



## **NXT ENERGY SOLUTIONS INC.**

**Unaudited Condensed Consolidated Interim Financial Statements**

**For the three and nine month periods ended  
September 30, 2019**

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# NXT ENERGY SOLUTIONS INC.

## Condensed Consolidated Interim Balance Sheets (Unaudited-expressed in Canadian dollars)

	September 30, 2019	December 31, 2018
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,665,665	\$ 339,532
Short-term investments (Note 3)	4,059,721	3,900,000
Accounts receivable (Note 4)	3,945,079	61,279
Note receivable (Note 5)	331,075	-
Prepaid expenses	169,130	65,159
	11,170,670	4,365,970
Long term assets		
Deposits (Note 6)	545,219	560,341
Property and equipment (Note 7)	701,988	683,157
Right of Use Assets (Note 8)	3,187,503	-
Intellectual property (Note 9)	18,391,250	19,654,800
	\$ 33,996,630	\$ 25,264,268
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 423,028	\$ 499,535
Contract obligations (Note 11)	133,171	-
Current portion of lease obligations	719,891	42,603
	1,276,090	542,138
Long-term liabilities		
Long-term lease obligation (Note 12)	2,860,013	42,515
Other liabilities	-	362,368
Asset retirement obligation	28,330	26,778
Deferred charges	-	79,000
	2,888,343	510,661
	4,164,433	1,052,799
Commitments and contingencies (Note 13)		
Shareholders' equity		
Common shares (Note 14): - authorized unlimited		
Issued: 68,573,558 (2018 - 68,573,558) common shares	96,656,248	96,656,248
Contributed capital	9,335,217	9,262,684
Deficit	(76,870,202)	(82,418,397)
Accumulated other comprehensive income	710,934	710,934
	29,832,197	24,211,469
	\$ 33,996,630	\$ 25,264,268

Signed "George Liszicasz"  
Director

Signed "Bruce G. Wilcox"  
Director

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

# NXT ENERGY SOLUTIONS INC.

## Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited-expressed in Canadian dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
<b>Revenue</b>				
Survey revenue (Note 19)	\$ 1,021,532	\$ -	\$ 11,976,149	\$ -
<b>Expenses</b>				
Survey costs, net	512,599	271,337	2,302,712	788,771
General and administrative expenses	881,716	1,031,346	2,570,866	3,123,384
Stock based compensation expense	64,983	110,446	72,533	559,521
Amortization expense (Note 7)	445,315	447,942	1,332,166	1,342,325
	1,904,613	1,861,071	6,278,277	5,814,001
<b>Other expenses (income)</b>				
Interest expense (income), net	(9,348)	(26,171)	(2,232)	(40,378)
Foreign exchange (gain) loss	(106,255)	10,614	134,095	478
Intellectual property and other	6,895	178	17,814	(12,645)
Gain on extinguishment of liability (Note 21)	-	(185,661)	-	(185,661)
	(108,708)	(201,040)	149,677	(238,206)
<b>Net income (loss) and comprehensive income (loss)</b>	\$ (774,373)	\$ (1,660,031)	\$ 5,548,195	\$ (5,575,795)
 Net income (loss) per share (Note 15)				
Basic	\$ (0.01)	\$ (0.02)	\$ 0.08	\$ (0.09)
Diluted	\$ (0.01)	\$ (0.02)	\$ 0.08	\$ (0.09)

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# NXT ENERGY SOLUTIONS INC.

## Condensed Consolidated Interim Statements of Cash Flows (Unaudited-expressed in Canadian dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
<b>Cash provided by (used in):</b>				
<b>Operating activities</b>				
Comprehensive income (loss) for the period	\$ (774,373)	\$ (1,660,031)	\$ 5,548,195	\$ (5,575,795)
Items not affecting cash:				
Stock based compensation expense (Note 16)	64,983	110,446	72,533	559,521
Amortization expense (Note 7)	445,315	447,942	1,332,166	1,342,325
Non-cash changes to asset retirement obligation	514	517	1,551	1,552
Non-cash lease and interest expense	(42,825)	-	(128,474)	-
Unrealized Foreign Exchange	(108,209)	22,938	116,010	(673)
Amortization of deferred gain on sale of aircraft	-	(38,825)	-	(116,475)
Deferred rent	-	(729)	-	(2,189)
Gain on extinguishment of liability (Note 21)	-	(185,661)	-	(185,661)
Change in non-cash working capital balances (Note 18)	4,465,807	(296,252)	(4,153,019)	(904,132)
	<u>4,825,585</u>	<u>60,376</u>	<u>(2,759,233)</u>	<u>694,268</u>
Net cash from (used in) operating activities	<u>4,051,212</u>	<u>(1,599,655)</u>	<u>2,788,962</u>	<u>(4,881,527)</u>
<b>Financing activities</b>				
Proceeds from exercise of stock options	-	-	-	5,067
Net Proceeds from Private Placement	-	821,052	-	9,213,384
Repayment of finance lease obligation	(10,735)	(9,967)	(31,666)	(29,425)
Net cash from (used in) financing activities	<u>(10,735)</u>	<u>811,085</u>	<u>(31,666)</u>	<u>9,189,026</u>
<b>Investing activities</b>				
Purchase of property and equipment, net	(216,691)	-	(216,691)	(10,006)
Decrease (increase) in short-term investments	(2,314,472)	250,000	(214,472)	(4,050,000)
Net cash from investing activities	<u>(2,531,163)</u>	<u>250,000</u>	<u>(431,163)</u>	<u>(4,060,006)</u>
Net increase (decrease) in cash and cash equivalents	1,509,314	(538,570)	2,326,133	247,493
Cash and cash equivalents, beginning of the period	1,156,351	952,681	339,532	166,618
Cash and cash equivalents, end of the period	<u>\$ 2,665,665</u>	<u>\$ 414,111</u>	<u>\$ 2,665,665</u>	<u>\$ 414,111</u>
<b>Supplemental information</b>				
Cash interest (received)	(24,523)	(32,373)	(56,913)	(43,304)
Cash taxes paid	-	-	-	-

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# NXT ENERGY SOLUTIONS INC.

## Condensed Consolidated Interim Statements of Shareholders' Equity (Unaudited-expressed in Canadian dollars)

	For the nine months ended September 30,	
	2019	2018
<b>Common Shares</b>		
Balance at beginning of the period (Note 14)	\$ 96,656,248	\$ 88,121,286
Issuance of Common Stock on Private Placement	-	8,358,610
Issued upon exercise of stock options	-	5,067
Transfer from contributed capital upon exercise of stock options	-	6,441
Finder's fee	-	136,003
Balance at end of the period	96,656,248	96,627,407
<b>Contributed Capital</b>		
Balance at beginning of the period	9,262,684	8,195,075
Issuance of warrants on Private Placement	-	718,771
Recognition of stock based compensation expense	72,533	559,521
Contributed capital transferred to common shares upon exercise of stock options	-	(6,441)
Balance at end of the period	9,335,217	9,466,926
<b>Deficit</b>		
Balance at beginning of the period	(82,418,397)	(75,449,886)
Net income (loss) and comprehensive income (loss) for the period	5,548,195	(5,575,795)
Balance at end of the period	(76,870,202)	(81,025,681)
<b>Accumulated Other Comprehensive Income</b>		
Balance at beginning and end of the period	710,934	710,935
<b>Total Shareholders' Equity at end of the period</b>	<b>\$ 29,832,197</b>	<b>\$ 25,779,587</b>

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