BRAILLE ENERGY SYSTEMS INC.

Consolidated Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Braille Energy Systems Inc.

Opinion

We have audited the consolidated financial statements of Braille Energy Systems Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at September 30, 2023, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Company for the year ended September 30, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on January 30, 2023.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a continuing net loss during the year ended September 30, 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

McGovern Hurley

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
January 29, 2024

Braille Energy Systems Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	**September 30, 2023**	September 30, 2022
	$	$
ASSETS		
Current assets		
Cash	**140,278**	2,475,869
Trade and other receivables (Note 4)	**252,484**	127,858
Marketable securities (Note 5)	**109,250**	161,250
Amounts due from related parties (Note 18)	**16,091**	2,278
Inventory (Note 6)	**1,833,228**	1,295,506
Prepaid expenses	**317,791**	348,429
	2,669,122	4,411,190
Property and equipment (Note 7)	**166,944**	131,399
Right of use assets (Note 8)	**447,859**	586,003
Total assets	**3,283,925**	5,128,592
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**1,279,286**	1,172,553
Customer deposits (Note 11)	**4,485**	48,423
Lease obligation (Note 20)	**165,254**	162,660
Current portion of long-term debt (Note 10)	**40,000**	-
Deferred government grant (Note 10)	**20,000**	-
Warranty provision (Note 21)	**55,382**	45,520
Current tax payable	**20,857**	21,146
Amounts due to related parties (Note 18)	**121,680**	36,668
	1,706,944	1,486,970
Long-term debt (Note 10)	**-**	40,000
Deferred government grant (Note 10)	**-**	20,000
Lease obligation (Note 20)	**357,071**	479,574
Total liabilities	**2,064,015**	2,026,544
EQUITY		
Share capital (Note 12)	**12,268,685**	11,562,946
Warrants (Note 13)	**166,918**	16,558
Contributed surplus (Note 14)	**2,100,146**	1,915,836
Accumulated other comprehensive income	**60,699**	74,384
Deficit	**(13,257,922)**	(10,459,051)
Equity attributable to owners of the parent	**1,338,526**	3,110,673
Non-controlling interest	**(118,616)**	(8,625)
Total equity	**1,219,910**	3,102,048
Total liabilities and equity	**3,283,925**	5,128,592

Going concern (Note 2)
Contingencies (Note 22)

On behalf of the Board

(signed) "Lindsay Weatherdon"	(signed) "Jeffrey York"
Lindsay Weatherdon, Director	Jeffrey York, Director

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

Braille Energy Systems Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended September 30	**2023**	2022
	$	$
Revenue	**3,759,702**	4,099,855
Cost of goods sold	**(2,649,303)**	(2,738,537)
Gross profit	**1,110,399**	1,361,318
Operating expenses		
Consulting fees (Note 18)	**677,261**	854,854
Salaries and benefits	**1,021,624**	700,132
Stock-based compensation (Note 14)	**167,752**	1,398,696
Bank charges and interest	**65,962**	96,225
Professional fees	**434,390**	450,598
Insurance	**166,663**	206,080
Travel and promotion	**214,817**	165,003
Office	**738,436**	372,408
Research	**379,778**	78,484
Depreciation of property and equipment (Note 7)	**30,766**	21,738
Depreciation of right of use assets (Note 8)	**97,346**	76,819
Interest on lease obligation	**42,670**	39,338
Government assistance	**-**	(4,546)
Total operating expenses	**(4,037,465)**	(4,455,829)
Other income		
Interest income	**21,535**	12,724
Change in fair value of financial assets at FVTPL (Note 5)	**(1,802)**	48,750
Gain on sale of mineral exploration property (Note 5)	**-**	237,500
Other	**-**	26,344
Net loss	**(2,907,333)**	(2,769,193)
Other comprehensive (loss) income		
Exchange difference on translation	**(15,214)**	76,554
Other comprehensive (loss) income	**(15,214)**	76,554
Total comprehensive loss	**(2,922,547)**	(2,692,639)
Net loss attributable to:		
Owners of the parent	**(2,798,871)**	(2,789,133)
Non-controlling interest	**(108,462)**	19,940
	(2,907,333)	(2,769,193)
Total comprehensive loss attributable to:		
Owners of the parent	**(2,812,556)**	(2,720,273)
Non-controlling interest	**(109,991)**	27,634
	(2,922,547)	(2,692,639)
Basic and diluted net loss per common share	**(0.03)**	(0.03)
Basic and diluted weighted average number of common shares outstanding	**86,027,981**	80,939,748

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

Braille Energy Systems Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Warrants	Contributed surplus	Deficit	Accumulated other comprehensive income	Equity attributable to owners of the parent	Non-controlling interest	Total
	# of shares	$	$	$	$	$	$	$	$
Balance, September 30, 2021	**80,939,748**	**11,562,946**	**16,558**	**517,140**	**(7,669,918)**	**5,524**	**4,432,250**	**(36,259)**	**4,395,991**
Stock-based compensation (Note 14)	-	-	-	1,398,696	-	-	1,398,696	-	1,398,696
Net loss	-	-	-	-	(2,789,133)	-	(2,789,133)	19,940	(2,769,193)
Exchange differences on translation of foreign operations	-	-	-	-	-	68,860	68,860	7,694	76,554
Balance, September 30, 2022	**80,939,748**	**11,562,946**	**16,558**	**1,915,836**	**(10,459,051)**	**74,384**	**3,110,673**	**(8,625)**	**3,102,048**
Units issued for cash (Note 12)	10,735,290	751,470	161,030		-	-	912,500	-	912,500
Expiry of warrants	-	-	(16,558)	16,558	-	-	-	-	-
Stock-based compensation (Note 14)	-	-	-	167,752	-	-	167,752	-	167,752
Share issuance costs	-	(45,731)	5,888		-	-	(39,843)		(39,843)
Net loss	-	-	-	-	(2,798,871)	-	(2,798,871)	(108,462)	(2,907,333)
Exchange differences on translation of foreign operations	-	-	-	-	-	(13,685)	(13,685)	(1,529)	(15,214)
Balance, September 30, 2023	**91,675,038**	**12,268,685**	**166,918**	**2,100,146**	**(13,257,922)**	**60,699**	**1,338,526**	**(118,616)**	**1,219,910**

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

Braille Energy Systems Inc.
Statements of Cash Flows
(*Expressed in Canadian dollars)*

For the years ended September 30	**2023**	2022
	$	$
OPERATING ACTIVITIES		
Net loss	**(2,907,333)**	(2,769,193)
Adjustments for:		
Stock-based compensation (Note 14)	**167,752**	1,398,696
Depreciation of property and equipment (Note 7)	**39,107**	21,738
Depreciation of right of use assets (Note 8)	**129,802**	122,910
Change in fair value of financial assets at FVTPL	**1,802**	(48,750)
Interest on lease obligation (Note 20)	**56,897**	63,628
Interest accretion on long-term debt	**-**	4,499
Government assistance	**-**	(4,546)
Gain on sale of mineral exploration property (Note 5)	**-**	(237,500)
Changes in non-cash working capital items (Note 15)	**(499,442)**	(234,114)
Net cash flows from operating activities	**(3,011,415)**	(1,682,632)
INVESTING ACTIVITIES		
Proceeds from sale of mineral exploration property	**-**	125,000
Proceeds from sale of marketable securities	**50,198**	-
Additions to property and equipment	**(76,533)**	(23,947)
Net cash flows from investing activities	**(26,335)**	101,053
FINANCING ACTIVITIES		
Proceeds from issuance of shares/units	**912,500**	-
Share issuance costs	**(39,843)**	-
Lease payments (Note 20)	**(167,748)**	(159,369)
Net cash flows from financing activities	**704,909**	(159,369)
Decrease in cash	**(2,332,841)**	(1,740,948)
Cash, beginning of the year	**2,475,869**	4,207,099
Exchange differences on cash	**(2,750)**	9,718
Cash, end of the year	**140,278**	2,475,869

Supplemental cash flow information (Note 15)

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

1. NATURE OF OPERATIONS

Braille Energy Systems Inc. (the “Company” or “BESI”) was incorporated on May 24, 2011 under the Canada Business Corporations Act. The Company’s shares are listed on the TSX Venture Exchange under the symbol BES. The head office of the Company is located at 945 Princess Street, Kingston, Ontario.

Following a change of business transaction on June 21, 2018, whereby the Company acquired an 89.95% ownership interest in Braille Holdings Inc., the Company became a Tier 2 Technology issuer. Braille Battery Inc. (“Braille Battery”), a wholly owned subsidiary of Braille Holdings Inc., is an established battery-manufacturing and energy storage company supplying batteries to the power sport industry.

Prior to the acquisition of Braille Battery, the Company engaged in the acquisition, exploration, and development of mineral properties in Quebec, Canada. The Company was in the exploration stage and did not derive any revenue from its properties. On August 11, 2022, the Company completed the sale of its last remaining mineral property (Note 5).

2. GOING CONCERN ASSUMPTION

Going concern

These consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2023, the Company had cash of $140,278 (2022 - $2,475,869) and working capital of $962,178 (2022 - $2,924,220). During the year ended September 30, 2023, the Company had a net loss of $2,907,333 (2022 - $2,769.193) and had negative cash flows from operations of $3,011,415 (2022 - $1,682,632). In addition, the Company has a deficit of $10,459,051 (2022 - $10,459,051).

Certain of the above factors indicate material uncertainties, which may cast significant doubt about the Company’s ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company’s own resources and external market conditions.

The Company’s ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business and meet its corporate administrative expenses in fiscal 2024, is dependent upon continued financial support through equity and/or debt financing until the Company is able to achieve profitable operations. No assurance can be given that the Company will be successful in achieving profitable operations or obtaining the required additional financing in order to support its operations and to proceed with its plans to expand. Failure to meet operational or financing goals could result in material uncertainties that cast significant doubt as to the Company’s ability to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classifications used in the consolidated statements of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and compliance with IFRS

These consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain financial instruments, and are expressed in Canadian dollars, which is also the functional currency of the Company. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Board of Directors on January 29, 2024.

(b) Judgments, estimates and assumptions

The Company's consolidated financial statements are prepared in accordance with IFRS recognition and measurement principles that often require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts presented and disclosed in the consolidated financial statements. Management reviews these estimates and assumptions on an ongoing basis based on historical experience, changes in business conditions and other relevant factors as management believes to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Going concern

The assessment of the Company's ability to continue as a going concern involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Functional currency

An area of judgment that has a significant effect on the amounts recognized in these consolidated financial statements is the determination of functional currency. The determination of the Company and its subsidiaries' functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation methods used.

Contingencies

Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

Estimates and assumptions

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Leases

IFRS 16 requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording leases as the implicit rates are not readily available due to the lessor not providing information regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets. The incremental borrowing rate is the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. See notes 19 and 20 for further disclosures and detail regarding the Company's leases.

Allocation of overhead

Management is required to make estimates in determining the amount of overhead to allocate to inventory, including but not limited to amounts for depreciation of right of use assets and interest on lease obligations.

Expected credit loss

The Company calculates expected credit loss (“ECL”) for trade receivables based on the historical default rates over the expected life of the trade receivables and adjusts for forward-looking estimates, which is determined through the exercise of judgment. The Company’s ECL model relies on forward looking information and economic inputs, such as default rates, industry growth rate, geography etc. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgment. The allowance the Company records, if any, is the sum of these probability weighted outcomes.

Valuation adjustments for inventory

The Company records valuation adjustments for inventory by comparing the inventory cost to its net realizable value. This process requires the use of estimates and assumptions related to future market demand, costs and prices. These adjustments are reviewed on an ongoing basis and may have a significant impact on any valuation adjustment for inventory.

Contingencies

When contingencies exist, management estimates the related financial impact to the Company of the possible outcomes of one or more future events. The impact could negatively impact the consolidated statement of loss and comprehensive loss.

(Expressed in Canadian dollars)

Warranty provision

Management makes estimates in determining an appropriate warranty provision, based on prior history of warranty claims. The impact could negatively impact the consolidated statement of loss and comprehensive loss.

Share-based payments and warrants

The estimation of stock-based compensation and valuation assigned to warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the estimated life of stock options and warrants granted/issued and the time of exercise of those stock options and warrants. The valuation model used by the Company is the Black-Scholes model.

Allocation of proceeds from unit private placements

The Company allocates values to share capital and to warrants on the residual basis when the two are issued together as a unit. As this allocation is based upon the share price at the time of issuance and the stock is thinly traded, the actual value of the components may differ from this allocation.

(c) Basis of consolidation

These consolidated financial statements consolidate those of the parent company and all of its subsidiaries as at and for the years ended September 30, 2023 and 2022. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of September 30, 2023.

All intercompany transactions and balances between the companies are eliminated on consolidation, including unrealized gains and losses on transactions. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of a subsidiary acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Company. The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interest based on the respective ownership interests.

Composition of the Company:

The chart below summarizes the subsidiaries included in the consolidated financial statements as at September 30, 2023 and 2022:

			Ownership interest as at September 30,		
Name of subsidiary	Functional currency	Place of incorporation	2023	2022	Principal activity
Braille Holdings Inc.	USD	United States	89.95%	89.95%	Holding company
Braille Battery Inc.	USD	United States	89.95%	89.95%	Production and sale of energy storage products

As at September 30, 2023, Braille Battery Inc. had total assets of $2,969,930 (2022 - $2,542,215) and total liabilities of $1,585,001 (2022 - $1,410,533). During the year ended September 30, 2023, Braille Battery Inc. had a net loss of $1,079,228 (2022 – net income of $198,410).

(d) Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at reporting date exchange rates are recognized in profit or loss.

Non-monetary items are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the consolidated financial statements, all assets, liabilities and transactions of subsidiaries with a functional currency other than the Canadian dollar are translated into Canadian dollars upon consolidation. The functional currencies of the parent company and its subsidiaries have remained unchanged during the reporting period.

On consolidation, assets and liabilities are translated into Canadian dollars at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into Canadian dollars at the closing rate. Income and expenses are translated into Canadian dollars at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

(e) Financial instruments

Recognition, initial measurement and derecognition

IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model.

The Company’s cash, trade receivables and amounts due from related parties are classified as financial assets at amortized cost, while the Company’s accounts payable and accrued liabilities, lease obligation, amounts due to related parties and long-term debt are classified as financial liabilities at amortized cost. The Company’s marketable securities are classified as financial assets at fair value through profit or loss.

Measurement – initial recognition

Financial assets and financial liabilities are recognized in the Company’s statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss (“FVTPL”). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

Classification of financial assets

Amortized cost

Financial assets that meet the following conditions are measured subsequently at amortized cost:

(i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that meet the following conditions are measured at FVTOCI:

(i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured subsequently at FVTPL

By default, all other financial assets are measured subsequently at FVTPL. Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

Classification of financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Classification of financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the "expected credit loss ("ECL") model". This replaces IAS 39's "incurred loss model". Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 – *Revenue from*

Contracts with Customers and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The 12-month ECL is used by the Company for balances due from related parties and trade receivables. In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category while lifetime expected credit losses are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company applies the simplified approach, as defined in IFRS, to measure expected credit losses, which requires the use of the lifetime expected credit loss provision for all trade receivables. To measure lifetime expected credit losses, trade receivables are first classified into groups with shared credit characteristics and the age of days past due, followed by an assessment of the Company's historical experience of bad debts including the customers' ability to pay and the impact of any relevant economic conditions which are expected during the life of the balance. The loss allowance is determined according to a provision matrix incorporating historical experiences adjusted for current and future conditions expected for the life of the balance.

(f) Basic and diluted loss per share

Basic loss per share is computed by dividing the net loss attributable to the owners of the parent for the period by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on earnings per share. The diluted loss per share is equal to the basic loss per share because the effect of warrants and stock options (Notes 13 and 14) is antidilutive as it would decrease the loss per share.

(g) Government assistance

Government grants and assistance are recognized when there is reasonable assurance that the grants or assistance will be received, and all attached conditions will be complied with. Government grants or assistance relating to an expense item are recognized within government assistance in the consolidated statements of profit and loss.

When government assistance is received which relates to expenses of future periods, the amount is deferred and amortized to income as the related expenditures are incurred.

(h) Research and development costs

Costs related to research activities are expensed as incurred. Costs that are directly attributable to a project's development phase are recognized as intangible assets, provided they meet the following recognition requirements: (i) the development costs can be measured reliably; (ii) the project is technically and commercially feasible; (iii) the Company intends to and has sufficient resources to complete the project; (iv) the Company has the ability to use or sell the product or equipment; and (v) the product, equipment or process will generate probable future economic benefits. Development costs not meeting all these criteria are expensed as incurred. To date, no development costs have been capitalized.

(i) Cash

Cash is comprised of cash balances held at major financial institutions.

(j) Inventory

Inventory is stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the assembly process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of parts are assigned using the average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(k) Property and equipment

Property and equipment ("P&E") are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of P&E consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of P&E, less its estimated residual value, on a straight-line basis over the estimated useful life of the asset.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Detail	Useful life	Method
Solar panels – modules	10 years	Straight line
Solar panels – electronics	10 years	Straight line
Moulds	10 years	Straight line
Equipment	5 years	Straight line

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis. No adjustments were made in the current year.

An item of P&E is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of loss and comprehensive loss.

There have been no impairment losses with respect to P&E recognized in any of the periods presented in these consolidated financial statements.

(l) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). For the purpose of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, that is expected to benefit from the synergies of the combination.

Impairment losses for a CGU first reduce the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro rata to the other assets in the CGU. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

(n) Employee benefits

The cost of short-term employee benefits (including non-monetary benefits such as group medical and dental insurance) are recognized in the period in which the service is rendered and are not discounted.

(o) Income taxes

Tax expense recognized in comprehensive loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from comprehensive loss in the consolidated financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future and provided that the Company can control the reversal of those differences.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.
Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in comprehensive loss, except where they relate to items that are recognized in other comprehensive loss or directly in deficiency, in which case the related deferred tax is also recognized in other comprehensive loss or deficiency, respectively.

(p) Revenue recognition

Revenue is recognized in a manner that depicts the transfer of control of the goods to a customer at an amount that reflects the consideration expected to be received in exchange for transferring those goods, applying the following five steps:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the entity satisfies the performance obligation.

Revenue generated from the selling of energy storage products through contracts with customers has a single performance obligation. Revenue is recognized upon transfer of control of products to customers in the amount that reflects the consideration the Company expects to receive in exchange for the products. Transfer of control is considered to have taken place upon delivery.

(q) Equity

Share capital

Share capital represents the amount received on the issuance of shares. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital. When shares are issued upon the exercise of stock options or warrants, the proceeds are allocated to share capital and the value previously recorded to contributed surplus or warrants for these stock options or warrants, is transferred to share capital. In addition, if common shares are issued as consideration for the acquisition of non-monetary assets, they are measured at the fair value of the assets or services received, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the assets or services received, the common shares are measured at the fair value of the shares issued.

Unit placements

Under the residual method, proceeds are first allocated to shares according to the quoted prices of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Warrants

Warrants include charges related to the issuance of warrants until such equity instruments are exercised.

Contributed surplus

Contributed surplus includes charges related to stock-based compensation until such equity instruments are exercised, as well as expired or forfeited warrants.

Deficit

Deficit includes all current and prior period profits or losses.

(r) Equity-settled stock-based payment transactions

The Company operates an equity-settled stock-based remuneration plan (stock option plan) for directors, officers, employees and certain consultants. The Company's plan does not feature any options for a cash settlement. Occasionally, the Company may issue warrants to brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and if applicable, recognized over the vesting period, based on the best available estimate of the number of stock options expected to vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if stock options ultimately exercised are different to that estimated on vesting. Stock-based compensation expense incorporates an expected forfeiture rate.

All share-based payments under the plan (except warrants to brokers) are ultimately recognized as an expense in profit or loss with a corresponding credit to contributed surplus, in equity. At the same time, upon exercise of a stock option, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the stock options recorded in contributed surplus are then transferred to share capital.

Warrants issued to brokers are recognized as an issuance cost of equity instruments with a corresponding credit to warrants, in equity. Upon exercise, the proceeds received net of any directly attributable transaction costs are recorded as share capital and the value previously recorded to warrants for these warrants, is transferred to share capital.

(s) Segmented reporting

The Company has one operating segment, the production and sale of energy storage products. For management purposes, the Company uses the same measurement policies as those used in its consolidated financial statements.

(Expressed in Canadian dollars)

Revenue is analyzed geographically as follows:

For the years ended September 30	**2023**	2022
	$	$
Americas	**3,426,425**	3,830,773
Europe, Middle East, Africa	**215,079**	185,069
Asia Pacific	**99,845**	75,606
Australia	**18,353**	8,407
Total	**3,759,702**	4,099,855

(t) Leases and right of use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

A lease liability is initially measured at the present value of the unpaid lease payments discounted using the interest rate implicit in the lease or if that rate cannot be reliably determined, the Company's incremental borrowing rate. Subsequently, the Company measures a lease liability at amortized cost using the effective interest method. It is then remeasured to reflect revised in-substance fixed lease payments. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term.

(u) Standards, amendments and interpretations

Issued but not yet effective

IAS 1 "Presentation of Financial Statements" (“IAS 1”)

In January 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in April 2020. The amendments clarify the requirements for classifying liabilities as either current or non-current by:

- Specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists;
- Clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services;

- Clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and
- Clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on the Company's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of the COVID-19 pandemic. Early application is permitted. The AcSB endorsed the IASB's amendment to defer the effective date in October 2020.

IAS 1 "Presentation of Financial Statements" ("IAS 1") and IFRS Practice Statement 2 "Making Materiality Judgments"

In February 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements* which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2021. The amendments help entities provide accounting policy disclosures that are more useful to primary users of financial statements by:

- Replacing the requirement to disclose "significant" accounting policies under IAS 1 with a requirement to disclose "material" accounting policies. Under this, an accounting policy would be material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that primary users of general purpose financial statements make on the basis of those financial statements.

- Providing guidance in IFRS Practice Statement 2 to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

The amendments shall be applied prospectively and are not expected to have a significant impact on the Company's financial statements. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. Once an entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" ("IAS 8")

In February 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2021. The amendments introduce a new definition of "accounting estimates" to replace the definition of "change in accounting estimates" and also include clarifications intended to help entities distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is currently evaluating the impact of the above amendment on its consolidated financial statements. The Company plans to apply the above amendments on the first annual reporting period following the effective date of the respective amendment.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements*. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

(Expressed in Canadian dollars)

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted. The Company is currently evaluating the impact of the above amendment on its consolidated financial statements.

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

	September 30, 2023	September 30, 2022
	$	$
Trade receivables	**307,810**	134,382
Allowance for expected credit loss	**(76,575)**	(56,513)
Net trade receivables	**231,235**	77,869
Sales taxes receivable	**21,249**	49,989
Total trade and other receivables	**252,484**	127,858

These amounts are all due within a short-term period and the net carrying values reasonably approximate the fair value of the receivables.

<u>Allowance for expected credit loss</u>

	September 30, 2023	September 30, 2022
	$	$
Balance, beginning of the year	**(56,513)**	(38,147)
Adjustment to expected credit loss	**(20,062)**	(18,366)
Balance, end of the year	**(76,575)**	(56,513)

The expected credit loss was calculated as follows:

		Days past due				
	Current	< 30	31 - 60	61 - 90	> 90	Total
		$	$	$	$	$
Trade receivables	-	122,303	57,174	18,403	109,930	307,810
Expected credit loss (%)	0.00%	0.50%	1.00%	18.00%	65.00%	
Expected credit loss ($)	-	(612)	(572)	(3,313)	(72,078)	(76,575)
Net trade receivables	-	121,691	56,602	15,090	37,852	231,235

As at September 30, 2023, three customers accounted for more than 10% of total trade receivables (2022 – three customers accounted for more than 10%)

(Expressed in Canadian dollars)

5. MARKETABLE SECURITIES

Marketable securities are classified as fair value through profit or loss and are comprised of:

As at	**September 30, 2023**	September 30, 2022
	$	$
Stria Lithium Inc. (1)	**109,250**	161,250

(1) In August 2022, following receipt of final approval from the TSX Venture Exchange, the Company completed the sale of its Romer property (the "Property") to Stria Lithium Inc. ("Stria"), a related party which shares common management, for the following consideration: (i) cash in the amount of $125,000; (ii) 750,000 common shares of Stria with a fair value of $112,500; and (iii) a net smelter royalty ("NSR") of 1.0%. Stria will have the option to purchase 50% of the NSR such that the NSR is reduced from 1.0% to 0.5% (the "Partial NSR Buyout Option"). The Partial NSR Buyout Option may be exercised at any time by Stria for consideration of $500,000 payable in cash or stock or a combination thereof at Stria's discretion. As the Romer property has no verified resources, the NSR was valued at $Nil. Given that the carrying value of the Romer property was $Nil, the entire consideration received ($237,500) was recorded as a gain on sale of mineral exploration property.

During the year ended September 30, 2023, the Company sold 175,000 common shares of Stria for gross proceeds of $50,198. Also during the year ended September 30, 2023, the Company recorded a decrease in fair value of financial assets at fair value through profit or loss of $1,802 (2022 – increase of $48,750).

6. INVENTORY

Inventory consists of the following:

	September 30, 2023	September 30, 2022
	$	$
Parts	**1,434,747**	1,013,907
Finished goods	**398,481**	281,599
Total inventory	**1,833,228**	1,295,506

During the year ended September 30, 2023, a total of $2,649,303 of inventory was included in cost of goods sold as an expense (2022 - $2,345,521). Other expenses included in cost of goods sold include, but are not limited to, shipping and packaging costs.

(Expressed in Canadian dollars)

7. PROPERTY AND EQUIPMENT

	Solar Panels				
	Modules	**Electronics**	**Moulds**	**Equipment**	**Total**
	$	$	$	$	$
Cost					
Balance, September 30, 2022	33,543	16,788	67,110	110,254	227,695
Additions	-	-	-	76,533	76,533
Net exchange differences	(458)	(229)	(940)	(2,454)	(4,081)
Cost, September 30, 2023	**33,085**	**16,559**	**66,170**	**184,333**	**300,147**
Accumulated depreciation					
Balance, September 30, 2022	9,423	5,664	26,922	54,287	96,296
Depreciation	3,304	1,653	6,780	27,370	39,107
Net exchange differences	(129)	(64)	(416)	(1,591)	(2,200)
Accumulated depreciation, September 30, 2023	**12,598**	**7,253**	**33,286**	**80,066**	**133,203**
Net Book Value, September 30, 2023	**20,487**	**9,306**	**32,884**	**104,267**	**166,944**

	Solar Panels				
	Modules	**Electronics**	**Moulds**	**Equipment**	**Total**
	$	$	$	$	$
Cost					
Balance, September 30, 2021	31,177	15,604	62,253	75,320	184,354
Additions	-	-	-	23,947	23,947
Net exchange differences	2,366	1,184	4,857	10,987	19,394
Cost, September 30, 2022	**33,543**	**16,788**	**67,110**	**110,254**	**227,695**
Accumulated depreciation					
Balance, September 30, 2021	6,582	4,242	18,273	33,686	62,783
Depreciation	2,136	1,069	6,420	12,113	21,738
Net exchange differences	705	353	2,229	8,488	11,775
Accumulated depreciation, September 30, 2022	**9,423**	**5,664**	**26,922**	**54,287**	**96,296**
Net Book Value, September 30, 2022	**24,120**	**11,124**	**40,188**	**55,967**	**131,399**

During the year ended September 30, 2023, the Company capitalized $8,341 of depreciation to inventory as part of manufacturing overhead (2022 - $Nil).

(Expressed in Canadian dollars)

8. RIGHT OF USE ASSETS

	Office (USA)	Office Equipment	Total
	$	$	$
Cost			
Balance, September 30, 2022	836,579	28,813	865,392
Net exchange differences	(11,413)	(393)	(11,806)
Cost, September 30, 2023	**825,166**	**28,420**	**853,586**
Accumulated depreciation			
Balance, September 30, 2022	260,534	18,855	279,389
Depreciation	123,621	6,181	129,802
Net exchange differences	(3,224)	(240)	(3,464)
Accumulated depreciation, September 30, 2023	**380,931**	**24,796**	**405,727**
Net Book Value, September 30, 2023	**444,235**	**3,624**	**447,859**

	Office (USA)	Office Equipment	Total
	$	$	$
Cost			
Balance, September 30, 2021	777,621	26,782	804,403
Net exchange differences	58,958	2,031	60,989
Cost, September 30, 2022	**836,579**	**28,813**	**865,392**
Accumulated depreciation			
Balance, September 30, 2021	125,363	11,686	137,049
Depreciation	117,057	5,853	122,910
Net exchange differences	18,114	1,316	19,430
Accumulated depreciation, September 30, 2022	**260,534**	**18,855**	**279,389**
Net Book Value, September 30, 2022	**576,045**	**9,958**	**586,003**

During the year ended September 30, 2023, the Company capitalized $32,456 of depreciation to inventory as part of manufacturing overhead (2022 - $46,091).

9. LINE OF CREDIT

The company has a $75,000 line of credit with the Royal Bank of Canada, with interest payable on any outstanding balance at the rate of prime plus 1.78%. The line of credit does not have a maturity date. As at September 30, 2023, $Nil was drawn on the line of credit (2022 - $Nil). The line of credit is secured with a general security agreement over the Company's property.

(Expressed in Canadian dollars)

10. LONG TERM DEBT AND DEFERRED GOVERNMENT GRANTS

Under the Canada Emergency Bank Account ("CEBA") program, part of the Government of Canada's economic response plan to help Canadian businesses deal with the COVID-19 pandemic, the Company received loans totaling $60,000, with $40,000 received in fiscal 2020 and another $20,000 received in fiscal 2021.

As at September 30, 2023, $40,000 is included in current portion of long-term debt (2022 - $40,000 included in long-term debt) and $20,000 is included in deferred government grants (2022 - $20,000)

Subsequent to year end, the Company received a refinancing loan in the amount of $40,000 from the financial institution that facilitated the CEBA loan and repaid $40,000 of the CEBA loan. In doing so, the Company qualified for partial loan forgiveness in the amount of $20,000, effectively settling the balance of the CEBA loan.

11. CUSTOMER DEPOSITS

The Company requires certain customers to prepay upon placing an order. Such prepayments are recognized as customer deposits until the goods are delivered to the customer. Customer deposits are included within current liabilities in the consolidated statement of financial position.

	September 30, 2023	September 30, 2022
	$	$
Customer deposits	**4,485**	48,423

12. SHARE CAPITAL

Authorized

An unlimited number of common shares (voting, participating and without par value)

Issued and fully paid

	Number of shares	
		$
Balance, September 30, 2021 and September 30, 2022	**80,939,748**	**11,562,946**
Shares issued for cash (1)	10,735,290	751,470
Share issuance costs	-	(45,731)
Balance, September 30, 2023	**91,675,038**	**12,268,685**

(1) On April 11, 2023, the Company completed a private placement for gross proceeds of $912,500. The private placement was comprised of 10,735,290 units at a price of $0.085 per unit. Each unit is comprised of one common share and one half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.12 until April 11, 2025. In connection with the financing, the Company paid cash finders' fees of $19,250 and issued, as additional consideration, 226,470 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.12 until April 11, 2025. The proceeds

(Expressed in Canadian dollars)

from the financing ($912,500) were allocated between share capital ($751,470) and warrants ($161,030), using the residual method. The warrants issued as commissions have been recorded at a value of $5,888 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.07, risk-free interest rate of 3.78%, expected life of warrants of 2 years, annualized volatility of 94% and dividend rate of 0%. The stock price is based on the closing price of the Company's shares on the day prior to the closing of the private placement. The underlying expected stock price volatility is based on historical data of the Company's shares over the last two years. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of issuance with an expiry commensurate with the expected life of the warrants. Other share issuance costs total $20,593 and were presented as a reduction of share capital. A Director and an Officer of the Company participated in the private placement for an aggregate amount of $100,000.

13. WARRANTS

The following table reflects the continuity of warrants outstanding:

	Number of warrants	Weighted average exercise price
		$
Balance, September 30, 2021 and September 30, 2022	**3,197,250**	**0.50**
Issued	5,594,115	0.12
Expired	(3,197,250)	0.50
Balance, September 30, 2023	**5,594,115**	**0.12**

As at September 30, 2023, the following warrants were issued and outstanding:

Number of warrants	Issue date value	Exercise price	Expiry date
	$	$	
5,367,645	161,030	0.12	April 11, 2025
226,470	5,888	0.12	April 11, 2025
5,594,115	**166,918**		

As at September 30, 2022, the following warrants were issued and outstanding:

Number of warrants	Issue date value	Exercise price	Expiry date
	$	$	
2,343,750	-	0.50	June 10, 2023
806,250	-	0.50	July 12, 2023
47,250	16,558	0.50	July 12, 2023
3,197,250	**16,558**		

(Expressed in Canadian dollars)

14. STOCK OPTIONS

The following table reflects the continuity of stock options outstanding:

	Number of stock options	Weighted average exercise price
		$
Balance, September 30, 2021	**6,595,000**	**0.13**
Granted (1)	6,300,000	0.18
Forfeited	(243,750)	0.16
Balance, September 30, 2022	**12,651,250**	**0.16**
Forfeited/expired	(2,096,250)	0.12
Balance, September 30, 2023	**10,555,000**	**0.16**

(1) On February 17, 2022, 6,300,000 stock options were granted to Directors, Officers, employees and consultants at an exercise price of $0.18 per share, which all vested immediately and expire on February 17, 2027.

As at September 30, 2023, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average outstanding exercise price**	**Number vested**	**Weighted average vested exercise price**
		(in years)			
$0.05	2,295,000	1.72	$0.05	2,070,000	$0.05
$0.18	5,875,000	3.39	0.18	5,875,000	$0.18
$0.23625	2,385,000	2.42	$0.23625	1,431,000	$0.23625
	10,555,000	**2.82**	**$0.16**	**9,376,000**	**$0.16**

As at September 30, 2022, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average outstanding exercise price**	**Number vested**	**Weighted average vested exercise price**
		(in years)			
$0.05	3,495,000	2.69	$0.05	1,835,000	$0.05
$0.18	6,300,000	4.39	0.18	6,300,000	$0.18
$0.23625	2,856,250	3.42	$0.23625	999,688	$0.23625
	12,651,250	**3.71**	**$0.16**	**9,134,688**	**$0.16**

(Expressed in Canadian dollars)

The following table reflects the weighted-average fair value of stock options granted during the years ended September 30, 2023 and 2022 and the related Black-Scholes option pricing model inputs that were used in the calculations:

For the years ended September 30	**2023**	2022
Stock options granted	**-**	6,300,000
Weighted average fair value	**-**	0.18
Weighted-average exercise price	**-**	0.18
Weighted-average market price at date of grant	**-**	0.18
Expected life of stock options (years)	**-**	5
Expected stock price volatility	**-**	214%
Risk-free interest rate	**-**	1.75%
Expected dividend yield	**-**	0%

The underlying expected stock price volatility is based on historical data of the Company's shares over a period commensurate with the expected life of the options.

The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the options.

Stock-based compensation of $167,752 (all of which relate to equity-settled stock-based payment transactions) was included in the consolidated statements of loss and comprehensive loss for the year ended September 30, 2023 (2022 - $1,398,696) and credited to contributed surplus.

15. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended September 30	**2023**	2022
	$	$
Changes in non-cash working capital are as follows:		
Trade and other receivables	**(125,277)**	53,750
Amounts due from related parties	**(13,850)**	(1,752)
Inventory	**(553,917)**	(627,960)
Prepaid expenses	**26,552**	(33,075)
Accounts payable and accrued liabilities	**115,069**	547,223
Customer deposits	**(43,162)**	17,112
Warranty provision	**10,455**	2,888
Amounts due to related parties	**84,688**	(192,300)
	(499,442)	(234,114)
Supplemental non-cash disclosures:		
Marketable securities received for sale of mineral property	**-**	112,500
Warrants issued as share issuance costs	**5,888**	-

(Expressed in Canadian dollars)

16. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade receivables, amounts due from related parties, marketable securities, accounts payable and accrued liabilities, current portion of long-term debt, lease obligation, amounts due to related parties and long-term debt. The fair value of these financial instruments approximates their carrying value due to their short-term nature except for long-term debt where the fair value approximates its carrying value due to being subject to market rate interest. The fair value of the Company's marketable securities is based on quoted prices in an active market (Level 1).

The classification of financial instruments is as follows:

As at	**September 30, 2023**	September 30, 2022
	$	$
Financial assets		
Amortized cost		
Cash	**140,278**	2,475,869
Trade receivables	**231,235**	77,869
Amounts due from related parties	**16,091**	2,278
Fair value through profit or loss		
Marketable securities	**109,250**	161,250
Total financial assets	**496,854**	2,717,266
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(1,279,286)**	(1,172,553)
Current portion of long-term debt	**(40,000)**	-
Lease obligation	**(522,325)**	(642,234)
Amounts due to related parties	**(121,680)**	(36,668)
Long-term debt	**-**	(40,000)
Total financial liabilities	**(1,963,291)**	(1,891,455)

17. RISK MANAGEMENT AND CAPITAL MANAGEMENT

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 16. The main types of risks are interest rate risk, currency risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimizing exposure to financial markets. Long-term investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial assets exposed to interest rate risk include cash held in interest bearing bank accounts with variable interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments with maturities of 360 days or less from the original date of acquisition. As at September 30, 2023, the Company had cash balances of $140,278 (2022 - $2,475,869) and interest income derived from these investments during the year ended September 30, 2023 was $21,535 (2022 - $12,724). The Company has limited exposure to financial risk arising from fluctuations in variable interest rates earned on cash given that the amount of interest earned by the Company is not significant.

Currency risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and other price risk, which result from its operating activities.

Through its subsidiary, Braille Battery Inc., the Company operates internationally and is therefore subject to foreign currency risk. The Company reports its financial results in Canadian dollars, however most of the Company's revenue is transacted in US dollars. The Company incurs expenses in both Canadian and US dollars. To date, the Company has not used foreign currency forward contracts or other hedging strategies to manage its foreign currency exposure.

The following table illustrates the sensitivity of loss and other comprehensive loss ("OCL") with respect to the Company's financial assets and financial liabilities and the USD/CAD exchange rate, assuming all other things being equal. It assumes a +/- 10% change of the USD/CAD exchange rate at September 30, 2023 and September 30, 2022. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the Canadian dollar had strengthened against the USD by 10% then this would have had the following impact:

For the years ended September 30	**2023**	2022
	$	$
Net loss	**-**	25
Other comprehensive loss	**122,747**	106,280

If the Canadian dollar had weakened against the USD by 10% then this would have had the following impact:

For the years ended September 30	**2023**	2022
	$	$
Net loss	**-**	(25)
Other comprehensive loss	**(122,747)**	(106,280)

Exposure to foreign exchange rates varies during the year depending on the volume of international transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. A customer is considered to be in default when the trade receivable ages beyond 30 days. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

It is management's opinion that the Company is not exposed to significant credit risk. The Company's financial assets exposed to credit risk are cash and trade receivables and maximum exposure is equal to the carrying values of these assets, totalling $371,513 at September 30, 2023 (2022 - $2,553,738). Credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Trade receivables consist of amounts due from a large number of customers in the automotive industry and from various geographical areas. Credit risk is mitigated by requiring new customers to either prepay for their purchase or to apply for short term credit by going through the Company's credit evaluation and monitoring system.

None of the Company's financial assets are secured by collateral or other credit enhancements. Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash inflows and outflows in day-to-day business. The Company considers expected cash flows from financial assets in assessing and managing liquidity risk. As at September 30, 2023, the Company had working capital of $962,178, including cash of $140,278 and current liabilities of $1,706,944, due within the next 12 months. During the year ended September 30, 2023, the Company had negative net cash flows from operations of $3,011,415. There has been no change to management's assessment of liquidity risk compared with the prior year.

The Company has financial liabilities of $1,963,291 of which $1,606,220 are due within twelve months and $357,071 are due in 1 to 5 years.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares through equity offerings or acquire/dispose of assets. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of September 30, 2023, the Company was compliant with respect to the above TSXV capital requirement. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews its capital management approach on an ongoing basis. There have been no changes to the Company's capital management approach during the years ended September 30, 2023 and 2022.

(Expressed in Canadian dollars)

18. RELATED PARTY TRANSACTIONS

Transactions with related parties not disclosed elsewhere in these consolidated financial statements are as follows. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Amounts due from related parties

As at	**September 30, 2023**	September 30, 2022
	$	$
Grafoid Inc.	**8,091**	2,278
Focus Graphite Inc.	**4,000**	-
Stria Lithium Inc.	**4,000**	-
	16,091	2,278

Amounts due to related parties

As at	**September 30, 2023**	September 30, 2022
	$	$
2608861 Ontario Inc.	**-**	36,668
Thombeth Holdings Inc.	**121,680**	-
	121,680	36,668

2608861 Ontario Inc.

As at September 30, 2023, included in amounts due to related parties is an amount of $Nil (2022 - $36,668), due to 2608861 Ontario Inc., a company partially-owned by a director of the Company, for equipment rental fees charged in prior years.

Thombeth Holdings Inc.

During the year ended September 30, 2023, the Company received short-term loans totaling US$90,000 from Thombeth Holdings Inc. (“Thombeth”), a company owned by an officer/director of the Company. The loans bear interest at 12% per annum and are payable on demand. As at September 30, 2023, $121,680 (US$90,000) is included in amounts due to related parties (2022 - $Nil).

During the year ended September 30, 2023, the Company was charged $242,712 (2022 - $495,826) by Thombeth for consulting fees. As at September 30, 2023, included in accounts payable and accrued liabilities is an amount of $38,714 (2022 - $137,000).

9176055 Canada Inc.

During the year ended September 30, 2023, the Company was charged $76,248 (2022 - $69,894) by 9176055 Canada Inc. (“9176055”), a company owned by an officer of the Company, for consulting fees. As at September 30, 2023, included in amounts due to related parties is an amount of $Nil (2022 - $Nil) due to 9176055.

(Expressed in Canadian dollars)

Key management compensation

The following table reflects compensation of key management personnel (Directors and Officers of the Company):

Year ended September 30	**2023**	2022
	$	$
Consulting fees	**318,960**	565,720
Stock-based compensation	**122,146**	1,071,663
	441,106	1,637,383

19. COMMITMENTS

Leases

The Company's future minimum lease payments for office rent and equipment rental are as follows:

	Within 1 year	**1 to 5 years**	**After 5 years**	**Total**
	$	$	$	$
Office (USA)	165,252	449,959	-	615,211
Office Equipment	4,524	-	-	4,524
Total	**169,776**	**449,959**	**-**	**619,735**

(Expressed in Canadian dollars)

20. LEASE OBLIGATION

	$
Balance, September 30, 2021	**692,522**
Interest expense	63,628
Lease payments	(159,369)
Net exchange differences	45,453
Balance, September 30, 2022	**642,234**
Interest expense	56,897
Lease payments	(167,748)
Net exchange differences	(9,058)
Balance, September 30, 2023	**522,325**
Current	165,254
Long-term	357,071
	522,325

During the year ended September 30, 2023, the Company capitalized $14,227 of interest on lease obligation to inventory as part of manufacturing overhead (2022 - $24,290).

21. WARRANTY PROVISION

The Company offers a two-year warranty on most of its products. Usually, warranty claims are settled within the first year and are covered entirely by Company. After the first year, the Company offers coverage on a prorated basis, depending on when the claim is made in the second year. The calculation of the warranty provision is based on historical warranty claims by customers. As at September 30, 2023, included within current liabilities on the Company's consolidated statement of financial position is a warranty provision of $55,382 (2022 - $45,420), which represents an estimate of expected warranty claims in the future.

22. CONTINGENCIES

The Company is subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the consolidated financial statements of the Company.

As at September 30, 2023, a legal claim brought against the Company in fiscal 2021 by a former officer of the Company remains ongoing. Pleadings are closed but productions have not been exchanged nor have examinations for discovery been completed. As such, it is too early to evaluate this claim.

(Expressed in Canadian dollars)

23. INCOME TAXES

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax (recovery) expense based on the combined federal and provincial income tax rate in Canada and the reported tax (recovery) expense in the consolidated statements of loss and comprehensive loss can be reconciled as follows:

For the years ended September 30	**2023**	2022
	$	$
Net loss before income tax	**(2,907,333)**	(2,679,193)
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.5% (26.5% in 2022)	**(770,443)**	(709,986)
Adjustments for the following items:		
Tax impact of temporary difference for which no deferred tax asset was recorded	**654,232**	288,710
Foreign tax rate differential	**-**	(8,407)
Change in enacted tax rates and tax rate differences on capital amounts	**-**	(14,002)
Permanent differences	**71,757**	373,049
Other	**44,454**	70,636
Tax (recovery) expense	**-**	-

Deferred Income Tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

The Company has not recognized deferred tax assets in respect of the following items because it is not probable that future taxable income will be available against which the Company can use the benefits.

	2023	2022
	$	$
Mineral exploration properties and exploration and	**1,070,192**	1,070,192
Non-capital losses	**7,574,584**	5,443,662
Other temporary differences	**542,833**	517,614
	9,187,609	7,031,468

(Expressed in Canadian dollars)

As at September 30, 2023, the Company has the following non-capital losses for which no deferred tax asset was recorded. These carryforward balances expire as follows:

	Canada	US
	$	$
2032	760	-
2033	132,642	-
2034	385,873	-
2035	215,859	-
2036	166,420	-
2037	241,691	-
2038	820,217	29,555
2039	615,931	-
2040	295,108	-
2041	877,681	-
2042	1,362,658	-
2043	1,062,736	-
Indefinite	-	1,367,453
	6,177,576	1,397,008