects, if any, of such uncertainties and the potential adjustments to the carrying values of assets and liabilities that could be needed should the Company have insufficient liquidity. Such adjustments could be material.

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

June 30, 2016

(expressed in Canadian dollars)

2 Basis of preparation

These condensed consolidated interim financial statements, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statement, including IAS 34 Interim Financial Reporting. The condensed consolidated interim financial statements do not include all of the information required for annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015, as they follow the same accounting policies and methods of application, unless otherwise indicated. These consolidated interim financial statements were approved by the Board of Directors on August 28, 2016.

3 Property, plant and equipment

	Machinery and equipment	Office furniture and equipment	Computers	Moulds	Vehicles	Total
Cost						
Balance at December 31, 2015	548,952	156,537	275,690	176,944	35,984	1,194,107
Additions	-	-	1,803	-	-	1,803
Effect of movements in exchange rates	(14,758)	(8,045)	(12,324)	(8,974)	-	(44,101)
Balance at June 30, 2016	534,194	148,492	265,169	167,970	35,984	1,151,809
Accumulated depreciation						
Balance at December 31, 2015	342,427	127,067	245,528	120,706	35,984	871,712
Depreciation	25,230	6,110	8,105	8,769	-	48,214
Effect of movements in exchange rates	(9,148)	(7,566)	(11,188)	(8,385)	-	(36,287)
Balance at June 30, 2016	358,509	125,611	242,445	121,090	35,984	883,639
Carrying Amount						
At December 31, 2015	206,525	29,470	30,162	56,238	-	322,395
At June 30, 2016	175,685	22,881	22,724	46,880	-	268,170

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

4 Intangible assets

	Other	Internally generated	Total
	Software	Development	intangible
	\$	costs	assets
		\$	\$
Cost			
Balance at December 31, 2015	313,653	298,485	612,138
Additions	18,737	-	18,737
Effect of movements in exchange rates	(12,692)	-	(12,692)
Balance at June 30, 2016	319,698	298,485	618,183
Accumulated amortization			
Balance at December 31, 2015	282,618	88,737	371,355
Amortization for the year	7,249	29,848	37,097
Effect of movements in exchange rates	(10,318)	-	(10,318)
Balance at June 30, 2016	279,549	118,585	398,134
Carrying amount			
At December 31, 2015	31,035	209,748	240,783
At June 30, 2016	40,149	179,900	220,049

For the six-month period ended June 30, amortization of \$37,097 (2015 - \$76,954) is included in the consolidated statement of loss: \$7,042 (2015 - \$5,201) in 'cost of goods sold' and \$30,055 (2015 - \$71,753) in 'selling and administrative expenses'.

For the three-month period ended June 30, amortization of \$18,975 (2015 - \$38,474) is included in the consolidated statement of loss: \$3,948 (2015 - \$2,598) in 'cost of goods sold' and \$15,027 (2015 - \$35,876) in 'selling and administrative expenses'.

5 Bank loan

The Company has access to credit facilities in the amount of \$750,000 with Toronto-Dominion Bank of Canada which are guaranteed by Export Development Canada, and bear interest at the Toronto-Dominion's prime rate plus 2.5% per annum and are limited by certain margin requirements concerning trade and other receivables. These credit facilities were used up to \$725,000 as at June 30, 2016.

The credit facilities are secured by a first ranking hypothec of \$2,000,000 on all movable property of the Company and are renewable annually.

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

6 Obligation arising from shares issued by a subsidiary

In September 2015, as a result of a Sino-foreign equity joint venture agreement, Xebec Adsorption (Shanghai) Co. Ltd., a subsidiary of Xebec Adsorption Inc. (“Xebec”), issued 1,714,285 common shares, representing a 30% participation, to Shanghai Chengyi New Energy Venture Capital Co. Ltd. (28.26%), an investment subsidiary of Shanghai based Shenergy Group, Shanghai Zhiyi Enterprise Management Consulting Co. Ltd. (0.1%) and Shanghai Liuhuan Investment Co. Ltd. (1.64%), a company held by a group of employees of Xebec Adsorption (Shanghai) Co. Ltd., (collectively the “Minority Shareholders”) for a net cash consideration of \$3,423,075 (RMB 16,370,515).

Pursuant to this agreement, Xebec has the obligation to repurchase the Minority Shareholders’ interest in Xebec Adsorption (Shanghai) Co. Ltd., for a consideration of no less than the initial investment and annualized return of 10% if a) the achievement of specific financial targets were not achieved in any given year prior to December 31, 2020, or b) should the Minority Shareholders not divest by December 31, 2020 and should the Minority Shareholders exercise their put option with respect to a) or b) as mentioned above.

Xebec recorded the proceeds from this transaction, as a financial liability in these consolidated financial statements. The obligation to repurchase and the related annualized return is presented under “Obligation arising from shares issued by a subsidiary”. The conversion of the financial liability denominated in the functional currency of our subsidiary Xebec Adsorption (Shanghai) Co. Ltd. (RMB) will be converted at the exchange rate at the end of each reporting period with gain and losses presented in the statement of income under “Gain/Loss on conversion of shares issued by a subsidiary”.

	Q2-2016
	\$
Balance – Beginning of year	3,583,808
Accretion interest	170,144
Effect of exchange rate change on obligation	(301,284)
Balance – End of period	3,452,668
Current portion	-
	<u>3,452,668</u>

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

7 Share capital

Earnings (loss) per share

i) Basic

Basic loss per share is calculated by dividing the net income attributable to owners of the parent by the weighted average number of common shares in issue during the year.

	<u>For the three-month period ended June 30,</u>		<u>For the six-month period ended June 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Net income (loss) attributable to owners of the parent	(985,830)	(1,162,140)	(2,043,077)	(1,215,770)
Weighted average number of common shares in issue	<u>39,363,867</u>	<u>39,363,867</u>	<u>39,363,867</u>	<u>39,363,867</u>
	<u>(0.02)</u>	<u>(0.03)</u>	<u>(0.05)</u>	<u>(0.03)</u>

ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has two categories of dilutive potential common shares: warrants and stock options. For both, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's outstanding shares for the period), based on the monetary value of the subscription rights attached to the warrants and stock options. The number of shares calculated below is compared with the number of shares that would have been issued assuming exercise of the warrants and stock options. For the periods ended June 30, 2016 and 2015, the diluted net loss per share was the same as the basic net loss per share, since the effect of assumed exercise of share options and warrants to purchase common shares was anti-dilutive.

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

8 Expenses by nature

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2016 \$	2015 \$	2016 \$	2015 \$
Employee salaries and benefits	1,348,034	1,584,110	2,653,123	2,908,920
Material	831,535	1,023,413	2,024,620	2,465,259
Rent and repairs and maintenance	169,553	171,215	382,016	348,712
Professional fees	195,913	98,792	378,046	276,246
Travel expenses	144,044	143,591	278,423	304,190
Office expense	103,749	56,591	140,963	122,473
Subcontract cost	76,726	43,795	138,995	97,522
Amortization	42,471	66,315	85,311	133,086
Stock-based compensation	4,716	13,688	53,274	27,294
Other	21,405	13,718	90,835	(1,573)
	<u>2,938,146</u>	<u>3,215,228</u>	<u>6,225,606</u>	<u>6,682,129</u>

9 Finance expenses

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2016 \$	2015 \$	2016 \$	2015 \$
Interest and bank charges	9,183	6,638	19,678	16,490
Accretion and revaluation of government royalty program obligation	24,760	9,197	33,499	15,628
Accretion of the obligation arising from shares issued by a subsidiary (note 6)	82,430		170,144	-
Interest charges	39,929	23,621	54,421	30,926
Interest on long-term debt	-	38	-	92
	<u>156,302</u>	<u>39,494</u>	<u>277,742</u>	<u>63,136</u>

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

10 Supplemental Cash flow information

Net change in non-cash working capital balances related to operations consists of the following:

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Decrease (increase) in assets:				
Trade and other receivables	(71,473)	1,114,278	252,222	794,074
Inventories	105,244	344,706	(267,248)	516,099
Investment tax credits receivable	-	(19,723)	69,723	(19,723)
Other current assets	26,689	34,210	(105)	23,575
Increase (decrease) in liabilities:				
Trade payables	(42,775)	(464,029)	(570,894)	(527,023)
Accrued liabilities	(14,047)	(38,700)	151,405	108,810
Deferred revenues	1,021,421	(213,720)	997,310	(326,299)
Other operating liabilities	(215,019)	(75,910)	(229,141)	(64,408)
	<u>810,040</u>	<u>681,112</u>	<u>403,272</u>	<u>505,105</u>

11 Related party transactions

The following table presents a summary of the related party transactions during the period:

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Marketing and professional services expenses paid to companies controlled by members of the immediate family of an officer	28,285	27,610	55,670	54,590
Sales to entities controlled by a subsidiary manager	-	205,005	-	843,106

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

12 Segmented information

The Company has only one segment and specializes in the design and manufacture of filtration, purification, separation and dehydration equipment for gases and compressed air. The Company has four product lines and provides related engineering services.

Revenue summarized by country, as determined by location of the customers, is as follows:

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2016 \$	2015 \$	2016 \$	2015 \$
Revenue				
United States	973,024	1,030,673	1,983,368	1,981,076
Canada	693,100	435,494	1,394,208	1,215,247
Singapore	64,015	204,984	396,755	842,478
China	107,881	288,908	248,502	745,525
Other	233,414	244,498	502,168	516,922
	<u>2,071,434</u>	<u>2,204,557</u>	<u>4,525,001</u>	<u>5,301,248</u>

Revenue summarized by product line is as follows:

Product line	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2016 \$	2015 \$	2016 \$	2015 \$
Purification	717,109	1,254,534	1,898,405	3,357,161
Compressed gas filtration	1,354,325	950,023	2,626,596	1,944,087
Generation	-	-	-	-
	<u>2,071,434</u>	<u>2,204,557</u>	<u>4,525,001</u>	<u>5,301,248</u>

Xebec Adsorption Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2016

(expressed in Canadian dollars)

Major customers representing 10% or more of total sales include:

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Customer A	172,423	-	502,812	-
Customer B	73,620	255,369	394,620	843,106
	<u>246,043</u>	<u>255,369</u>	<u>897,432</u>	<u>843,106</u>

The location of the Company's non-current assets by geographic region is as follows:

	June 30, 2016	December 31, 2015
	\$	\$
Non-current assets		
Canada	366,669	431,173
Asia	117,876	127,353
United States	3,674	4,652
	<u>488,219</u>	<u>563,178</u>