Tornado Global Hydrovacs Ltd.

Unaudited Condensed Consolidated Interim Financial Statements

For the three month period ended March 31, 2019

Notice to Reader

These interim condensed consolidated financial statements have been prepared by the Management of Tornado Global Hydrovacs Ltd. and have not been audited or reviewed by the external auditor.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(unaudited)

	Notes	March 31, 2019	December 31, 2018
(In $000's CAD)			(Audited)
ASSETS			
Current assets			
Cash and equivalents		**$ 3,186**	$ 2,228
Accounts receivable	**21**	**2,928**	3,945
Inventory	**4**	**8,418**	8,363
Prepaid expenses and other assets		**153**	160
Fair value of foreign currency forward contracts		**3**	—
Total current assets		**14,688**	14,696
Non-current assets			
Tax recoverable		**211**	200
Finance lease receivable		**716**	778
Property and equipment, net	**10**	**5,467**	5,558
Goodwill and intangible assets, net	**11**	**3,726**	3,861
Right-of-use assets, net	**14**	**399**	—
Total non-current assets		**10,519**	10,397
Total assets		**$ 25,207**	$ 25,093
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 6,019**	$ 5,788
Term loans	**12**	**694**	758
Customer deposits	**13**	**115**	242
Current portion of finance lease obligation	**15**	**157**	234
Current portion of lease liabilities	**16**	**161**	—
Current tax payable		**256**	155
Total current liabilities		**7,402**	7,177
Non-current liabilities			
Deferred tax		**271**	263
Finance lease obligation	**15**	**397**	700
Lease liabilities	**16**	**254**	—
Total liabilities		**8,324**	8,140
Shareholders' Equity			
Share capital	**17**	**20,893**	20,893
Common share purchase warrants	**18**	**144**	144
Contributed surplus		**489**	469
Deficit		**(4,948)**	(4,830)
Accumulated other comprehensive income		**305**	277
Total shareholders' equity		**16,883**	16,953
Total liabilities and equity		**$ 25,207**	$ 25,093

See accompanying notes to condensed consolidated financial statements

On behalf of the Board of Directors:

"Guy Nelson"
Non-Executive Chairman
Tornado Global Hydrovacs Ltd.

"Darrick Evong"
Chair of Audit Committee
Tornado Global Hydrovacs Ltd.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(unaudited)

	Notes	Three Months ended March 31 2019	March 31 2018
(In $000's CAD, except per share amounts)			
Revenues			
Revenue	6	$ 13,836	$ 4,802
Other income (loss) - foreign exchange		(34)	29
		13,802	4,831
Cost of sales (1)	7	11,844	3,943
Gross Profit		1,958	888
Selling and general administrative expenses	8	1,543	1,244
Income (loss) before depreciation, amortization and other items		415	(356)
Depreciation of property and equipment		212	132
Amortization of intangible assets		145	124
Loss on disposal of fixed assets		—	4
		357	260
Income (loss) before the undernoted		58	(616)
Stock based compensation		20	68
Finance income		(24)	(31)
Finance costs		74	22
Change in fair value of derivative financial instruments		(3)	4
		67	63
Loss before tax		(9)	(679)
Income tax recovery (expense)			
Current		(101)	33
Deferred		(8)	11
		(109)	44
Net loss		(118)	(635)
Other comprehensive income (loss)			
Translation of foreign subsidiaries		28	288
Comprehensive loss		$ (90)	$ (347)
Net loss per share			
Basic	5	$nil	$nil
Diluted	5	$nil	$nil

(1) Depreciation of right-of-use assets included in cost of sales was $24 for the three months ended March 31, 2019 (2018 - $nil)

See accompanying notes to condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

	Notes	Three Months ended March 31 2019	March 31 2018
(In $000's CAD)			
OPERATING ACTIVITIES			
Net loss		**$ (118)**	$ (635)
Add (deduct) items not affecting cash:			
Depreciation of property and equipment		**212**	132
Amortization of intangible assets		**145**	124
Depreciation of right-of-use assets		**24**	—
Change in fair value of foreign currency forward contracts		**(3)**	4
Loss on disposal of fixed assets		**—**	4
Stock based compensation		**20**	68
Deferred income taxes		**8**	(11)
		288	(314)
Change in non-cash working capital	**23**	**1,174**	(1,127)
Proceeds from equipment buyback option		**—**	375
Change in tax recoverable		**(11)**	—
Cash flow from (used) in operating activities		**1,451**	(1,066)
INVESTING ACTIVITIES			
Acquisition of property and equipment	**10**	**(121)**	(51)
Additions of intangible assets	**11**	**(10)**	(108)
Cash flow used in investing activities		**(131)**	(159)
FINANCING ACTIVITIES			
Net repayment of finance leases	**22**	**(321)**	(9)
Net repayment of loans	**22**	**(64)**	—
Cash flow from financing activities		**(385)**	(9)
Effect of exchange rate changes on cash and cash equivalents		**23**	285
Net decrease in cash and equivalents during the year		**958**	(949)
Cash and cash equivalents, beginning of period		**2,228**	5,633
Cash and cash equivalents, end of period		**$ 3,186**	$ 4,684

See accompanying notes to condensed consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

As at March 31, 2019

(In $000's CAD)	Common Shares	Common Share Purchase Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
As at December 31, 2018	**$ 20,893**	**$ 144**	**$ 469**	**$ (4,830)**	**$ 277**	**$ 16,953**
Stock based compensation	**-**	**-**	**20**	**-**	**-**	**20**
Income for the period	**-**	**-**	**-**	**(118)**	**-**	**(118)**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**28**	**28**
As at March 31, 2019	**$ 20,893**	**$ 144**	**$ 489**	**$ (4,948)**	**$ 305**	**$ 16,883**

As at March 31, 2018

(In $000's CAD)	Common Shares	Common Share Purchase Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
As at December 31, 2017	**$ 20,893**	**$ 144**	**$ 213**	**$ (3,507)**	**$ 110**	**$ 17,853**
Stock based compensation	-	-	67	-	-	67
Loss for the period	-	-	-	(635)	-	(635)
Other comprehensive income for the period	-	-	-	-	288	288
As at March 31, 2018	**$ 20,893**	**$ 144**	**$ 280**	**$ (4,142)**	**$ 398**	**$ 17,573**

See accompanying notes to condensed consolidated financial statements

1. Corporate information

Tornado Global Hydrovacs Ltd. ("TGHL" or the "Company") is incorporated in Alberta, Canada and through its subsidiaries, designs, fabricates, manufactures and sells hydrovac trucks to excavation service providers in the municipal and oil and gas and markets in North America and is in the process of expanding into China. TGHL's corporate office is located at Suite 510, 7015 MacLeod Trail, SW, Calgary, Alberta, T2H 2K6, and was incorporated under the Business Corporations Act (Alberta) on April 27, 2016. TGHL's shares trade on the TSX Venture Exchange under the symbol "TGH".

These financial statements were recommended for approval by the Company's Audit Committee and were approved and authorized for issue by the Board of Directors on May 13, 2019.

2. Summary of significant accounting policies

The interim condensed consolidated financial statements are condensed and have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Except as discussed below, the same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as disclosed in the TGHL's consolidated financial statements for the year ended December 31, 2018. TGHL's 2018 annual consolidated financial statements include incremental annual IFRS disclosures that may be helpful to readers of the interim results and therefore should be read in conjunction with these interim condensed consolidated financial statements.

Leases

Effective January 1, 2019, the Company applied IFRS 16. The following accounting policy is applicable from January 1, 2019:

The Company assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration.

As Lessee

Leases are recognized as a right-of-use ("ROU') asset and a corresponding lease liability at the date on which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be paid by the lessee under residual value guarantees, the exercise price of purchase options if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, less any lease incentives receivable. These payments are discounted using the Company's incremental borrowing rate when the rate implicit in the lease is not readily available. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics.

Lease payments are allocated between the liability and finance costs. The finance cost is charged to net earnings over the lease term.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company,

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in the consolidated statement of earnings if the carrying amount of the ROU asset has been reduced to zero.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located less any lease payments made at or before the commencement date.
The ROU asset is depreciated, on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain remeasurements of the lease liability and impairment losses.

Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the consolidated statement of earnings on a straight-line basis over the lease term.

A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will remeasure the lease liability using the Company's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the ROU asset, and recognizing a gain or loss in net earnings that reflects the proportionate decrease in scope.

As Lessor

As a lessor, the Company assesses at inception whether a lease is a finance or operating lease. Leases where the Company transfers substantially all of the risk and rewards incidental to ownership of the underlying asset are classified as financing leases. Under a finance lease, the Company recognizes a receivable at an amount equal to the net investment in the lease which is the present value of the aggregate of lease payments receivable by the lessor. If substantially all the risks and rewards of ownership of an asset are not transferred the lease is classified as an operating lease. The Company recognizes lease payments received under operating leases as income on a straight- line basis over the lease term as other income.

When the Company is an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the ROU asset from the head lease not with reference to the underlying assets. If the head lease is a short-term lease to which the Company applies the exemption for lease accounting, the sublease is classified as an operating lease.

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as issued by the International Accounting Standards Board ("IASB").

Basis of presentation

These interim condensed consolidated financial statements are prepared for the three months ended March 31, 2019 and includes the results for the comparative period in 2018. The interim condensed consolidated financial statements include the accounts of Tornado Global Hydrovacs Ltd. and its direct and indirect wholly owned subsidiaries Tornado Global Hydrovacs (North America) Inc., Tornado Hydrovacs Asia Pacific Holdings Ltd. and Tornado Global Hydrovacs (Beijing) Ltd.

Subsidiaries are fully consolidated from the date of acquisition, being the date of incorporation or the date which TGHL obtains control and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as TGHL, using consistent accounting policies. All inter-company balances, income and expenses and unrealized gains and losses resulting from inter-company transactions are eliminated.

Amounts reported in thousands ($000's CAD) except per share amounts

Use of estimates

Accounting measurements at interim dates inherently involve a greater reliance on estimates than at year-end. In the opinion of management, the unaudited interim condensed consolidated financial statements include all adjustments of a normal recurring nature to present fairly, the condensed consolidated financial position of the TGHL as at March 31, 2019. There have been no changes to the Company's significant accounting estimates and judgments as of March 31, 2019. With respect to leases, in determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

3. Adoption of new accounting standards

Effective January 1, 2019, the Company adopted IFRS 16, "Leases" ("IFRS 16"). The Company has applied the new standard using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. Therefore, the comparative information in the Company's consolidated statement of financial position, consolidated statements of comprehensive loss, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity have not been restated.

On adoption, Management elected to use the following practical expedients permitted under the standard:

- Apply a single discount rate to a portfolio of leases with similar characteristics.
- Account for leases with a remaining term of less than twelve months as at January 1, 2019 as short-term leases. Account for lease payments as an expense and not recognize a ROU asset if the underlying asset is of a low dollar value.
- The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease.

The impacts of the adoption of IFRS 16 as at January 1, 2019 are as follows:

	As Reported at December 31, 2018	Adjustments	Balance on Adoption as at January 1, 2019
Assets			
Right-of-use assets, net	$ -	$ 423	$ 423
Liabilities and Shareholders' Equity			
Current portion of lease liabilities	$ -	$ (169)	$ (169)
Non-current lease liabilities	$ -	$ (254)	$ (254)

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AS 17, "Leases" ("IAS 17"). Under the principles of the new standard these leases have been measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 7%, at January 1, 2019. Leases with a remaining term of less than twelve months and low-value leases were excluded. Total lease liabilities of $423 were recorded as at January 1, 2019, of which $169 is the current portion.

The associated ROU assets are measured at the amount equal to the lease liability on January 1, 2019, adjusted for any prepaid and accrued lease payments relating to the leases recognized in the statement of financial position immediately before the date of transition, with no impact on retained earnings.

Amounts reported in thousands ($000's CAD) except per share amounts

The following table provides a reconciliation of the commitments as at December 31, 2018 to the Company's lease liabilities as at January 1, 2019:

Commitments as at December 31, 2018	$	775
Less: Short-Term Leases		(190)
Impact of discounting		(162)
Present value of lease liabilities as at January 1, 2019	$	423

As a lessor, there was no significant impact to lessor accounting from the adoption of IFRS 16.

4. Inventory

Inventory comprises:

		March 31, 2019		December 31, 2018
Work-in-process	$	1,487	$	1,960
Raw materials		6,310		4,959
Finished goods		621		1,444
	$	8,418	$	8,363

Finished goods inventory consists hydrovac equipment for sale in North America and China.

5. Net loss per share

Basic:

Three Months ended March 31, 2019		
Net loss	Weighted average number of shares	Net loss per share
($118)	126,716,519	$nil

Three Months ended March 31, 2018		
Net loss	Weighted average number of shares	Net loss per share
($635)	126,716,519	$nil

Diluted:

Three Months ended March 31, 2019		
Net Loss	Weighted average number of shares	Net loss per share
($118)	129,085,269	$nil

Three Months ended March 31, 2018		
Net Loss	Weighted average number of shares	Net loss per share
($635)	126,716,519	$nil

The effects of dilution from 7,500,000 stock options and 3,100,000 warrants were included in the calculation of weighted average shares outstanding for diluted earnings per share for the three months ended March 31, 2019 as they are dilutive.

Amounts reported in thousands ($000's CAD) except per share amounts

6. Revenue

	Three Months ended March 31			
		2019		2018
Revenues	$	13,836	$	4,802

Revenue as at March 31, 2019, comprise truck sales $13,214 (2018 - $4,505), parts and services $305 (2018 - $196) and rental income $317 (2018 - $101). During the three months ended March 31, 2019, 20.2% (2018 - 11.9%) of truck sales was attributable to one customer.

7. Cost of sales

	Three Months ended March 31			
		2019		2018
Direct manufacturing costs	$	9,950	$	3,412
Indirect salaries and benefits		482		216
Indirect production costs		1,412		315
	$	11,844	$	3,943

8. Selling and general administrative expenses

	Three Months ended March 31			
		2019		2018
Salaries and benefits	$	896	$	840
Selling, general and administrative expense		647		404
	$	1,543	$	1,244

9. Operating segments

TGHL has two geographic operating segments; its North American manufacturing and sales operations and its China operation. It also has a Corporate segment which comprises expenses incurred at its head office in Calgary. The China operating segment is in the development stage.

Amounts reported in thousands ($000's CAD) except per share amounts

The tables below show the North America, China and Corporate segments for the three months ended March 31, 2019 and 2018 respectively:

Three Months ended March 31, 2019	North America	China	Corporate	Total
Revenue	$ 13,802	$ -	$ -	$ 13,802
Cost of sales	11,844	-	-	11,844
Selling and general administrative	1,091	262	190	1,543
	867	(262)	(190)	415
Depreciation and amortization	186	26	145	357
Income (loss) before other items of income	$ 681	$ (288)	$ (335)	$ 58
Total assets	$ 17,555	$ 3,845	$ 3,807	$ 25,207
Total liabilities	$ 7,944	$ 204	$ 176	$ 8,324
Capital Expenditures	$ 131	$ -	$ -	$ 131

Three Months ended March 31, 2018	North America	China	Corporate	Total
Revenue	$ 4,831	$ -	$ -	$ 4,831
Cost of sales	3,943	-	-	3,943
Selling and general administrative	792	287	165	1,244
	96	(287)	(165)	(356)
Depreciation and amortization	130	2	124	256
Loss on disposal of assets	4	-		4
Income (loss) before other items of income	$ (38)	$ (289)	$ (289)	$ (616)
Total assets	$ 13,658	$ 5,128	$ 4,263	$ 23,049
Total liabilities	$ 5,146	$ 34	$ 296	$ 5,476
Capital Expenditures	$ 49	$ 2	$ 108	$ 159

10. Property and equipment

Cost	M&E	Office Equip	Leaseholds	Rental Equipment and Vehicles	Total
Balance, December 31, 2018	$ 1,804	$ 230	$ 1,119	$ 3,705	$ 6,858
Additions	114	7	-	-	121
Balance, March 31, 2019	$ 1,918	$ 237	$ 1,119	$ 3,705	$ 6,979
Accumulated Depreciation					
Balance, December 31, 2018	$ 456	$ 155	$ 534	$ 155	$ 1,300
Depreciation for the period	48	19	56	89	212
Balance, March 31, 2019	$ 504	$ 174	$ 590	$ 244	$ 1,512
Net book value					
Balance, December 31, 2018	$ 1,348	$ 75	$ 585	$ 3,550	$ 5,558
Balance, March 31, 2019	$ 1,414	$ 63	$ 529	$ 3,461	$ 5,467

Amounts reported in thousands ($000's CAD) except per share amounts

11. Goodwill and intangible assets

Cost		Goodwill		Patents		Development		Computer Software		Total
Balance, December 31, 2018		833		3,529		678		136		5,176
Additions		**-**		**-**		**-**		**10**		**10**
Balance, March 31, 2019	**$**	**833**	**$**	**3,529**	**$**	**678**	**$**	**146**	**$**	**5,186**

Accumulated Amortization										
Balance, December 31, 2018		-		1,232		65		18		1,315
Amortization for the period		**-**		**-**		**139**		**6**		**145**
Balance, March 31, 2019	**$**	**-**	**$**	**1,232**	**$**	**204**	**$**	**24**	**$**	**1,460**

Net book value										
Balance, December 31, 2018	$	833	$	2,297	$	613	$	118	$	3,861
Balance, March 31, 2019	**$**	**833**	**$**	**2,297**	**$**	**474**	**$**	**122**	**$**	**3,726**

12. Term loans

		March 31, 2019		December 31, 2018
Term loans	**$**	**694**	$	758

As at March 31, 2019, the Company had three term loans classified as current as they are due on demand bearing interest at rates between 5.75% and 5.85%, repayable in monthly blended instalments between $8 and $9, maturing between August 2021 and December 2021 and secured by hydrovac trucks in the Company's rental equipment with a total net book value of $635.

Amounts due on the term loans in the next three years are as follows:

2019	**$**	**222**
2020		**296**
2021		**230**
2022		**-**
2023		**-**
Total minimum loan payments		**748**
Amount representing interest		**(54)**
	$	**694**

Amounts reported in thousands ($000's CAD) except per share amounts

13. Customer deposits

	March 31, 2019	December 31, 2018
Customer deposits	**$ 115**	$ 242

Customer deposits relate to cash deposits received from customers for hydrovac trucks that were not sold as at the reporting date.

14. Right-of-use assets, net

Cost		
As at January 1, 2019 (Note 3)	$	423
Additions		-
As at March 31, 2019	**$**	**423**
Accumulated depreciation		
As at January 1, 2019 (Note 3)	$	-
Depreciation		24
As at March 31, 2019	**$**	**24**
Net book value		
As at January 1, 2019 (Note 3)	$	423
As at March 31, 2019	**$**	**399**

The ROU asset relates to the Company's leased production facility in Stettler, Canada.

15. Finance lease obligation

As at March 31, 2019, the Company had two hydrovac truck leases and a computer equipment lease, repayable in monthly installments totaling of $19 with final installments totaling $39, bearing interest at rates between 2% and 7%.

	March 31, 2019	December 31, 2018
Finance leases obligation	**$ 554**	$ 934
Less: current portion of finance lease obligations	**(157)**	(234)
	$ 397	$ 700

Amounts reported in thousands ($000's CAD) except per share amounts

Amounts due on the hydrovac truck leases and computer equipment lease in the next five years are as follows:

2019	$	**137**
2020		**181**
2021		**170**
2022		**142**
2023		**-**
Total minimum lease payments		**630**
Amount representing interest		**(76)**
		554
Less current portion of finance lease		**(157)**
	$	**397**

16. Lease liabilities

As at March 31, 2019, the Company had $415 lease labilities, which consists $161 current portion of lease liabilities and $254 non-current lease liabilities.

17. Share capital

The Company is authorized to issue an unlimited number of Class "A" Common Shares ("Common Shares") without nominal or par value.

As at March 31, 2019 there were 126,716,519 Common Shares outstanding. No shares were issued during the period.

No dividends were declared during the period.

18. Common share purchase warrants

As at March 31, 2019 there were 3,100,000 Warrants outstanding. Each Warrant is exercisable at $0.12 and expires on September 15, 2022. No warrants were issued during the period.

19. Stock options

As at March 31, 2019, there were 7,500,000 stock options outstanding with a weighted average exercise price of $0.11 and weighted average remaining contractual life of 3.6 years. 5,100,000 options were exercisable at a weighted average exercise price of $0.11. No options were granted during the period.

Amounts reported in thousands ($000's CAD) except per share amounts

The following tables summarize Stock Option activity to March 31, 2019:

	Number of Options Outstanding	Weighted Average Exercise Price
Balance, December 31, 2018	8,400,000	$0.11
Options Cancelled	(900,000)	$0.11
Balance, March 31, 2019	7,500,000	$0.11
Exercisable, March 31, 2019	5,100,000	$0.11

Option price	Options Outstanding	Weighted Average Remaining Contractual Life (years)
$0.11	7,500,000	3.6

For the three months ended March 31, 2019, $nil (2018 - $8) stock based compensation expense related to the 900,000 options cancelled was recognized.

20. Capital disclosure and management

TGHL does not have any externally imposed restrictions on its capital. TGHL considers its net free cash to be its capital and manages the amounts based upon the projected needs of its geographic operating segments. TGHL monitors these amounts to ensure there is adequate cash to support the North American operations and the planned expansion in China. Should the projected requirements not be fulfilled, TGHL expects to raise additional cash through either the issuance of additional equity, acquisition of additional debt, or a combination thereof. As at March 31, 2019, TGHL had $3,186 cash which is expected to meet the budgeted requirements for the next 12 months.

21. Related party transaction

As at March 31, 2019, the Company's China subsidiary was carrying an outstanding receivable in the amount of $99 owing by Dynamic Attractions Ltd. (a related party to the Company), which receivable was paid in full in April 2019.

22. Cash flow changes from financing activities

Details of changes in financing activities for the three month ended March 31, 2019 are as follows:

	January 1, 2019	Cash Flows	Non-cash changes		March 31, 2019
			Fair Value / Amortization	Change in Finance Leases	
Finance lease receivable	1,164	62	-	9	1,093
Finance leases obligation	(934)	(383)	-	3	(554)
Foreign currency forward contracts	-	-	(3)	-	3
Loan payable	(758)	(64)	-	-	(694)

Amounts reported in thousands ($000's CAD) except per share amounts

23. Changes in non-cash working capital

	Three Months ended March 31	
	2019	2018
Accounts receivable	**$ 1,017**	$ 486
Inventory	**(55)**	(2,582)
Prepaid expenses and other assets	**7**	33
Accounts payable and accrued liabilities	**231**	969
Deferred Revenue	**(127)**	-
Current tax payable	**101**	(33)
Total change in non-cash working capital	**$ 1,174**	$ (1,127)