

Theralase Technologies Inc.

Condensed Interim Consolidated Financial Statements - Unaudited

As at March 31, 2019 and December 31, 2018 and for the three-month period ended March 31, 2019 and 2018

THERALASE® TECHNOLOGIES INC.

Consolidated Balance Sheets

As at March 31, 2019 and December 31, 2018

Stated in Canadian Dollars

	Note	2019	2018
Assets			
Current assets			
Cash		\$ 1,670,081	\$ 1,033,699
Trade and other receivables	4	648,800	790,455
Inventories	5	868,575	864,261
Prepaid expenses and other assets		162,597	56,373
Total current assets		3,350,053	2,744,788
Non-current assets			
Trade receivables	4	80,776	111,957
Property and equipment		641,409	672,690
Intangible assets		13,533	18,002
Rent deposit		16,982	16,982
Total non-current assets		752,700	819,631
Total Assets		\$ 4,102,753	\$ 3,564,419
Liabilities			
Current liabilities			
Payables and accruals	6	969,582	\$ 2,565,780
Total liabilities		969,582	2,565,780
Equity attributable to shareholders			
Share capital	7, 9	29,621,387	26,434,938
Contributed surplus	8	6,027,038	5,989,332
Common share purchase warrants	7, 9	3,848,084	3,812,609
Accumulated deficit		(36,363,338)	(35,238,240)
Total Equity		3,133,171	998,639
Total Shareholders' Equity and Liabilities		\$ 4,102,753	\$ 3,564,419

Commitments (Note 18)

Approved on Behalf of the Board

[Randy Bruder]

Director

[Guy Anderson]

Director

THERALASE® TECHNOLOGIES INC.

Consolidated Statements of Operations

For the three month period ended March 31

Stated in Canadian Dollars

	Note	2019	2018
Sales		\$ 121,179	\$ 441,193
Cost of Sales		84,251	242,857
Gross Margin		36,928	198,336
Operating Expenses			
Selling expenses	12	178,807	280,874
Administrative expenses	13	533,659	555,086
Research and development expenses	14	447,751	364,956
(Gain) Loss on foreign exchange		6,556	5,331
Interest expense		-	88
Interest income		(4,747)	(3,930)
		1,162,026	1,202,404
Net loss and comprehensive loss for the period		\$ (1,125,098)	(1,004,068)
Basic and diluted loss per common share		(0.008)	(0.008)
Weighted average number of common		140,110,252	125,375,656

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

ThERALASE® TECHNOLOGIES INC.

Consolidated Statements of Cash Flows

For the three month period ended March 31

Stated in Canadian Dollars

	2019	2018
Cash flows from operating activities		
Net loss for the year	\$ (1,125,098)	\$ (1,004,068)
Items not involving cash		
Amortization of property and equipment	45,445	46,566
Amortization of intangibles	4,469	4,510
Stock-based compensation expense	37,706	(19,582)
Provision for inventory reserve	-	5,331
Gain(loss) on foreign exchange	6,556	-
Lease inducements	(420)	(420)
Change in operating assets and liabilities other than cash		
Current trade and other receivables	135,099	74,821
Non-current trade receivables	31,181	26,419
Inventories	(4,314)	96,994
Prepaid expenses and other assets	(106,224)	(422)
Payables and accruals	(1,595,778)	566,728
	(2,571,378)	(203,123)
Cash flows from investing activities		
Purchase of property and equipment	(14,163)	(21,689)
Proceeds on disposal of property and equipment	-	-
	(14,163)	(21,689)
Cash flows from financing activities		
Proceeds from public offering (net of issuance costs)	1,423,634	-
Proceeds from the exercise of share warrants	1,798,290	-
	3,221,924	-
Increase in cash during the year	636,382	(224,812)
Cash, beginning of year	1,033,699	253,902
Cash, end of period	\$ 1,670,081	\$ 29,090
Supplementary Information		
Interest Paid	\$ -	\$ 88
Interest Received	\$ 4,747	\$ 3,930

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

THERALASE® TECHNOLOGIES INC.

Consolidated Statements of Changes in Equity

As at March 31, 2019 and December 31, 2018

Stated in Canadian Dollars

		Number of Shares	Share Capital	Contributed Surplus	Common Share Purchase Warrants	Deficit	Total Shareholders' Equity
	Note	#	\$	\$	\$	\$	\$
Balance, December 31, 2017		126,481,526	24,907,688	5,808,373	3,210,867	(31,881,363)	2,045,565
Stock-based compensation expense	8	-	-	180,959	-	-	180,959
Exercised share purchase warrants	9	135,000	48,285	-	(7,817)	-	40,468
Issued pursuant to private placement	7	8,261,059	1,505,733	-	620,038	-	2,125,770
Transaction cost on private placement	7	-	(26,768)	-	(10,479)	-	(37,247)
Loss for the year		-	-	-	-	(3,356,877)	(3,356,877)
Balance, December 31, 2018		134,877,585	26,434,938	5,989,332	3,812,609	(35,238,240)	998,639
Balance, December 31, 2018		134,877,585	26,434,938	5,989,332	3,812,609	(35,238,240)	998,639
Stock-based compensation expense	8	-	-	37,706	-	-	37,706
Exercised share purchase warrants	9	5,159,300	2,176,025	-	(377,735)	-	1,798,290
Issued pursuant to private placement	7	4,095,157	1,017,288	-	416,017	-	1,433,305
Transaction cost on private placement	7	-	(6,864)	-	(2,807)	-	(9,671)
Loss for the period		-	-	-	-	(1,125,098)	(1,125,098)
Balance, March 31, 2019		144,132,042	29,621,387	6,027,038	3,848,084	(36,363,338)	3,133,171

ThERALASE[®] TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

Three-Month period ended March 31, 2019 and 2018

Stated in Canadian Dollars

1. Nature of Operations

Theralase Technologies Inc. (“**Company**” or “**Theralase**”) has two main divisions.

The Anti-Cancer Therapy (“**ACT**”) division is dedicated to the research and development of light activated Photo Dynamic Compounds (“**PDCs**”) and their associated drug formulations with the intended purpose to safely and effectively destroy cancer. The Medical Laser Technology (“**MLT**”) division designs, develops, manufactures and commercializes medical laser systems and other technologies for the activation of PDCs as well as designs, develops, manufactures and markets patented and proprietary super-pulsed laser technology indicated and cleared by Health Canada and the Food and Drug Administration (“**FDA**”) for the healing of chronic knee pain and when used off-label for healing numerous nerve, muscle and joint conditions.

The Company develops products both internally and using the assistance of specialist external resources. Successful financing enables the commercialization of the Company’s current and future product offerings, which is further supported through the Company’s established network of direct sales and indirect distribution networks.

Theralase was incorporated by articles of incorporation in the province of Ontario in September 2004. The Company’s common shares trade on the Toronto Stock Venture Exchange under the symbol TLT. The registered office is 41 Hollinger Road, Toronto, Ontario, Canada M4B 3G4.

Going Concern, Capital Disclosures and Statement of Compliance

The condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) and including interpretations of the IFRS Interpretations Committee (“**IFRIC**”) on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future.

For the three-month period ended March 31, 2019, the Company had a net loss of \$1,125,098 (2018 - \$1,004,068), an accumulated deficit of \$36,363,338 (2018 - 35,238,240) and has historically used net cash in operations. These conditions indicate the existence of material uncertainties that cast substantial doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon achieving a profitable level of operations and obtaining additional financing, neither of which is assured. The Company has been able to raise capital to continue to market its products and continues to develop sales opportunities that could result in additional sales of its products in the future. These consolidated financial statements do not give effect to any adjustments which may be necessary should the Company be unable to continue as a going concern and be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. These adjustments could be material.

The Company’s objective is to maintain a sufficient capital base to support future research, development and strategic business initiatives allowing the Company to invest in its future and maintain investor, creditor and market confidence.

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Notes to Consolidated Financial Statements

Three-Month period ended March 31, 2019 and 2018

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The Company's capital is composed of total shareholders' equity. For the three-month period ended March 31, 2019, the Company reported a loss of \$1,125,098, and an accumulated deficit of \$36,363,338 as at that date. Sales of the TLC-1000 and TLC-2000, the Company's existing product lines, have not met expectations and have not been sufficient in and of themselves to enable the Company to fund all its continuing development and commercialization efforts and, accordingly, management is pursuing alternate financing sources to fund the Company's development and commercialization efforts. The Company has successfully raised capital through equity offerings in 2019 and 2018 (note 7) however, there is no guarantee that the Company will be able to raise additional capital on terms and conditions agreeable to the Company.

The Company is not subject to any externally imposed capital requirements and the Company does not use financial ratios to manage capital. There were no changes in the Company's approach to capital management during the years presented.

Approval of Financial Statements

The condensed interim consolidated financial statements for the three-month period ended March 31, 2019 were approved and authorized for issue by the board of directors on May 30, 2019.

2. Summary of Significant Accounting Policies

Basis of presentation

These condensed interim consolidated financial statements, which are presented in Canadian Dollars (unless otherwise stated), have been prepared under the historical cost convention, as modified by the measurement at fair value of certain financial assets and financial liabilities. These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation followed in the Company's annual consolidated financial statements for the year ended December 31, 2018. Share options and share awards granted to employees, directors, officers and third parties are recognized at fair value at the date of grant.

Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries; Theralase Inc. and Theralase Biotech Inc., over which the Company exercises control. Inter-company balances and transactions are eliminated in preparing the consolidated financial statements.

3. Adoption of New Accounting Standards

On January 1, 2019, the Company implemented *IFRS 16, Leases* ("*IFRS 16*"). The impact of implementation of IFRS 16 is described below.

IFRS 16 was issued in January 2016 and specifies how to recognize, measure, present and disclose leases. The standard provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting; however, remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. The standard will affect primarily the accounting for the Company's operating leases. This will result in additional right-to-use assets, as well as lease liabilities. The adoption of this standard had no effect on the financial statements as the Company had no leases.

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Notes to Consolidated Financial Statements

Three-Month period ended March 31, 2019 and 2018

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4. Trade and Other Receivables

	As at March 31, 2019	As at December 31, 2018
Trade receivable (net amount)	\$ 371,539	\$ 549,689
Government tax credits receivable	358,037	352,723
Total	729,576	902,412
Less: Non-Current trade receivables	(80,776)	(111,957)
Total	\$ 648,800	\$ 790,455

Write offs of trade receivables for the three-month period ended March 31, 2019 amounted to \$nil which was previously provided for (2018 - \$nil). In addition, a direct write-off of \$nil was made during the year (2018 - \$nil). Refer to note 15 (i) for the continuity schedule of allowance for trade receivables.

Government tax credits receivable comprise research and development investment tax credits receivable from the federal government which relate to qualifiable research and development expenditures under the applicable tax laws.

Non-current trade receivables represents receivables from customers to whom the Company sold products under payment plans with payment terms ranging from 24 to 72 months. Receivables under payment plans are recorded at time of origination or purchase at fair value of products sold and are subsequently reported at amortized cost, net of any allowance for credit losses.

The Company's exposure to credit and currency risks related to trade and other receivables is presented in note 15.

5. Inventories

	As at March 31, 2019	As at December 31, 2018
Raw materials	\$ 452,221	\$ 449,703
Work-in-process	7,815	10,594
Finished goods	408,539	403,964
Total	\$ 868,575	\$ 864,261

6. Payables and Accruals

	As at March 31, 2019	As at December 31, 2018
Trade payables	739,556	1,062,411
Salaries, employment taxes, and benefits	228,926	280,860
Current portion of warranty liability	1,100	1,100
Audit fees and contract payments	-	20,013
Investor deposits	-	1,201,396
Total	969,582	2,565,780

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7. Public Offering and Private Placement

On May 14, 2018, the Company completed a financing by way of a private placement, where 5,104,000 units were issued at a price of \$0.20 per unit for gross proceeds of \$1,020,800, of which 750,000 units were purchased by certain insiders of the Company. Each Unit consisted of one common share and one non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of \$0.30, expiring on May 14, 2020. In connection with the offering, the Company incurred financing costs of \$9,816, of which \$9,574 was paid in cash and \$242 was paid through issuance of 9,300 broker warrants. Each broker warrant is exercisable into one common share at an exercise price of \$0.30 per share for a period of 24 months after the closing of the offering.

The purchase price of \$0.20 per Unit was allocated between the common shares (\$0.14 per share) and common share purchase warrants (\$0.06 per warrant), based on their relative fair values. Management determined that the allocation of the net proceeds of \$1,011,226 was \$714,934 for the common shares issued and \$296,292 for the common share purchase warrants issued.

On October 3, 2018, the Company completed a financing by way of a private placement, where 3,157,059 units were issued at a price of \$0.35 per unit for gross proceeds of \$1,104,970. Each unit consisted of one common share and one non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of \$0.50, expiring on October 3, 2020. In connection with the offering, the Company incurred financing costs of \$27,947, of which \$27,673 was paid in cash and \$274 was paid through issuance of 7,950 broker warrants. Each broker warrant is exercisable into one common share at an exercise price of \$0.50 per share for a period of 24 months after the closing of the offering.

The purchase price of \$0.35 per unit was allocated between the common shares (\$0.25 per share) and common share purchase warrants (\$0.10 per warrant), based on their relative fair values. Management determined that the allocation of the net proceeds of \$1,077,297 was \$764,031 for the common shares issued and \$313,266 for the common share purchase warrants issued.

On January 9, 2019, the Company completed a financing by way of a private placement, where 4,095,157 units were issued at a price of \$0.35 per unit for gross proceeds of \$1,433,305 (\$1,201,396 received in 2018, see note 7). Each unit consisted of one common share and one non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of \$0.50, expiring on January 9, 2021. In connection with the offering, the Company incurred financing costs of \$9,671.

The purchase price of \$0.35 per unit was allocated between the common shares (\$0.25 per share) and common share purchase warrants (\$0.10 per warrant), based on their relative fair values. Management determined that the allocation of the net proceeds of \$1,423,634 was \$1,010,424 for the common shares issued and \$413,210 for the common share purchase warrants issued.

The fair value of each common share purchase warrants granted was estimated on the dates of the grant using the Black-Scholes option pricing model with the following assumptions:

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	January 9, 2019	October 3, 2018	May 14, 2018
Expected volatility (based on historical share prices)	96.04%	101.77%	92.97%
Risk-free interest rate	1.91%	2.30%	1.99%
Expected life	2 Years	2 years	2 years
Expected dividends	Nil	Nil	Nil
Strike Price	\$0.300	\$0.500	\$0.300
Share Price	\$0.215	\$0.29	\$0.22

8. Stock Options

The Company has a rolling stock option plan reserving for issue under this plan up to 10% (14,413,204 common shares at March 31, 2019) of the outstanding common shares at a purchase price not less than the fair market value of the Company's stock at the grant date. Under the Company's stock option plan, the board of directors may grant, at its discretion, stock options to purchase common shares to certain employees, officers, directors and consultants of the Company. Terms and conditions of the stock option and vesting provisions are at the discretion of the board of directors.

A summary of stock options issued under the stock option plan for the three-month period ended March 31, 2019 is provided below.

	Common shares under option	Weighted average exercised price \$
Outstanding, December 31, 2018	5,770,000	0.50
Outstanding, March 31, 2019	5,770,000	0.50

The following table summarizes information on the stock options outstanding as at March 31, 2019:

Stock Options Outstanding			Stock Options Exercisable		
Stock Options Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price \$	Stock Options Exercisable	Weighted Average Exercise Price \$	
1,190,000	0.3	\$ 0.50	1,190,000	0.50	
70,000	0.6	\$ 0.50	70,000	0.50	
1,350,000	1.2	\$ 0.50	1,350,000	0.50	
50,000	1.5	\$ 0.50	50,000	0.50	
20,000	2.0	\$ 0.50	13,333	0.50	
3,090,000	3.0	\$ 0.50	1,030,000	0.50	
5,770,000		\$ 0.50	3,703,332	\$ 0.50	

Under the stock option plan, the stock options vest over a three year period, commencing one year after the grant. As at March 31, 2019, 3,703,332 of the stock options were vested. All outstanding stock options as at March 31, 2019 will be fully vested by April 18, 2020.

Options to employees are measured at the fair value on the grant date using the following weighted average assumptions:

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	2017	2016
Risk-free interest rate	0.98%	0.68%
Expected volatility*	72.59%	63.28%
Expected life	5 years	5 years
Expected dividends	Nil	Nil
Weighted average grant date fair value	\$0.20	\$0.20
Weighted average exercise price	\$0.50	\$0.50
Forfeiture rate	28%	28%

For the three-month period ended March 31, 2019, the Company recognized stock-based compensation expense of \$37,707 (2018 - \$19,582) for stock options issued to directors, officers, employees and consultants, of which \$32,673 is included in administrative expenses, \$368 in selling expenses and \$4,666 is included in research and development expenses.

*Based on historical volatility

9. Common Share Purchase Warrants

Common share purchase warrants consisted of the following:

	Number outstanding	Weighted average exercised price \$	Fair value at date of grant \$
Outstanding December 31, 2018	37,753,848		3,812,607
Issued with shares	4,095,157	0.50	413,210
Exercised	(5,159,300)	0.35	(377,734)
Outstanding March 31, 2019	36,689,705		3,848,084

1) During 2019, 4,095,157 warrants were issued (see note 7)

2) During 2019, 5,159,300 warrants were exercised

The following table summarizes information on the common share purchase warrants outstanding for the three-month period ended March 31, 2019:

Exercise Price	Outstanding Beginning of the year	Expired During the period	Exercised During the period	Granted During the period	Outstanding End of Period	Weighted Average Remaining Contractual Life (years)
\$0.540	19,071,940	-	-	-	19,071,940	0.92
\$0.375	10,538,599	-	3,340,000	-	7,198,599	2.61
\$0.300	4,978,300	-	1,819,300	-	3,159,000	1.12
\$0.500	3,165,009	-	-	-	3,165,009	1.51
\$0.500	-	-	-	4,095,157	4,095,157	1.78
	37,753,848	-	5,159,300	4,095,157	36,689,705	-

10. Share Capital

The Company is authorized to issue an unlimited number of common shares.

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Notes to Consolidated Financial Statements

Three-Month period ended March 31, 2019 and 2018

Stated in Canadian Dollars

11. Loss Per Common Share

Basic loss per common share has been calculated based on the weighted average number of common shares outstanding during each of the three-month periods presented in the consolidated financial statements.

Stock options to purchase 5,770,000 (2018 – 5,880,000) common shares and common share purchase warrants totaling 36,689,705 (2018 - 29,610,539) were not included in the computation of diluted loss per common share due to their anti-dilutive nature.

12. Selling Expenses

The following are expenses classified as selling expenses on the interim consolidated financial statements:

	2019	2018
Sales salaries	\$ 95,632	\$ 210,500
Advertising	48,733	16,455
Commission	5,095	18,954
Travel	9,744	17,640
Stock based compensation	368	356
Amortization and depreciation allocation	19,235	16,969
Total selling expenses	\$ 178,807	\$ 280,874

13. Administrative Expenses

The following are expenses classified as administrative expenses on the interim consolidated financial statements:

	2019	2018
Insurance	\$ 12,236	\$ 16,728
Professional fees	128,302	231,568
Rent	25,317	24,765
General and administrative expenses	116,834	76,680
Administrative salaries	193,667	214,236
Director and advisory fees	14,734	9,741
Stock based compensation	32,673	(27,506)
Amortization and depreciation allocation	9,896	8,874
Total administrative expenses	\$ 533,659	\$ 555,086

14. Research and Development Expenses

The following are expenses classified as research and development expenses on the interim consolidated financial statements:

	2019	2018
Research and development (net of investment tax credit)	\$ 422,302	\$ 332,164
Stock based compensation	4,666	7,567
Amortization and depreciation allocation	20,783	25,225
Total research and development expenses	\$ 447,751	\$ 364,956

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Stated in Canadian Dollars

15. Financial Instruments – Fair Value and Risks

IFRS 7 - Financial Instruments: Disclosures establish a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1 quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices);
- Level 3 inputs for the asset or liability that are not based upon observable market data.

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these instruments.

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As at December 31, 2018 and 2017, the Company's cash is categorized as Level 1. There were no financial instruments categorized as Level 2 or 3.

i Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable. The amounts reported in the consolidated balance sheets are net of allowances for bad debts, estimated by the Company's management based on prior experience and its assessment of the current economic environment and estimates of future economic conditions. The Company has applied the simplified approach to IFRS 9 to measure the loss allowance for trade receivable. The Company reviews its trade receivable accounts regularly and reduces amounts to their expected realizable values by adjusting the allowance for doubtful accounts when management determines that the account may not be fully collectible. The Company has adopted credit policies in an effort to minimize those risks. The carrying value of trade and other receivables represent the Company's maximum exposure to credit risk.

The following table reflects the balance and age of trade receivables as at December 31:

	As at March 31, 2019	As at December 31, 2018
Trade receivables (net amount)	\$ 371,539	\$ 549,689
Percentage outstanding more than 30 days	7%	24%
Percentage outstanding more than 120 days	13%	23%

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The following table reflects the changes in the allowance for trade receivables during the three-month period ended March 31, 2019 and the year ended December 31:

	As at March 31, 2019	As at December 31, 2018
Allowance for trade receivables - beginning of period	\$ 94,012	\$ 133,454
Allowance recorded against current period sales	-	-
Adjustment based on collection experience	-	(11,165)
Amounts written off	-	(28,277)
Allowance for trade receivables - end of period	\$ 94,012	\$ 94,012

ii Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. The Company does not have material long-term financial liabilities.

The table below reflects the contractual obligations of the Company's undiscounted cash flows for its financial liabilities:

Contractual Obligations	Total	Payments Due by Period				
		2019	2020	2021	2022	2023
Payables and accruals	\$ 969,582	969,582	-	-	-	-
Commitments	\$ 447,200	\$ 160,735	\$ 118,317	\$ 118,317	\$ 49,831	\$ -
Total contractual obligations	\$ 1,416,782	1,130,317	118,317	118,317	49,831	-

The Company also has contractual obligations (note 23) in the form of lease obligations related to the Company's premises and research and development commitments.

iii Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of the financial instruments held.

The Company is subject to interest rate risk on its cash; however, it does not expect a movement in interest rates to have a significant impact on the Company's financial position.

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iv Foreign currency exchange risk

The Company is exposed to foreign currency exchange risk. This risk arises from the Company's holdings of US dollar denominated cash, trade and other receivables and payables and accrued liabilities. Changes arising from this risk could impact the Company's reported foreign currency exchange gains or losses. Accounts exposed to foreign currency exchange risk as at December 31 are as follows:

	As at March 31, 2019	As at December 31, 2018
Cash	\$ 7,552	\$ 24,057
Trade and other receivables	181,525	271,481
Payables and accruals	(266,022)	(237,145)
Total	\$ (76,945)	\$ 58,393

The above US dollar balances are shown in Canadian dollar equivalents.

v Foreign currency exchange risk sensitivity analysis

The following table details the Company's sensitivity analysis to a 10% strengthening in the US dollar on foreign currency denominated monetary items and adjusts its translation at the consolidated balance sheet dates for a 10% change in foreign currency exchange rates. For a 10% weakening of the US dollar against the Canadian dollar, there would be an equal and opposite impact on loss and comprehensive loss for the year.

	As at March 31, 2019	As at December 31, 2018
Cash	\$ 755	\$ 2,406
Trade and other receivables	18,153	27,148
Payables and accruals	(26,602)	(23,715)
Total	\$ (7,695)	\$ 5,839

16. Related Party Disclosure

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

	2019	2018
Short-term compensation	\$177,636	\$183,333
Stock-based compensation	12,760	(35,647)
Total	\$190,396	\$147,686

Key management personnel were not paid post-employment benefits, termination benefits or other long term benefits during the three-month periods ended March 31, 2019 and 2018. Fees paid to directors have been disclosed in note 13.

Stock-based compensation paid to directors and officers is the fair value of options that vested to key

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Notes to Consolidated Financial Statements

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management personnel during the year.

17. Segmented Information

For management purposes, the Company is organized into two separate reportable operating divisions; (1) ACT division and (2) MLT division. The ACT division is responsible for the research and development of PDCs for the treatment of cancer. The MLT division is responsible for the Company's medical laser business, which researches, develops, commercializes and manufactures lasers used by the ACT division to activate PDCs and researches, develops, manufactures and distributes therapeutic laser to healthcare practitioners predominantly for the healing of pain.

The following table displays revenue and direct expenses from the MLT and ACT division for the three-month periods ended March 31:

	2019			2018		
	MLT	ACT	Total	MLT	ACT	Total
Sales	\$ 121,179	\$ -	\$ 121,179	\$ 441,193	\$ -	\$ 441,193
Cost of Sales	84,251	-	84,251	242,857	-	242,857
Gross Margin	36,928	-	36,928	198,336	-	198,336
Operating Expenses						
Selling expenses	178,807	-	178,807	280,874	-	280,874
Administrative expenses	410,695	122,964	533,659	336,307	218,779	555,086
Research and development expenses	67,017	380,734	447,751	110,244	254,712	364,956
(Gain) loss on foreign exchange	3,278	3,278	6,556	2,665	2,665	5,330
Interest expense	-	-	-	44	44	88
Interest income	(4,747)	-	(4,747)	(3,930)	-	(3,930)
	655,050	506,976	1,162,026	726,204	476,200	1,202,404
Loss for the period	\$ (618,122)	\$ (506,976)	\$ (1,125,098)	\$ (527,868)	\$ (476,200)	\$ (1,004,068)
Total Assets	\$ 3,909,897	\$ 192,856	\$ 4,102,753	\$ 2,603,891	\$ 261,473	\$ 2,865,364
Total Liabilities	622,497	347,085	969,582	1,529,061	282,160	1,811,221

The following table displays revenue and direct expenses from TLT division product sales by geographic area for the three-month periods ended March 31:

	2019			2018		
	Canada	USA	International	Canada	USA	International
Sales	\$ 116,104	\$ 5,075	\$ -	\$ 297,061	\$ 90,354	\$ 53,778
Cost of Sales	80,577	3,674	-	164,038	45,015	33,804
Selling Expenses	178,807	-	-	179,606	58,102	43,166
	\$ (143,281)	\$ 1,401	\$ -	\$ (46,583)	\$ (12,763)	\$ (23,192)

As at March 31, 2019 and 2018, the Company's long-lived assets used in operations are all located in Canada.

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18. Commitments

The Company's commitments consist of the following:

	Total	2019	2020	2021	2022	2023
Lease obligations (a)	\$ 212,840	43,415	59,797	59,797	49,831	-
Research Commitments (b)	\$ 175,560	58,520	58,520	58,520	-	-
Research Agreement (c)	\$ 58,800	58,800	-	-	-	-
Total	\$ 447,200	\$ 160,735	\$ 118,317	\$ 118,317	\$ 49,831	-

- a) Lease obligations under a lease agreement related to the Company's premises, commenced on October 1, 2017 and expires on September 30, 2022. Under the terms of this lease, the Company is required to pay a proportionate share of operating costs, realty taxes and utilities, in addition to the minimum rental payments. The future minimum lease payments are shown in the table above.
- b) Research Commitments under a research collaboration agreement with University Health Network for the Ontario Research Fund therapy project. Under the terms of this agreement, the Company is required to pay \$348,600 for the period from June 1, 2017 through to June 1, 2021. The Company has paid \$173,040 relating to this commitment, in which \$175,560 is the remaining commitment.
- c) Research Commitments under a sponsored research agreement with University Health Network for the TLC-3000 cancer therapy project. Under the terms of this agreement, the Company is required to pay \$128,800 for the period from November 1, 2018 through to October 31, 2019. The Company has paid \$70,000 relating to this commitment, in which \$58,800 is the remaining commitment.

The Company indemnifies its directors and officers against any and all costs, charges and expenses, including settlements of claims in respect of any civil, criminal or administrative action incurred in the performance of their service to the Company to the extent permitted by law. The Company maintains liability insurance for its officers and directors.

19. Subsequent Events

Between the period of April 1, 2019 to May 30, 2019, the Company issued 1,550,000 common shares for exercises of warrants and received \$581,250.