AURORA SOLAR TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 MARCH 2022 AND 2021

Stated in Canadian Dollars

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Independent Auditor's Report

To the Shareholders of Aurora Solar Technologies Inc.

Opinion

We have audited the consolidated financial statements of Aurora Solar Technologies Inc. (the "Company") which comprise the consolidated statement of financial position as at March 31, 2022 and the consolidated statements of net loss and comprehensive loss, changes in equity and cash flows for the year then ended, and 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 March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

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, and 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has incurred operating losses since inception, is unable to self-finance operations and has significant on-going cash requirements to meet its overhead obligations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of the Company for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on July 29, 2021.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended March 31, 2022 (the "MD&A").

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 identified above 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 the MD&A for the year ended March 31, 2022 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 to 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.

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 the 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 judgment 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 risk 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Rob Scupham.

BDO Canada LLP

Chartered Professional Accountants
Vancouver, Canada
July 29, 2022

Aurora Solar Technologies Inc.
For The Years Ended 31 March 2022 and 2021

Stated in Canadian Dollars

Consolidated Statements of Financial Position

As at		31 March 2022	31 March 2021
Assets			
Current Assets			
Cash		**$ 2,016,667**	$ 2,771,624
Amounts receivable	**(6)**	**117,784**	19,760
Prepaid expenses		**35,781**	58,905
Inventory	**(7)**	**323,661**	333,716
		2,493,893	3,184,005
Non-current Assets			
Right of use assets	**(11)**	**241,290**	312,125
Patents	**(8)**	**202,121**	197,478
Other assets	**(9)**	**58,134**	52,109
Equipment	**(10)**	**193,336**	70,388
		694,881	632,100
		$ 3,188,774	$ 3,816,105
Liabilities			
Current Liabilities			
Amounts payable and accrued liabilities	**(14)**	**$ 395,277**	$ 588,747
Lease liability	**(12)**	**81,223**	80,153
Deferred revenue		**-**	4,122
		476,500	673,022
Non-current Liabilities			
Lease liability	**(12)**	**176,644**	231,972
Long-term loan	**(3)(l)**	**60,000**	60,000
		713,144	964,994
Equity			
Share capital	**(13)**	**20,472,339**	17,452,158
Contributed surplus – options	**(13)**	**2,167,155**	1,751,119
Contributed surplus – warrants	**(13)**	**551,481**	116,629
Deficit		**(20,715,345)**	(16,468,795)
		2,475,630	2,851,111
		$ 3,188,774	$ 3,816,105

Nature of operations and going concern.............................. (1)

Basis of preparation - statement of compliance................. (2)

Commitments.. (17)

Subsequent events.. (20)

On behalf of the Board of Directors:

"Gordon Deans"

Gordon Deans, Director

"David Toyoda"

David Toyoda, Director

--The accompanying notes form an integral part of the consolidated financial statements--

Aurora Solar Technologies Inc.
For the Years Ended 31 March 2022 and 2021

Stated in Canadian Dollars

Consolidated Statements of Net Loss and Comprehensive Loss

	Note		Year Ended 31 March 2022		Year Ended 31 March 2021
Revenues					
Product sales		$	-	$	1,866,492
Cost of sales			-		(1,394,728)
Gross margin			-		471,764
Expenses					
Sales and marketing	(15)		300,043		387,907
Research and development	(15)		1,974,663		1,250,457
General and administrative	(15)		1,730,917		1,061,205
Net foreign exchange loss (gain)			(51,964)		207,465
Depreciation cost	(8)(10)(11)		148,172		105,033
Share-based payments	(13)		494,436		384,173
Write off of other assets	(9)		-		48,629
Credit loss (reversal)	(6)		(124,209)		797,850
Write off for amounts payable			(90,786)		-
			4,381,272		4,242,719
Net Loss from Operations		$	(4,381,272)	$	(3,770,955)
Other Income					
Government assistance	(3)(l)		322,374		264,487
Other Expenses					
Finance cost	(12)		(11,080)		(13,647)
Acquisition cost	(20)		(176,572)		-
			134,722		250,840
Net Loss and Comprehensive Loss		$	(4,246,550)		(3,520,115)
Net Loss per Common Share – Basic and Diluted		$	(0.03)	$	(0.03)
Weighted Average Number of Shares Outstanding - Basic and Diluted			142,725,547		113,667,348

--The accompanying notes form an integral part of the consolidated financial statements--

Stated in Canadian Dollars

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Shares	Amount	Subscriptions receivable	Warrants	Amount	Options	Amount	Deficit	Equity
Balance 31 March 2020	107,387,825	$ 14,144,524	$ (55,000)	21,086,900	$ 199,285	6,580,000	$ 1,460,369	$ (12,948,680)	$ 2,800,498
Shares on exercise of warrants	20,986,900	3,075,711	-	(20,986,900)	(82,656)	-	-	-	2,993,055
Subscriptions received	-	-	55,000	-	-	-	-	-	55,000
Shares on exercise of options	1,350,000	231,923	-	-	-	(1,350,000)	(93,423)	-	138,500
Options forfeited	-	-	-	-	-	(200,000)	-	-	-
Warrants expired	-	-	-	(100,000)	-	-	-	-	-
Share-based payments	-	-	-	-	-	4,230,000	384,173	-	384,173
Net Loss for the Year	-	-	-	-	-	-	-	(3,520,115)	(3,520,115)
Balance 31 March 2021	**129,724,725**	**$ 17,452,158**	**$ -**	**-**	**$ 116,629**	**9,260,000**	**$ 1,751,119**	**$ (16,468,795)**	**$ 2,851,111**
Private placement issuance	14,200,000	3,168,447	-	7,100,000	381,553	-	-	-	3,550,000
Share issuance costs	-	(341,416)	-	615,100	53,299	-	-	-	(288,117)
Share on exercise of options	1,050,000	193,150	-	-	-	(1,050,000)	(78,400)	-	114,750
Options expired	-	-	-	-	-	(925,000)	-	-	-
Options forfeited	-	-	-	-	-	(150,000)	-	-	-
Share-based payments	-	-	-	-	-	3,900,000	494,436	-	494,436
Net Loss for the Year	-	-	-	-	-	-	-	(4,246,550)	(4,246,550)
Balance 31 March 2022	**144,974,725**	**$ 20,472,339**	**$ -**	**7,715,100**	**$ 551,481**	**11,035,000**	**$ 2,167,155**	**$ (20,715,345)**	**$ 2,475,630**

--The accompanying notes form an integral part of the consolidated financial statements--

Stated in Canadian Dollars

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended 31 March 2022	Year Ended 31 March 2021
Operating Activities		
Net Loss for the Year	$ (4,246,550)	$ (3,520,115)
Items not Affecting Cash		
Depreciation	148,172	105,033
Share-based payments	494,436	384,173
Credit loss (reversal)	(124,209)	797,850
Write off of amounts payable	(90,786)	-
Finance cost	18,241	13,647
Write off of other assets	-	48,629
	(3,800,696)	(2,170,783)
Net Change in Non-cash Working Capital		
Amounts receivable	26,185	94,769
Prepaid expenses	23,124	(12,951)
Inventory	10,055	55,251
Amounts payable and accrued liabilities	(102,684)	179,034
Deferred revenue	(4,122)	(215,527)
	(47,442)	100,576
Net cash used in operating activities	(3,848,138)	(2,070,207)
Investing Activities		
Purchase of equipment	(169,540)	(4,120)
Purchase of other assets	(21,426)	(59,367)
Net cash used in investing activities	(190,966)	(63,487)
Financing Activities		
Proceeds from share issuance	3,550,000	55,000
Share issue costs	(288,117)	(85,659)
Proceeds from warrant exercise	-	2,993,055
Proceeds from option exercise	114,750	138,500
Long-term loans	-	60,000
Lease liability payment	(92,486)	(76,724)
Net cash provided by financing activities	3,284,147	3,084,172
Net (Decrease) Increase in Cash	(754,957)	950,478
Cash position – beginning of year	2,771,624	1,821,146
Cash Position – End of Year	$ 2,016,667	$ 2,771,624

--The accompanying notes form an integral part of the consolidated financial statements--

Stated in Canadian Dollars

CONSOLIDATED SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		Year Ended 31 March 2022		Year Ended 31 March 2021
Costs included in amounts payable related to other assets	**$**	**-**	$	4,226
Cash paid for interest	**$**	**18,241**	$	13,647
Cash received for interest	**$**	**7,161**	$	25
Costs transferred from other assets to patents	**$**	**15,401**	$	37,491
Fair value of agents warrants	**$**	**53,299**	$	-
Addition to ROU asset and lease liability	**$**	**19,987**	$	335,844
Prepaid expenses capitalized to ROU asset	**$**	**-**	$	10,035

--The accompanying notes form an integral part of the consolidated financial statements--

Stated in Canadian Dollars

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Aurora Solar Technologies Inc. ("Aurora" or the "Company") was incorporated under the laws of the Province of British Columbia, Canada on 26 October 2006 as Pulse Capital Corp, a capital pool company. The Company, together with its subsidiary, develops and markets inline quality control systems for the solar cell manufacturing industry. The address of the Company's corporate and administrative office and principal place of business is #100 – 788 Harbourside Drive, North Vancouver, BC, V7P 3R7.

These consolidated financial statements (the "Consolidated Financial Statements") have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and the discharge of liabilities in the normal course of operations.

There are several adverse conditions that may cast significant doubt about the Company's ability to continue as a going concern. The Company has incurred operating losses since inception, is unable to self-finance operations and has significant on-going cash requirements to meet its overhead obligations.

The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company's ability to raise adequate equity financing and ultimately develop profitable operations. The Company is of the view that these objectives can be met, and that the going concern assumption is appropriate.

If the going concern assumption were not appropriate for these Consolidated Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used, and such adjustments could be material.

The global transmission of COVID-19 and the related global efforts to contain its spread resulted in international border closings, travel restrictions, significant disruptions to border operations, supply chains and customer activity and demand, service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty.

The impacts of the COVID-19 crisis that have had an effect on us include: a decrease in short-term and/or long-term demand and/or pricing for our products; reduced sales as a result of travel restrictions impacting customer engagement; increased costs resulting from our efforts to mitigate the impact of COVID-19, deterioration of worldwide credit and financial markets that could limit our ability to obtain external financing to fund our operations and capital expenditures; resulting in disruptions to our supply chain, and adverse impacts on our information technology systems and our internal control systems as a result of the need to increase remote work arrangements.

A material adverse effect on our employees, customer, suppliers and/or logistics providers could have a material adverse impact on us.

Rounded (000's)		**31 March 2022**		31 March 2021
Working capital[1]	**$**	**2,017,000**	$	2,510,000
Accumulated deficit	**$**	**(20,715,000)**	$	(16,469,000)

[1] Working capital is defined as current assets minus current liabilities.

2) Basis of preparation – statement of compliance

These Consolidated Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB").

The Consolidated Financial Statements have been prepared on a historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL").

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3) Significant accounting policies

a) Basis of consolidation

These Consolidated Financial Statements incorporate the financial statements of the Company and the entities controlled by the Company. These Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiary, Aurora Solar Technologies (Canada) Inc.

Control exists when the Company is exposed to or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are all entities over which the Company has control. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

b) Foreign currency

The Consolidated Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of the Company and its subsidiary. Each entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Both the parent and subsidiary use the Canadian dollar as their functional currency.

Transactions in foreign currencies are initially recorded at the foreign currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing when the fair value was determined. Non-monetary items recorded at historical cost in a foreign currency are not retranslated at the end of the reporting period. Exchange gains and losses arising on translation are included in the Consolidated Statement of Comprehensive Loss.

c) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees, and service providers. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options vest. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

For non-employees, share-based payment measurements are based on the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the fair value of the goods or services received cannot be estimated reliably, the transaction is measured by referring to the fair value of the equity instruments granted. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable.

d) Financial instruments

All financial instruments are measured at initial recognition at fair value plus any transaction costs that are directly attributable to the acquisition of the financial instruments except for transaction costs related to financial instruments classified as at FVTPL, which are expensed as incurred.

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three categories into which the Company can classify its financial assets:

i) Amortized cost. A financial asset is measured at amortized cost if the contractual cash flows to repay the principal and interest are made at specific dates and if the Company's business model is to collect the contractual cashflows. Subsequent measurement uses the effective interest method, less any provision for impairment.

ii) Fair value through other comprehensive income ("FVOCI"). A financial asset is measured at FVOCI if the Company's business model is both to collect the contractual cashflows and sell assets and the contractual terms of the assets give rise on specified dates to cash flows that are solely repayments of principal and interest.

iii) Fair value through profit or loss. A financial asset is measured at FVTPL if it cannot be measured at amortized cost or FVOCI. At initial recognition the Company may also irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets 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.

A financial asset is derecognized when the Company no longer has the rights to the contractual cash flows due to expiration of that right or the transfer of the risks and rewards of ownership to another party. The Company recognizes a loss allowance for expected credit losses on its financial assets using the simplified approach which permits the use of the lifetime expected loss provision for all amounts receivables. At each reporting date the Company assesses impairment of amounts receivable on a collective basis as its amounts receivable possess shared credit risk characteristics and have been grouped based on days past due. The loss allowance will be based upon the Company's historical credit loss experience over the expected life of trade receivables and contract assets, adjusted for forward looking estimates. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amunt of the assets. The Company's financial assets include cash and amounts receivable.

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held for trading, a derivative, contingent consideration of an acquirer in a business combination, or has been designated as FVTPL on initial recognition. Financial liabilities at FVTPL are measured at fair value with changes in fair value, along with any interest expense, recognized in profit or loss. All other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. The Company's financial liabilities consist of trade and other payables, accrued liabilities, lease liabilities and long-term loan which have been classified as financial liabilities at amortized cost and are measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation is discharged, cancelled, or expired.

e) Inventory

Materials inventory and work in progress items are stated at the lower of cost and replacement cost which is not in excess of net realizable value. Cost is determined using the weighted average cost method for parts inventories. The cost excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

f) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the Consolidated Statement of Comprehensive Loss except to the extent it relates to items recognized in equity.

Current income tax

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the Consolidated Statement of Financial Position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities:

- are generally recognized for all taxable temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled, and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset to be recovered.

g) Loss per share

Basic loss per share is computed by dividing the loss attributable to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed by dividing the loss attributable to common shareholders by the diluted weighted average number of shares outstanding during the period. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive options and other dilutive potential units. All options and warrants are considered anti-dilutive when the Company is in a loss position, therefore basic loss per share is the same as diluted loss per share.

h) Share capital

The proceeds from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital.

Common shares issued for consideration other than cash are valued on their market value at the date the shares are issued.

The Company has adopted the Black-Scholes method with respect to the measurement of warrants attached to private placement units. The Black-Scholes method allocates the proceeds received based on the fair value of the warrants, with any remaining value greater than the warrant's fair value being allocated to the common shares. The fair value attributed to the warrants is recorded as contributed surplus. When warrants are exercised, the value is transferred from contributed surplus to common shares.

i) Intangible assets

The purchase cost of intangible assets is initially capitalized as an asset.

The Company's current intangible assets consist of Patents. Patents are stated, in the statement of financial position, at cost less accumulated depreciation and accumulated impairment losses. The cost of patents includes directly attributed incremental costs incurred in their acquisition.

Patent depreciation is calculated using the straight-line method over an estimated useful life of 20 years.

The cost of intangible assets which are determined to have a finite useful life is amortized on a systematic basis over the estimated remaining useful life.

Product registration costs related to efforts by the Company to acquire legal protections for its proprietary products, such as trademarks and patents, are capitalized if the Company believes that obtaining the trademark or patent, and recovery of the costs from future related revenues is reasonably assured, otherwise the costs are expensed.

The amortization period is determined based on the anticipated duration of legal protection, an assessment of the period of time over which the Company may be able to generate revenues from the related product and expected obsolescence. Current patents are amortized over their useful lives.

Other assets represent the cumulative legal fees incurred by the Company on patent application processes that are currently ongoing. The Company's management believes that these applications will lead to the issuance of a legal patent, and therefore has capitalized the costs associated with this process. Once a particular patent application process completes, the costs associated with the newly issued patent will be reclassified to patents and depreciated over its useful life of 20 years.

j) Research and development costs

Research costs are expensed in the year incurred. Development costs include all expenditures considered directly attributable to efforts by the Company to develop, and bring to commercial production, a new product. Such amounts are charged as an expense in the period incurred except in circumstances where the product or process is clearly defined and the costs attributable thereto can be identified, the technical feasibility has been established, management has indicated its intention to produce and market the product, the future market is clearly defined, adequate resources are available, and recovery of development costs can reasonably be regarded as assured, in which case such costs are capitalized.

k) Impairment of long-lived assets

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

l) Government assistance

Government grants are recognized when the Company has established entitlement to the related funds and there is reasonable assurance that the Company has complied with the conditions of the grant. Such grants are accounted for as reduction of the related expense. During the year ended 31 March 2022, the Company received $Nil (2021 - $149,277) in government assistance which has been recorded in research and development costs on the Consolidated Statement of Operations and Comprehensive Loss (Note 15). There are no unfulfilled conditions related to the government assistance received from the 2021 fiscal year.

During the year ended 31 March 2022 the Company also received government assistance through the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS"). The Company applied for and received the CEWS government assistance which provides 75% subsidy of wage relief for eligible remuneration. The Company also applied for and received the CERS government assistance which provides 65% subsidy of eligible rent. During the Year Ended 31 March 2022, the Company received and recorded in other income $319,716 (2021 - $264,487) in government assistance relating to the CEWS and CERS relief programs. In addition, during the Year Ended 31 March 2022, the Company filed and received $2,658 (2021 - $Nil) in government assistance relating to the BC Increased Employment Incentive.

On 9 April 2020 the Government of Canada launched the Canada Emergency Business Loan ("CEBA") providing interest-free loans to eligible small business. During the year ended 31 March 2021, the Company applied and was approved for the CEBA loan. Effective 1 January 2023, any outstanding balance once the term loan shall bear interest at a rate of 5% per annum. The term loan matures on 31 December 2025. On 27 August 2020, the Company received the CEBA Loan in the amount of $40,000. On 28 January 2021, the Company also applied and received an additional $20,000 as a top-up amount to the original loan. If $40,000 of the term loan is repaid before 31 December 2022, the government will forgive an aggregate of $20,000 of the full-term loan which is based on a forgiveness of the initial tranche $10,000 ($40,000 x 25%) and the top up amount of $10,000 ($20,000 x 50%).

m) Revenue recognition

The Company generates revenues from hardware and software product sales. Product revenues are derived primarily from standard product sales contracts.

Revenue is recognized when risk of loss and title has transferred which is generally upon shipment, or in some instances, upon delivery and control has been transferred. Customer contracts are fulfilled in accordance with international commercial terms. When contracts contain multiple performance obligations, the Company allocates the transaction price to each performance obligation identified in the contract. Revenue is recognized when each performance obligation is achieved.

Hardware products are typically sold on a stand-alone basis. Various software applications are embedded in our hardware to deliver the product's essential functionality. These embedded applications are not licensed separately. The functionality that the software provides is part of the overall product and accordingly we do not record separately the revenue associated with the embedded software.

When an amount is received as an advance or a deposit from a customer, prior to the recognition of revenue, deferred revenue is recognized.

n) Equipment

Equipment assets are depreciated using the straight-line method based on estimated useful lives, which generally range from 3-7 years. Where an item of equipment is comprised of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs".

o) Leases

The Company recognises a right-of-use asset ("ROU asset") and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful life of ROU assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, then the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

p) Provision for product warranty

The Company's products are typically sold with a 1-2 year warranty. The Company accrues the estimated costs of warranties based on the assessment of the Company's accrual history, estimates of failure rates from the Company's quality review, and other assumptions that the Company believes to be reasonable under the circumstances. Actual warranty costs are accumulated and charged against the accrued warranty liability. To the extent that accrual warranty costs differ from the estimates, the Company will prospectively revise its warranty accrual. As of 31 March 2022, there were no warranty claims.

q) Current and future accounting standards

There are no new and amended standards that are applicable to the business of the Company.

4) Critical accounting judgements and key sources of estimation uncertainty

The following are the critical judgements and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Consolidated Financial Statements.

a) Critical judgements in applying accounting policies

Revenue recognition

The amount of revenue recognized is adjusted for expected returns, which are estimated by management based on the historical data for the related types of goods sold. Actual results may differ from management estimates. Revenue is recognized once the control of a good or service is transferred to a customer and is available to make use of the good or service. Contracts, for goods or services that are not considered distinct, are considered one performance obligation that may include several goods or services that are provided to a customer and delivered against a performance metric. Judgement is used to determine whether multiple promised goods or services in a contract should be accounted for separately or as bundle.

b) Key sources of estimation uncertainty

Inventory

The Company's raw inventory is only valuable to the extent that it can be turned into saleable product. Inventory must be measured at lower of cost and net realizable value and the Company must estimate that the measurement criteria used has not changed. The Company reviews its inventory to determine whether its carrying value exceeds the net amount realizable upon the ultimate sale of the inventory. This requires the Company to determine the estimated selling price of its units less the estimated cost to convert the inventory on-hand into a finished product.

Estimates of net realizable value require assessment of the impact of technological changes and estimates of salvage values if products or components are judged obsolete. Any future changes in the estimated inventory valuation could have a material adverse impact on our financial condition and results of operations.

Patents and other assets

The Company reviews the valuation of these assets at the end of each reporting period based on the expected remaining useful life of patents and the recoverability of patent application costs in relation to the market changes of relative technologies. Should the asset life differ from the initial estimate, an adjustment would be in the Consolidated Statements of Loss on a prospective basis.

Share-based payments

The Company records the fair market value as described by the Black-Scholes method for the recording of share-based payments. There are several estimates that form a part of the calculation and significant deviations in any estimate could have a material impact on the Consolidated Financial Statements.

Amounts receivable

The Company estimates the recoverability of amounts receivable based on assessments of client credit ratings, payment history and other related items. Estimates of expected credit losses take into account the Company's collection history, deterioration of collection rates during the average credit period, the impact of COVID 19, as well as observable charges in and forecasts of future economic conditions that affect default risk.

Provisions and contingent liabilities:

A provision is recognized if the Company has a present legal or constructive obligation, as a result of past events, that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation for product liability, accrual of product warranties, liabilities for potential litigation claims and settlements. Management must use judgement in determining whether all the above three conditions have been met to recognize a provision or whether a continent liability is in existence at the reporting date. Should an event change that impacts the recognition of a provision or a contingency, the impact could be materially different from management's initial estimate and affect future Consolidated Financial Statements.

During the year ended 31 March 2022, the Company received a Notice of Arbitration from the Shanghai International Centre in the amount of approximately USD$185,000 relating to a DM equipment purchase contract dispute in China. The Company believes this claim is without merit and has engaged legal counsel and filed a defence and counterclaim for amounts owing (approximately USD$110,000) under this purchase contract.

5) Financial instruments and risk management

a) Fair value measurement

The Company classifies its fair value measurements with a fair value hierarchy, which categorizes into three levels the inputs used in making the measurements. The three levels of hierarchy are:

Level 1 – quoted prices in active markets for identical financial instruments.

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant and significant value drivers are observable in active markets.

Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

b) Classification of fair values of financial assets and liabilities

Financial instruments of the Company carried on the Consolidated Statements of Financial Position are carried at amortized cost or FVTPL.

The Company's financial assets classified as amortized cost include cash and amounts receivable. Amounts payable and accrued liabilities are classified as financial liabilities at amortized cost. The carrying value of these financial assets and liabilities approximate the fair value because of their short-term nature.

Lease liabilities and CEBA loan are also classified as other financial liabilities at amortized cost and are subsequently measured using the effective interest method.

c) Other risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operations and budgets accordingly.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is both from its bank accounts as well as from credit sales. The Company is exposed to credit risk by holding cash, which are all held in financial institutions in Canada and China, and management believes the exposure to credit risk with respect to such institutions is not significant. The Company's other exposure to credit risk is through its amounts receivable that are made up of a small number of customers. Management assesses the credit risk of new customers as well as monitors the creditworthiness of existing customers through a review of the trade receivables' aging analysis. The Company determines the allowance using an expected credit loss ("ECL") model. Over-due balances are reviewed for collectability and allowance for doubtful amounts, where appropriate, will be provided. As at 31 March 2022 the Company has $103,815 (2021 - $893) in trade amounts receivable.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company maintains cash in accounts at Canadian Chartered Banks that bear interest at nominal rates. The Company's lease liabilities and long-term debt are based on fixed interest rates. The Company's exposure to interest rate risk is minimal.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required to fund its on-going expenditures. The Company is exposed to foreign currency risk, as it deals with customers and vendors in currencies other than its functional currency. A 5% change in exchange would impact the Consolidated Financial Statements by $10,000 (31 March 2021- $27,000). As at 31 March 2022 the Company held currency totalling the following:

Rounded (000's)		**Impact**		**31 March 2022**		31 March 2021
Cash in United States dollars	**5%**	**$ (1,000)**	**USD**	**24,000**	USD	493,000
Cash in Chinese RMB	**5%**	**$ (6,000)**	**RMB**	**570,000**	RMB	450,000
Amounts receivable in United States dollars	**5%**	**$ (5,000)**	**USD**	**83,000**	USD	-
Amounts payable in United States dollars	**5%**	**$ 1,000**	**USD**	**(20,000)**	USD	(93,000)
Amounts payable in Chinese RMB	**5%**	**$ 1,000**	**RMB**	**(65,000)**	RMB	-
Amounts payable in Euros	**5%**	**$ -**	**EURO**	**(1,000)**	EURO	-

g) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing this is to maintain readily available reserves to meet its liquidity requirements at any point in time.

The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. The Company's ability to fund its operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive, and regulatory conditions, and other factors, some of which are beyond its control. The Company's primary short-term liquidity needs are to fund its net operating losses and lease payments. The Company's medium-term liquidity needs primarily relate to debt repayments and lease payments. The Company's long-term liquidity needs primarily relate to potential strategic plans.

Stated in Canadian Dollars

In an effort to manage liquidity prudently while the Company moves toward profitability and positive cash flows, the Company has taken the following steps:

- During the year ended 31 March 2022, the Company raised $3,550,000 from the gross proceeds of a non-brokered private placement.
- During the year ended 31 March 2022, the Company raised $114,750, from the exercise of 1,050,000 stock options.

These initiatives have provided the Company with increased liquidity and flexibility to meet its financial commitments and continue operations.

The table below presents the contractual maturity of the Company's financial liabilities, including both principal and interest payments as at 31 March 2022:

	Less than 1 year	1 to 3 years	Total[1]
Amounts payable and accrued liabilities	$ 395,277	$ -	$ 395,277
Lease liabilities	97,000	193,000	290,000
CEBA Loan	-	60,000	60,000
	$ 492,277	**$ 253,000**	**$ 745,277**

[1] The Company has no contractual obligations greater than 3 years.

Further, it is management's opinion that the Company is not exposed to significant credit, interest rate, liquidity, or market risks in respect of these financial instruments. The Company's policies and processes of managing all risks associated with its financial instruments have not changed during the period.

The RMB located in China is not freely convertible into other currencies. However, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Company is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

6) Amounts receivable

	31 March 2022	31 March 2021
Trade receivables	**$ 103,815**	$ 893
GST receivable and other taxes recoverable	**13,969**	18,867
Total Amount receivable	**$ 117,784**	$ 19,760

As at 31 March 2022, amounts receivable consisted of trade receivables, GST receivable and other taxes recoverable. No expected credit loss provision has been made given the nature of these receivables. During the year ended 31 March 2022, the Company collected $21,940 of the $797,850 provision for amounts receivable that was captured as an expected credit loss during the year ended 31 March 2021. Subsequent to the year ended 31 March 2022, the Company collected trade receivables in the amount of $102,269 of the $797,850 provision for amounts receivable, which was treated as an adjusting post balance sheet event in accordance with IAS 10. These amounts were recorded on the Company's Consolidated Statements of Financial Position as amounts receivable and on the Consolidated Statements of Loss and Comprehensive Loss as a credit loss reversal. For the year ended 31 March 2022, the Company recorded no expected credit loss amounts as there was no trade receivables recorded during the fiscal year.

Stated in Canadian Dollars

7) Inventory

		31 March 2022		31 March 2021
Raw materials	**$**	**323,661**	$	333,716
Total inventory	**$**	**323,661**	$	333,716

Inventory expensed to cost of sales during the year ended 31 March 2022 was $Nil (31 March 2021 – $467,569). During the year ended 31 March 2022, inventory expensed to R&D was $179,127 (31 March 2021 - $18,585).

8) Patents

		Cost		Accumulative Depreciation		Carrying Amounts
Balance as at 31 March 2020	$	229,539	$	(58,185)	$	171,354
Changes during the year		37,491		(11,367)		(26,124)
Balance as at 31 March 2021		**267,030**		**(69,552)**		**197,478**
Changes during the period		**15,401**		**(10,758)**		**4,643**
Balance as at 31 March 2022	**$**	**282,431**	**$**	**(80,310)**	**$**	**202,121**

Patents are stated, in the statement of financial position, at cost less accumulated depreciation and accumulated impairment losses. The cost of patents includes directly attributed incremental costs incurred in their acquisition. Patent depreciation is calculated using the straight-line method over an estimated useful life of 20 years.

9) Other assets

		Balance
Balance as at 31 March 2020	$	74,636
Additions		63,593
Transfers to patents		(37,491)
Write-off		(48,629)
Balance as at 31 March 2021		**52,109**
Additions		**21,426**
Transfers to patents		**(15,401)**
Balance as at 31 March 2022	**$**	**58,134**

10) Equipment

		Cost		Accumulative Depreciation		Carrying Amount
Balance as at 31 March 2020	$	112,219	$	(23,257)	$	88,962
Additions during the year		4,120		(22,694)		(18,574)
Balance as at 31 March 2021		**116,339**		**(45,951)**		**70,388**
Additions during the year		**169,540**		**(46,592)**		**122,948**
Balance as at 31 March 2022	**$**	**285,879**	**$**	**(92,543)**	**$**	**193,336**

Stated in Canadian Dollars

11) Right of use assets

The right of use asset is amortized on a straight-line basis over the term of its leases related to its Vancouver head office and Shanghai sales office.

		Balance
Balance as at 31 March 2020	$	37,218
Additions		345,879
Depreciation		(70,972)
Balance as at 31 March 2021		**312,125**
Additions		**19,987**
Depreciation		**(90,822)**
Balance as at 31 March 2022	**$**	**241,290**

12) Lease liability

The Company does not hold any short-term or low value leases.

The Company has lease liabilities for leases related to its Vancouver head office and Shanghai sales offices (Note 17). The incremental borrowing rate for the year ended 31 March 2022 was 7%. (31 March 2021 – 7%)

		Balance
Balance as at 31 March 2020	$	39,358
Additions		335,844
Lease accretion		13,647
Payments		(76,724)
Balance as at 31 March 2021	**$**	**312,125**
Additions		**19,987**
Lease accretion		**18,241**
Payments		**(92,486)**
Balance as at 31 March 2022	**$**	**257,867**

Lease liability – current portion		**81,222**
Lease liability – non-current portion		**176,644**
Total lease liability	**$**	**257,867**

Stated in Canadian Dollars

13) Share capital and reserves

a) Authorized

The authorized share capital is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting of only common shares are fully paid. There were 144,974,725 (31 March 2021-129,724,725) fully paid common shares issued and outstanding as at 31 March 2022.

b) Issued and outstanding and fully paid

During the year ended 31 March 2022, the Company closed a non-brokered private placement consisting of 14,200,000 units at a price of $0.25 per unit ("Unit"). Each Unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant ("Warrant") entitled the holder to purchase one share for a period of 12 months from closing at a price of $0.40 per Warrant. The fair value of the 7,100,000 Warrants is $381,553. The Company paid a total of $288,117 in agent, consulting, legal and filing fees related to the Unit issuances. In consideration of the Agent's services, the Company paid commission fees of $153,775 and issued 615,100 with a fair value of $53,299 agent warrants on closing. Each agent warrant entitles the Agent to purchase one Warrant for a period of one year from the closing date at a price of $0.25 per unit.

The Company has adopted a stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferrable options to purchase common shares exercisable under the Plan for a period of up to 10 years from the date of grant. Vesting terms are determined by the Board of Directors for each grant of options. The aggregate number of common shares issuable under the Plan must not exceed 17,635,385 common shares.

The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free rates, dividend yields, historical volatility of the underlying share price, forfeiture rates and expected life of the options.

During the year ended 31 March 2022, the Company granted 3,900,000 options (31 March 2021 – 4,230,000 options) to officers and consultants of the Company. During the year ended 31 March 2022, the Company recognized $494,436 (31 March 2021 - $384,173) in share-based payments on granted options.

Stock option transactions and the number of stock options outstanding are summarized below:

	For the Year Ended 31 March 2022		**Weighted average exercise price**	For the Year Ended 31 March 2021		Weighted average exercise price
Balance – beginning of period	**9,260,000**	**$**	**0.25**	6,580,000	$	0.11
Granted	**3,900,000**		**0.10**	4,230,000		0.42
Exercised	**(1,050,000)**		**0.11**	(1,350,000)		0.10
Expired/Forfeited	**(1,075,000)**		**0.23**	(200,000)		0.07
Balance – end of period	**11,035,000**	**$**	**0.18**	9,260,000	$	0.25

Stated in Canadian Dollars

Details of stock options outstanding are as follows:

Expiry Date		Exercise price	31 March 2022 Outstanding	31 March 2022 Exercisable	31 March 2021 Outstanding	31 March 2021 Exercisable
7 October 2021	$	0.105	-	-	600,000	600,000
12 October 2021	$	0.115	-	-	450,000	450,000
23 November 2021	$	0.13	-	-	300,000	300,000
31 March 2022	$	0.21	-	-	625,000	625,000
19 December 2022	$	0.265	**75,000**	**75,000**	75,000	75,000
23 April 2023	$	0.20	**430,000**	**430,000**	430,000	430,000
8 August 2023	$	0.13	**250,000**	**250,000**	250,000	250,000
30 October 2023	$	0.06	**2,100,000**	**2,100,000**	2,100,000	2,100,000
2 January 2025	$	0.075	**200,000**	**200,000**	200,000	200,000
7 April 2025	$	0.10	**1,180,000**	**790,500**	1,180,000	-
24 February 2026	$	0.54	**2,900,000**	**1,699,997**	3,050,000	900,000
25 March 2027	$	0.10	**3,900,000**	**1,208,332**	-	-
			11,035,000	**6,753,829**	9,260,000	5,930,000

The outstanding options have a weighted average exercise price of $0.21 (31 March 2021 – $0.25) and the weighted average remaining life of the options is 3.54 years (31 March 2021 – 3.12 years).

The fair values of the options granted during the years ended 31 March 2022 and 2021 were determined on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

		For the Year Ended 31 March 2022	For the Year Ended 31 March 2021
Risk free interest rate		**2.40%**	0.58%-0.67%
Expected life of options (years)		**3.00**	5.00
Expected annualized volatility		**79.23%**	69.73-81.17%
Expected dividend yield		**Nil**	Nil
Weighted average Black-Scholes value of each option	$	**0.05**	$ 0.31-0.35

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized below:

	For the Year Ended 31 March 2022		Weighted average exercise price	For the Year Ended 31 March 2021		Weighted average exercise price
Balance – beginning of period	**-**	**$**	**-**	21,086,900	$	0.14
Issued	**7,100,000**		**0.40**	-		-
Agent's warrants issued	**615,100**		**0.25**	-		-
Warrants expired	**-**		**-**	(100,000)		0.15
Warrants exercised	**-**		**-**	(20,986,900)		0.14
Balance – end of period	**7,715,100**	**$**	**0.39**	-	$	-

14) Related party transactions and balances

Key management personnel include the members of the Board of Directors and executive officers of the Company.

Related party transactions are recorded as part of the general and administrative expenses on the Consolidated Statement of Comprehensive Loss. These transactions are in the normal course of business operations.

Principal Position Rounded (000's)	Year[i]		Remuneration or fees[ii]		Share-based Payments		Balances in Prepaids		Balances in Accounts Payable
CEO	**2022**	**$**	**168,000**	**$**	**117,000**	**$**	**-**	**$**	**-**
	2021	$	187,000	$	16,000	$	-	$	3,000
CFO	**2022**	**$**	**89,000**	**$**	**4,000**	**$**	**-**	**$**	**-**
	2021	$	-	$	-	$	-	$	-
Former CFO	**2022**	**$**	**9,000**	**$**	**-**	**$**	**-**	**$**	**-**
	2021	$	93,000	$	3,000	$	-	$	8,000
Former CFO	**2022**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
	2021	$	25,000	$	-	$	-	$	-
Director	**2022**	**$**	**-**	**$**	**45,000**	**$**	**-**	**$**	**-**
	2021	$	24,000	$	4,000	$	10,000	$	-
A Company in which the Director is a legal counsel [iii] [iv]	**2022**	**$**	**72,000**	**$**	**-**	**$**	**-**	**$**	**10,000**
	2021	$	31,000	$	-	$	-	$	-
Director	**2022**	**$**	**8,000**	**$**	**42,000**	**$**	**-**	**$**	**3,000**
	2021	$	19,000	$	4,000	$	10,000	$	3,000
Director	**2022**	**$**	**115,000**	**$**	**46,000**	**$**	**-**	**$**	**-**
	2021	$	82,000	$	311,000	$	10,000	$	-
A Company in which the Director is an owner [iv][v]	**2022**	**$**	**90,000**	**$**	**-**	**$**	**-**	**$**	**-**
	2021	$	8,000	$	-	$	-	$	8,000
TOTAL	**2022**	**$**	**551,000**		**254,000**				
	2021	$	469,000		338,000				

(i) For the year ended 31 March 2022 and the 31 March 2021.
(ii) Amounts disclosed were paid or accrued to the related party.
(iii) The Company received legal services provided by a Company in which the Director is a partner.
(iv) The Company received strategic consulting services provided by a Company in which the Director is an owner.
(v) These transactions are in the normal course of operations.

Stated in Canadian Dollars

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15) Supplemental information for Statements of Net Loss and Comprehensive Loss

The sales and marketing expense consisted of the following:		For the Year Ended 31 March 2022		For the Year Ended 31 March 2021
Salaries and wages	$	**196,987**	$	280,607
Promotion, marketing and travel		**42,479**		46,775
Indirect Costs		**60,577**		60,525
Total	$	**300,043**	$	387,907

The research and development expense consisted of the following:		For the Year Ended 31 March 2022		For the Year Ended 31 March 2021
Salaries and wages	$	**837,763**	$	684,381
Professional and consulting		**335,150**		219,197
Government grant		**-**		(149,277)
Product research		**801,750**		496,156
Total	$	**1,974,663**	$	1,250,457

The general and administrative expense consisted of the following:		For the Year Ended 31 March 2022		For the Year Ended 31 March 2021
Salaries and wages	$	**602,113**	$	241,369
Professional and consulting		**760,530**		660,572
Office expense		**338,274**		129,264
Directors fees		**30,000**		30,000
Total	$	**1,730,917**	$	1,061,205

16) Capital management

The Company manages its capital structure and makes adjustment to it, based on the funds available to the Company, to support the development of the Company's measurement technology. The Company includes components of equity in its managed capital. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to finance investments of the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended 31 March 2022.

Stated in Canadian Dollars

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17) Commitments

On 22 February 2022, the Company signed a one-year lease for its office in Shanghai, commencing on 1 May 2022. The Company expects to extend this lease, which is set to expire on 30 April 2023, for another one-year term:

Rounded (000's)	RMB	$CAD
Fiscal 2023	110,000	22,000
Fiscal 2024	9,000	2,000
Total	119,000	24,000

During the year end 31 March 2021, the Company signed a five-year lease for its head office in North Vancouver, commencing on 1 September 2020:

Rounded (000's)		Amount
Fiscal 2023		73,000
Fiscal 2024		77,000
Fiscal 2025		81,000
Fiscal 2026		35,000
Total	$	266,000

18) Income taxes

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

		31 March 2022		31 March 2021
Net loss for the year	**$**	**(4,246,550)**	$	(3,520,115)
Expected income tax recovery	**$**	**(1,147,000)**	$	(950,000)
Change in statutory rate, foreign tax, foreign exchange rates and other		**-**		(8,000)
Permanent differences		**134,000**		103,000
Adjustment to prior years' provision versus statutory tax returns		**-**		19,000
Change in unrecognized deductible temporary differences		**1,013,000**		836,000
Total income tax expense (recovery)	**$**	**-**	$	-

The significant components of the Company's temporary differences, unused tax losses that have not been included on the Consolidated Statement of Financial Position are as follows:

		31 March 2022	**Expiry date range**		31 March 2021	Expiry date range
Temporary differences						
Other-future acquisition costs	**$**	**177,000**	**No expiry date**	$	-	No expiry date
Investment tax credit	**$**	**269,000**	**2021-2040**	$	252,000	2021 – 2040
Property and equipment	**$**	**125,000**	**No expiry date**	$	73,000	No expiry date
Share issuance costs	**$**	**259,000**	**2040-2044**	$	140,000	2040-2044
Non–capital losses available for future period	**$**	**18,905,000**	**2026-2042**	$	15,617,000	2026 – 2041

Tax attributes are subject to review, and potential adjustments by tax authorities.

19) Segmented disclosure

The Company operates in one reportable operating segment, being the development, manufacturing and marketing of Production Measurement and Control systems ("PMC™") for the solar wafer, cell, and panel manufacturing industry. All assets are held in Canada.

The Company is exposed to significant sales concentration in China. As at 31 March 2022, the Company had $103,815 (2021 - $Nil) in trade amounts receivable.

20) Subsequent events

Subsequent to the year ended 31 March 2022, 7,100,000 common share purchase warrants issued on 13 May 2021 at a price of $0.40 per unit expired. In addition, 615,100 agent warrants issued 13 May 2021 at an exercise price of $0.25 per unit also expired on 13 May 2022.

During the fiscal year ended 31 March 2022, the Company announced its plans to acquire BT Imaging PTY Ltd. ("BTi"). BTi is a private Australian company who is a well-established leader in photoluminescence imaging tools for PV material inspection and quality control during production, and for laboratory use during product development.

The Company has offered to acquire BTi through a Share Purchase Agreement between the shareholders of BTi and Aurora (the "Offer"). Subsequent to the year ended 31 March 2022, the Company announced it is at an advance stage of closing this transaction with a scheduled completion date of on or before 12 August 2022. Subsequent to the year end, the purchase price of the Offer has been amended to $13,799,180. The total consideration to be issued by Aurora to the BTi shareholders is 62,969,351 common shares and $1,205,310 in cash. This Offer includes a 16-month escrow period for the common shares issued to BTi's shareholders in which the shares are released in equal tranches, each at four, 10 and 16 months from the closing of the transaction. The Offer is subject to acceptance by the TSX Venture Exchange and customary closing conditions including, the acquisition of 100% of the shares of BTi.

Subsequent to the period ended 31 March 2022, the Company announced a non-brokered private placement of units (the "PP Unit") of the Company at a price of $0.10 per PP Unit for gross proceeds of up to $2,000,000 (the "Offering"). Each PP Unit will consist of one common share of the Company (the "Share") and one share purchase warrant to acquire a Share at an exercise price of $0.20 for a period of one year. The net proceeds of this Offering will be used in connection with the Offer and associated transaction costs. As such, all proceeds will be held by the Company in trust in a segregated account until immediately prior to the closing of the Offer at which time the Offering will close and the funds will be released from trust. If the Offering does not close within 30 days from the targeted closing date of the Offer, all proceeds will be released back to the subscribers to the Offering. The Offering may be increased at the discretion of the Company by up to 25% as an overallotment option. In connection with the Offering, finders may be paid a cash commission of 7.5% and a number of finder's warrants equal to 7.5% of the Units sold to investors introduced by the finder, each such finder's warrant entitling the holder to purchase one common share of the Company at a price of $0.20 for a term of one year. All securities issued in connection with the Offering will be subject to a four month and one day statutory hold period. The Offer and the Offering is subject to compliance with applicable securities laws and approval of the TSX Venture Exchange.

Subsequent to the fiscal year ended 31 March 2022, the Company announced that all subscriptions relating to the non-brokered private placement financing are expected to be received on or before 8 August 2022.