UGE INTERNATIONAL LTD.

Unaudited Condensed Consolidated Interim Financial Statements

Three and six months ended June 30, 2018 and 2017

(Expressed in United States dollars)

Notice of No Auditors Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the unaudited condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these unaudited interim condensed consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

UGE INTERNATIONAL LTD.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited) (Expressed in United States dollars)

Assets	June 30, 2018	December 31, 2017
Current assets		
Cash	$ 4,146	$ 1,390,427
Restricted cash (Note 4)	789,786	586,963
Trade and other receivables (Note 5)	6,425,080	7,611,000
Prepaid expenses and deposits	601,917	390,195
Inventory	-	164,405
	7,820,929	10,142,990
Non-current assets		
Plant and equipment (Note 6)	65,788	225,145
Goodwill (Note 7)	-	3,182,153
Deferred tax assets	416	1,123
Total assets	$ 7,887,133	$ 13,551,411
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 6,508,722	$ 5,922,790
Loans payable (Note 8)	3,757,140	3,145,631
Deferred revenue	1,106,012	2,859,209
	11,371,874	11,927,630
Non-current liabilities		
Loans payable (Note 8)	3,600,000	3,600,000
	14,971,874	15,527,630
Shareholders' deficiency		
Share capital (Note 9)	16,875,719	16,575,247
Contributed surplus	4,143,847	3,969,150
Accumulated other comprehensive income	38,582	187,364
Accumulated deficit	(28,142,889)	(22,707,980)
	(7,084,741)	(1,976,219)
Total liabilities and shareholders' deficiency	$ 7,887,133	$ 13,551,411

Reporting entity and going concern (Note 1)
Contingencies (Note 11)

Approved on behalf of the Board:

"Nicolas Blitterswyk"
Director, President & Chief Executive Officer

"Michael Doolan"
Director

UGE INTERNATIONAL LTD.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss for the three and six months ended June 30, 2018
(Unaudited) (Expressed in 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	$ 3,428,225	$ 6,312,272	$ 9,488,158	$ 11,810,366
Cost of Sales	(3,212,353)	(5,104,972)	(8,189,862)	(10,015,867)
Gross profit	215,872	1,207,300	1,298,296	1,794,499
Operating expenses				
Selling, general, and administrative	(1,281,452)	(1,731,401)	(2,463,904)	(2,523,887)
Project loss (Note 11)	(295,196)	-	(650,178)	-
Loss from operating activities	(1,360,776)	(524,101)	(1,815,786)	(729,388)
Impairment loss (Notes 6 and 7)	(2,981,198)	-	(2,981,198)	-
Finance expense	(281,057)	(90,760)	(522,959)	(197,376)
Finance income	257	38	566	3,293
Loss before income taxes	(4,622,774)	(614,823)	(5,319,377)	(923,471)
Income tax expense	(11,500)	(45,675)	(115,532)	(97,053)
Net loss for the period	(4,634,274)	(660,498)	(5,434,909)	(1,020,524)
Other comprehensive income items that are or may be reclassified to profit or loss				
Foreign currency translation differences	(105,344)	(37,380)	(148,782)	(42,173)
Comprehensive loss for the period	$ (4,739,618)	$ (697,878)	$ (5,583,691)	$ (1,062,697)
Net loss per share attributable to the shareholders of the Company				
Net loss for the period - basic and diluted	$ (0.11)	$ (0.02)	$ (0.13)	$ (0.03)
Weighted average number of shares				
Basic and diluted	41,257,380	37,092,698	41,016,735	36,657,684

UGE INTERNATIONAL LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency
(Unaudited) (Expressed in United States dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive income	Accumulated deficit	Total
Balance - January 1, 2017	$ 15,111,782	$ 3,504,908	$ 69,279	$ (20,730,081)	$ (2,044,112)
Net loss for the period	-	-	-	(1,020,524)	(1,020,524)
Public offering of share units, net of issue costs	1,002,976	362,561	-	-	1,365,537
Issued for conversion of restricted share units	27,170	(27,170)	-	-	-
Amount issued for exercise of options and warrants	97,253	-	-	-	97,253
Finders fee related to acquisition of CSPC	158,287	-	-	-	158,287
Shares issued in relation to loan from MBF	94,973	-	-	-	94,973
Acquisition of UGE RE	747	-	-	(2,537)	(1,790)
Share-based compensation	-	61,465	-	-	61,465
Foreign currency translation differences	-	-	42,173	-	42,173
Balance - June 30, 2017	$ 16,493,188	$ 3,901,764	$ 111,452	$ (21,753,142)	$ (1,246,738)

	Share capital	Contributed surplus	Accumulated other comprehensive income	Accumulated deficit	Total
Balance - January 1, 2018	$ 16,575,247	$ 3,969,150	$ 187,364	$ (22,707,980)	$ (1,976,219)
Net loss for the period	-	-	-	(5,434,909)	(5,434,909)
Amount issued on the conversion of restricted share units (Note 9)	2,510	(2,510)	-	-	-
Public offering of share units, net of share costs	185,109	123,344	-	-	308,453
Shares for services	112,853	-	-	-	112,853
Share-based compensation	-	53,863	-	-	53,863
Foreign currency translation differences	-	-	(148,782)	-	(148,782)
Balance - June 30, 2018	$ 16,875,719	$ 4,143,847	$ 38,582	$ (28,142,889)	$ (7,084,741)

UGE INTERNATIONAL LTD.

Condensed Consolidated Interim Statements of Cash Flows for the six months ended June 30,
(Unaudited) (Expressed in United States dollars)

	2018	2017
Cash flow used in operating activities		
Net loss	$ (5,434,909)	$ (1,020,524)
Adjustment for:		
Depreciation and amortization	25,871	187,392
Impairment loss	2,981,198	-
Income tax expense	115,532	97,053
Share-based compensation	54,272	61,465
Net finance expense	522,393	194,083
Shares issued for finders fee from acquisition	-	253,260
	(1,735,643)	(227,271)
Change in trade and other receivables	842,235	(1,202,648)
Change in inventory	154,768	(162,615)
Change in prepaid expenses and deposits	(240,304)	354,606
Change in accounts payable and accrued liabilities	(1,217,595)	3,158,819
Change in deferred revenue	239,377	(2,509,130)
	(1,957,162)	(588,239)
Income taxes paid	(5,649)	(2,565)
Net finance expenses paid	(233,199)	(64,703)
Cash used in operating activities	(2,196,010)	(655,507)
Cash flow used in investing activities		
(Addition) decrease to restricted cash	(235,613)	1,136,341
Acquisition of Carmanah business	-	(1,991,869)
Cash used in investing activitiies	(235,613)	(855,528)
Cash flow from financing activities		
Proceeds on issue of share capital and warrants, net of issuance costs	306,882	1,365,537
Cash received from exercise of options and warrants	-	97,253
Net proceeds (repayments) of loans payable	815,703	1,412,592
Cash from financing activities	1,122,585	2,875,382
Increase in cash for the period	(1,309,038)	1,364,347
Effect of exchange rate fluctuations on cash	(77,243)	(23,390)
Cash at beginning of period	1,390,427	59,913
Cash at end of period	$ 4,146	$ 1,400,870

1. Reporting entity and going concern

(a) Reporting entity

UGE International Ltd. (the "Company" or "UGE") is incorporated under the laws of the Province of Ontario and its common shares are listed on the TSX Venture Exchange under the symbol "UGE". The Company's registered office is located at 20 Victoria Street, 7th Floor, Toronto, Ontario, Canada. The principal business activity of the Company is to provide renewable energy solutions to its customers. Primarily, it provides development, engineering, procurement and construction work in the commercial solar sector.

(b) Going concern

These condensed consolidated interim financial statements have been prepared assuming the Company will continue as a going concern, notwithstanding that the Company has a working capital deficiency, has incurred losses from operations, and is in default of its revolving credit facility loan (Note 8) as of the approval date of these financial statements. During the six months ended June 30, 2018, the Company had a net loss of $5,434,909, which included goodwill and plant and equipment impairment charges totaling $2,981,198, primarily due to management's view of changes in the Ontario solar market, and negative cash flow from operations of $2,196,010. As at June 30, 2018, the Company had cash of $4,146, unrestricted cash of $789,786, a working capital deficiency of $3,550,945, and shareholders' deficiency of $7,084,741.

The Company's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon achieving sustained profitability and the ability to raise additional debt or equity financing to fund its current and any future working capital deficits. There are various risks and uncertainties affecting the Company's operations including, but not limited to, the market acceptance and rate of commercialization of the Company's offerings, the ability of the Company to successfully execute its business plan and changes thereof, the public policy environment for renewable energy solutions, the Company's ability to raise sufficient equity and/or debt financing, the ability of the Company to work with its bank resolve the default described above, and general global economic conditions, certain of which are beyond the Company's control. The Company's strategy to mitigate these risks and uncertainties is to execute a business plan aimed at continued focus on renewable energy solutions, revenue growth, improving overall gross profit, managing operating expenses and working capital requirements, and securing additional financing, as needed, through one or more of loans and equity investments. There are no guarantees that the funds raised will be sufficient to sustain the Company's ongoing operations beyond twelve months or that additional debt or equity financing will be available to the Company or available at acceptable terms. Failure to implement the Company's business plan or the ability for the Company to raise sufficient funds could have a material adverse effect on the Company's financial condition and/or financial performance. Accordingly, there are material risks and uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not include any adjustments or disclosures that would be required if assets are not realized and liabilities and commitments are not settled in the normal course of operations. If the Company is unable to continue as a going concern, then the carrying value of certain assets and liabilities would require revaluation to a liquidation basis, which could differ materially from the values presented in the condensed consolidated interim financial statements.

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. These condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the consolidated financial statements of the Company for the year ended December 30, 2017 and should be read in conjunction with those financial statements.

These condensed consolidated interim financial statements were approved for issuance by the Board of Directors on August 27, 2018.

(b) Basis of presentation and accounting

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries.

All significant intercompany balances and transactions have been eliminated on consolidation.

(c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in United States dollars ("USD"). The functional currency of the Company, UGE Canada Ltd. ("UGE Canada") and UGE RE Inc. ("UGE RE") is the Canadian dollar ("CAD"); the functional currency of UGE USA Inc. ("UGE USA") is USD; and the functional currency of UGE Philippines Inc. ("UGE Philippines") is Filipino pesos ("PhP").

(d) Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis.

(e) Accounting assumptions, estimates and judgments

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual results may differ from these amounts.

Significant areas having estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements include: share-based compensation; valuation of goodwill; and intangible assets.

Critical judgments that management has made in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements include: assessment of the Company's ability to continue as a going concern (Note 1(b)); and determination of the functional currency of the principal operations of the Company (Note 2(c)).

(Amounts expressed in United States dollars, unless otherwise indicated)

3. New standards and interpretations not yet adopted

The following new standards will be adopted in periods after December 30, 2017.

(a) IFRS 16, Leases ("IFRS 16")

IFRS 16 was issued in January 2016 and it replaces IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact of adopting the standard noted above and does not expect to adopt it prior to the mandatory effective date.

4. Restricted cash

As at June 30, 2018, the Company has restricted cash of $789,786 (December 30, 2017 - $586,963) related to cash security for a construction financing facility (Note 8) and a deposit related to a surety bond (Note 8).

5. Trade and other receivables

	June 30, 2018	December 31, 2017
Trade and other receivables, net of allowance for doubtful accounts of $Nil	$ 3,344,182	$ 5,104,762
Unbilled revenue	2,804,211	2,447,422
Corporate income taxes receivable	276,687	58,816
	$ 6,425,080	$ 7,611,000

As at June 30, 2018, $894,696 of trade receivables were considered overdue (Dec 31, 2017 – $445,592).

(Amounts expressed in United States dollars, unless otherwise indicated)

6. Plant and equipment

	Office equipment	Leasehold improvements	Vehicles	**Total**
Cost				
Balance as at January 1, 2017	$ 75,126	$ 31,718	$ 17,780	**$ 124,624**
Additions	98,990	161,071	-	**260,061**
Disposals	-	(77,238)	-	**(77,238)**
Foreign exchange difference	7,806	4,889	1,237	**13,932**
Balance as at December 31, 2017	181,922	120,440	19,017	**321,379**
Foreign exchange difference	(10,163)	(6,728)	(1,062)	**(17,953)**
Balance as at June 30, 2018	$ 171,759	$ 113,712	$ 17,955	**$ 303,426**
Accumulated depreciation				
Balance as at January 1, 2017	$ 47,153	$ 10,515	$ 7,561	**$ 65,228**
Depreciation expense	21,774	14,958	3,177	**39,910**
Disposals	-	(14,185)	-	**(14,185)**
Foreign exchange difference	3,894	757	630	**5,281**
Balance as at December 31, 2017	72,821	12,045	11,368	**96,234**
Depreciation expense	13,154	11,686	1,031	**25,871**
Impairment loss	24,523	91,063	6,229	**121,815**
Foreign exchange difference	(4,527)	(1,082)	(673)	**(6,282)**
Balance as at June 30, 2018	$ 105,971	$ 113,712	$ 17,955	**$ 237,638**
Carrying amounts				
December 31, 2017	$ 109,101	$ 108,395	$ 7,649	**$ 225,145**
June 30, 2018	$ 65,788	$ -	$ -	**$ 65,788**

(Amounts expressed in United States dollars, unless otherwise indicated)

7. Goodwill

	Goodwill
Carrying Amount	
Balance as at	
January 1, 2017	$ 2,975,228
Foreign exchange difference	206,925
Balance as at	
December 31, 2017	3,182,153
Impairment loss	(2,859,383)
Foreign exchange difference	(322,770)
Balance as at	
June 30, 2018	**$ -**

Goodwill – Impairment Test

Goodwill was recognized on the acquisition of UGE Canada (formerly known as Endura Energy Project Corp.). During the three months ended June 30, 2018 and immediately thereafter, various factors affecting the Company's Canadian operations, the cash-generating unit (CGU) to which goodwill had been allocated, were identified as potential indicators for impairment. As a result, the recoverable amount of the CGU to which goodwill had been allocated was determined based on value in use calculations using a discounted cash flow analysis. These calculations used pre-tax cash flow projections based on a financial budget covering the remainder of fiscal 2018 plus a four-year forecast period that reflect management's best estimate. Cash-flows beyond the five-year period were extrapolated using an estimated growth rate of 2.0%. A pre-tax discount rate of 15.0% was applied.

In validating the value in use determined for the CGU, the Company performed a sensitivity analysis of key assumptions used in the discounted cash-flow model (such as discount rates, gross margin percentage, SG&A expense, and terminal growth rate). The Company believes that all reasonably possible ranges of key assumptions causes an impairment loss to be recognized in respect of the entire carrying value of the Canadian CGU. Based on this analysis, the carrying amount of goodwill has been reduced to its recoverable amount of nil through recognition of an impairment charge of $2,859,383 against the goodwill.

As a result of the Company's goodwill impairment analysis, it was also determined that the CGU's plant and equipment was also impaired, which has been reflected in Note 6.

(Amounts expressed in United States dollars, unless otherwise indicated)

8. Loans payable

	June 30, 2018	December 31, 2017
Divestment Loan	$ 3,600,000	$ 3,600,000
Acquisition Loan	1,805,040	1,911,840
Construction Financing Facility	1,200,000	273,888
Revolving Credit Facility	564,075	561,603
Project Loan for Surety Bond	188,025	398,300
Total debt	7,357,140	6,745,631
Current portion	3,757,140	3,145,631
Non-current portion	$ 3,600,000	$ 3,600,000

Divestment Loan – Upon the sale of UGE Holdings Ltd. (“UGE Holdings”) in 2016, the Company issued promissory notes for a total of $3,600,000 (December 30, 2017 - $3,600,000) to a former subsidiary of UGE Holdings. These unsecured loans bear a fixed annual interest rate of 6.5% and are due on August 30, 2021.

Acquisition Loan – As at June 30, 2018, the Company has a promissory note for a total of $1,805,040 (CAD$2,400,000) (December 30, 2017 - $1,911,840, CAD$2,400,000) to the MH Brigham Foundation (“MBF”) that had been used to acquire Carmanah Solar Power Corp. in fiscal 2017. This promissory note bears interest at a rate of 10% per annum and is payable on demand. As at June 30, 2018, the Company was one month in arrears on its interest payment and continues to be in arrears as of the date that these financial statements were approved. As of the date these financial statements were approved, the Company was in discussions with MBF to address the conditions of default.

Construction Financing Facility – As at June 30, 2018, the Company has a construction financing facility with a maximum limit of $1,200,000, guaranteed by Export Development Canada. The facility bears interest at a rate equal to prime + 1.45% and is due on demand. As at June 30, 2018, the Company made draws from the facility of $1,200,000 (December 30, 2017 – $273,888) and has provided a deposit on all draws equal to $300,000 recorded as restricted cash.

Revolving Credit Facility - As at June 30, 2018, the Company has a revolving demand credit facility with a maximum limit of CAD$750,000, of which $564,075 (CAD$750,000) (December 30, 2017 - $561,603, CAD$705,000) was drawn. The credit facility bears interest at prime + 1.45% per annum and is secured by a general security agreement covering all assets of UGE Canada. As at June 30, 2018 and up to the date these financial statements were approved, the Company was in default of its loan agreement on the basis that it had exceeded its allowable advances under this facility, which is based on a customary borrowing base calculation. As of the date these financial statements were approved, the Company was in discussions with its bank to address the conditions of default.

Project Loan for Surety Bond – As at June 30, 2018, the Company has an unsecured non-interest-bearing loan with Fritz Construction Services Inc. of $188,025 (CAD$250,000) (December 30, 2017 - $398,300, CAD$500,000) to assist in the funding of a deposit for a surety bond. The principal is due through monthly repayments of CAD$50,000 and will be repaid in full by October 30, 2018.

(Amounts expressed in United States dollars, unless otherwise indicated)

9. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares with no par value.

The issued and outstanding share capital is as follows:

	Six months ended June 30, 2018			Six months ended June 30, 2017		
	Number of shares	Number of special warrants	Amount	Number of shares	Number of special warrants	Amount
Balance at beginning of period	40,770,026	5,100,000	$ 16,575,247	36,118,927	5,100,000	$ 15,111,782
Public offering of share units, net of share costs	1,250,000	-	185,109	3,450,000	-	1,002,976
Shares issued for conversion of restricted share units	10,000	-	2,510	120,000	-	27,170
Shares for services	442,433	-	112,853	-	-	-
Finders fee related to acquisition of CSPC	-	-	-	363,636	-	158,287
Shares issued in relation to loan from MBF (Note 8)	-	-	-	218,181	-	94,973
Amount issued for exercise of options and warrants	-	-	-	300,188	-	97,253
Balance at end of period	42,472,459	5,100,000	$ 16,875,719	40,570,932	5,100,000	$ 16,492,441

On June 14, 2018, the Company completed a private placement equity financing of 1,250,000 units of the Company at a price of CAD$0.35 per unit for gross proceeds of $337,313 (CAD$437,500). Each unit consisted of one full common share of the Company and one share purchase warrant. Each warrant is exercisable at an exercise price of CAD$0.40 for a period of 24 months from the date of issuance. The total share issue cash costs related to the financing were $29,544 (CAD$38,319) and commission paid, and other transaction costs are recognized as a reduction in both share capital and contributed surplus. Significant assumptions used in the Black-Scholes model to value of the warrants included an expected life of 2 years, volatility of 137.6% and a risk-free rate of 1.77%.

Restricted share units

The Company has a restricted share unit plan that provides for the granting of restricted share units to directors, officers, employees and consultants of up to 1,005,125 shares of the Company of which 5,286 are available for grant as at June 30, 2018. Upon vesting, the Company will issue shares from treasury to the employees for no additional consideration.

As at June 30, 2018, rights to receive 1,439 shares have been granted to be vested in 2018. During the three months ended June 30, 2018, the Company issued 10,000 shares for the rights that vested.

During the three and six months ended June 30, 2018, the Company recognized a total of $749 (2017 – $14,871) and $2,180 (2017 - $40,179), respectively, as compensation expense pursuant to restricted share units in selling, general, and administration expenses.

Special warrants

As at June 30, 2018, the Company had 5,100,000 special warrants outstanding held by related parties and all are exercisable. The special warrants are convertible into shares of the Company on a one for one basis for no additional consideration provided that at the time on the conversion at least 20% of the issued and outstanding shares of the Company are held by Public Shareholders after the conversion of the special warrants. Public Shareholders are those shareholders who are not directors, officers or other insiders of the Company as defined by the TSX Venture Exchange.

(Amounts expressed in United States dollars, unless otherwise indicated)

Warrants

During the six months ended June 30, 2018, the Company had 2,934,300 warrants with an exercise price of CAD$0.48 per share and 393,767 warrants at an exercise price of CAD$0.38 per share outstanding, which expired on June 23, 2018.

As at June 30, 2018, the Company has warrants outstanding allowing the holders to purchase an additional 1,725,000 common shares at an exercise price of CAD$0.80 per share and 241,500 common shares at an exercise price of CAD$0.60 per share until June 26, 2019.

As at June 30, 2018, the Company also has warrants outstanding allowing the holders to purchase an additional 1,250,000 common shares at an exercise price of CAD$0.40 per share until June 15, 2020.

Stock options

The Company offers an incentive stock option plan that provides for the granting of options up to 10% of its issued and outstanding common shares to directors, officers, employees and consultants.

The stock option activity is as follows:

	Six months ended June 30, 2018		Year ended December 31, 2017	
	Number of options	Weighted average exercise price (CAD)	Number of options	Weighted average exercise price (CAD)
Balance at beginning of period	3,665,455	$ 0.47	2,972,461	$ 0.45
Granted	1,020,739	0.30	1,353,644	0.50
Forfeited	(1,150,173)	0.46	(538,383)	0.42
Exercised	-	-	(122,267)	0.41
Balance at end of period	3,536,021	$ 0.43	3,665,455	$ 0.47
Balance exercisable at end of period	2,420,603	$ 0.43	1,873,938	$ 0.46

(Amounts expressed in United States dollars, unless otherwise indicated)

Details of the outstanding stock options are as follows (in CAD):

Exercise price (CAD)	Number of options outstanding at June 30, 2018	Weighted average remaining life (months)	Weighted average exercise price (CAD)	Number of options exercisable at June 30, 2018	Weighted average exercise price (CAD)
$ 1.15	36,300	24	$ 1.15	36,300	$ 1.15
0.78	102,000	29	0.78	102,000	0.78
0.61	604,836	48	0.61	201,612	0.61
0.45	1,092,146	36	0.45	1,030,445	0.45
0.36	530,000	53	0.36	500,000	0.36
0.33	40,000	59	0.33	40,000	0.33
0.32	420,738	59	0.32	140,246	0.32
0.29	510,001	59	0.29	170,000	0.29
0.28	150,000	42	0.28	150,000	0.28
0.23	50,000	57	0.23	50,000	0.23
	3,536,021	47	$ 0.43	2,420,603	$ 0.43

During the three and six months ended June 30, 2018, the Company recorded share-based compensation of $66,954 (2017 – $28,633) and $52,631 (2017 – $21,286), respectively, relating to stock options in selling, general, and administrative expenses. The compensation expense was based on the fair value of each stock option on the date of the grant using the Black-Scholes option pricing model with the below weighted average assumptions. For the three months ended June 30, 2018 there were 1,020,739 stock options granted (2017 – 814,644).

	June 30, 2018	December 31, 2017
Expected life	5 years	5 years
Expected volatility in market price of shares	136.3%	115.4%
Expected dividend rate	0.0%	0.0%
Risk-free interest rate	2.32%	1.49%

(Amounts expressed in United States dollars, unless otherwise indicated)

10. Segmented information

The Company has determined that it operates in one operating segment, renewable energy solutions. During the three and six months ended June 30, 2018, the Company had revenues in the United States, Canada and the Philippines, and is organized into geographic sales areas consisting of these countries.

Total revenue by geographic area for the three and six months ended June 30, was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Canada	$ 2,316,398	$ 5,926,871	$ 4,470,744	$ 11,155,263
United States	656,980	345,561	2,357,676	598,420
Philippines	454,847	39,840	2,659,738	56,683
	$ 3,428,225	$ 6,312,272	$ 9,488,158	$ 11,810,366

All non-current assets are related to the Company's Canadian operations.

During the three and six months ended June 30, 2018 and 2017, the Company had five customers that accounted for more than 10% of consolidated revenue as listed below. No other customer accounted for more than 10% of the Company's consolidated revenue.

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Customer 1	63%	0%	28%	0%
Customer 2	0%	59%	3%	75%
Customer 3	10%	20%	4%	11%
Customer 4	5%	0%	17%	0%
Customer 5	5%	0%	25%	0%
	83%	79%	77%	86%

11. Contingencies

UGE USA was contracted to complete a portfolio consisting of three projects with a US-based solar developer (the "Developer"). Due to a dispute between UGE USA and the Developer, in July 2018, UGE USA was named in a legal action by the project entities wholly owned by the Developer for breach of contract, and two of the contracts were terminated. UGE USA disputes the basis for the two contract terminations, contends that substantial completion has been effectively reached for the two projects, and is working with the Developer to finalize all three projects and settle the legal action. As of this date, no dollar amount has been attributed to the legal claim.

UGE Canada is a party to a collaboration agreement with a Canadian solar developer, Soventix Canada Inc. ("Soventix"), which saw the two parties complete the construction of a portfolio of solar projects, mostly throughout 2017. Earlier this month UGE filed a Statement of Claim with the Ontario Superior Court of Justice for unpaid invoices and contractual damages totaling the amount of $376,369 (CAD$500,425), which consists of interest and costs. Until the action has been determined, the Company has taken a project loss of $213,000 in the three months ended June 30, 2018.

On April 3, 2017, UGE acquired the business of CSPC. The seller of the assets made certain representations and warranties with respect to certain project contracts contained within the CSPC business. Certain of those project contracts later experienced project losses totaling approximately $520,000 in the six months ended June 30, 2018. The Company believes that a substantial portion of these losses are because of matters that occurred prior to the acquisition and as such the representations and warranties were breached. As a result, on July 12, 2018 the Company submitted a Demand Letter to CSPC's parent company in the amount of $302,869. Although the Company is hopeful to receive a significant portion of this claim in the coming months, no amount receivable has been accrued in the balance sheet at this time.

The Company is subject to possible claims that arise in the ordinary course of business. The outcome of these claims, either individually or in the aggregate, are not expected to have a material impact on the Company's financial position or financial performance.