

**AURORA SOLAR TECHNOLOGIES INC.**  
**(FORMERLY ACT AURORA CONTROL TECHNOLOGIES CORP.)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX AND THREE MONTHS ENDED 30 SEPTEMBER 2016**

Stated in Canadian Funds

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

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## MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Aurora Solar Technologies Inc. (formerly ACT Aurora Control Technologies Corp.):

Management is responsible for the preparation and presentation of the accompanying Condensed Interim Consolidated Financial Statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

The Company's independent auditor has not performed a review of these Condensed Interim Consolidated Financial Statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

4 November 2016

The condensed interim consolidated financial statements were approved by the Board of Directors on 4 November 2016 and were signed on its behalf by:

"Michael Heaven"

Michael Heaven, CEO

"Grant T. Smith"

Grant T. Smith, CFO

Canadian Funds  
 (Unaudited)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30 September 2016	As at 31 March 2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 439,447	\$ 356,299
Amounts receivable	(6)	57,959	35,938
Prepaid amounts and deposits		25,247	36,004
Inventory	(7)	142,818	224,670
		<b>665,471</b>	652,911
<b>Non-current Assets</b>			
Patents	(8)	66,460	63,051
Other assets	(9)	67,516	40,113
		<b>134,670</b>	103,164
		<b>\$ 799,447</b>	\$ 756,075
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	(11)	\$ 145,543	\$ 141,991
Deferred revenue		27,913	27,947
		<b>173,456</b>	169,938
<b>EQUITY (STATEMENT 3)</b>			
Share capital	(10)	8,441,758	7,719,274
Contributed surplus – warrants	(10)	82,203	77,203
Contributed surplus – options	(10)	819,077	813,678
Deficit		(8,717,047)	(8,024,018)
		<b>625,991</b>	586,137
		<b>\$ 779,447</b>	\$ 756,075
Nature of operations and going concern	(1) Commitments		(13)
Basis of preparation - Statement of Compliance	(2) Subsequent events		(14)

These condensed interim consolidated financial statements were approved by the Board of Directors on 4 November 2016 and were signed on its behalf by:

“Michael Heaven”  
 Michael Heaven, Director

“David Toyoda”  
 David Toyoda, Director

Canadian Funds  
 (Unaudited)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**

	Note	Six months Ended 30 September 2016	Six months ended 30 September 2015	Three months Ended 30 September 2016	Three months ended 30 September 2015
<b>CONTINUING OPERATIONS</b>					
<b>Revenues</b>					
Product sales		\$ 242,659	\$ 126,309	\$ 18,849	\$ 78,246
Cost of sales		(196,138)	(71,056)	(325)	(9,462)
<b>Gross margin</b>		<b>46,521</b>	55,253	<b>18,524</b>	68,784
<b>Expenses</b>					
Wage expense		300,303	305,294	151,297	160,622
Consulting expense		241,780	235,878	160,036	106,048
Operating expense		142,488	260,435	65,087	178,779
Professional fees		46,271	97,164	20,497	54,599
Share-based compensation	(10)	5,399	8,247	1,796	-
Amortization expense		3,309	2,006	2,313	1,002
		<b>739,550</b>	909,024	<b>401,026</b>	501,050
<b>Loss from Operating Activities being Comprehensive Loss</b>		<b>\$ (693,029)</b>	\$ (853,771)	<b>\$ (382,502)</b>	\$ (432,266)
<b>Net Loss per Common Share – Basic and Diluted</b>		<b>\$ (0.02)</b>	\$ (0.03)	<b>\$ (0.01)</b>	\$ (0.01)
<b>Weighted Average Number of Shares Outstanding</b>		<b>35,591,452</b>	30,236,038	<b>37,969,090</b>	33,187,686

Canadian Funds  
(Unaudited)

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares	Amount	Warrants	Amount	Options	Amount	Deficit	Shareholders' Equity
<b>BALANCE AT 1 APRIL 2015</b>	26,906,853	\$ 6,067,788	3,632,050	\$ 43,203	3,398,192	\$ 789,784	\$(6,404,385)	\$ 496,390
Private Placement issuances	6,280,833	1,884,250	3,140,416	-	-	-	-	1,884,250
Agents' warrants issued	-	(34,000)	376,850	34,000	-	-	-	-
Share issuance costs	-	(177,465)	-	-	-	-	-	(177,465)
Warrants expired	-	-	(1,372,000)	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	8,247	-	8,247
Net loss for the period	-	-	-	-	-	-	(421,505)	(421,505)
<b>BALANCE AT 30 JUNE 2015</b>	33,187,686	\$ 7,740,573	5,777,316	\$ 77,203	3,398,192	\$ 798,031	\$(6,825,890)	\$ 1,789,917
Share issuance costs	-	(21,299)	-	-	-	-	-	(21,299)
Net loss for the period	-	-	-	-	-	-	(432,266)	(423,266)
<b>BALANCE AT 30 SEPTEMBER 2015</b>	33,187,686	\$ 7,719,274	5,777,316	\$ 77,203	3,398,192	\$ 798,031	\$(7,258,156)	\$ 1,336,352
Options granted	-	-	-	-	150,000	-	-	-
Options expired	-	-	-	-	(180,000)	-	-	-
Stock-based compensation	-	-	-	-	-	11,876	-	11,876
Net loss for the period	-	-	-	-	-	-	(493,691)	(493,691)
<b>BALANCE AT 31 DECEMBER 2015</b>	33,187,686	\$ 7,719,274	5,777,316	\$ 77,203	3,368,192	\$ 809,907	\$(7,751,847)	\$ 854,537
Warrants expired	-	-	(2,260,050)	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	3,771	-	3,771
Net loss for the period	-	-	-	-	-	-	(272,171)	(272,171)
<b>BALANCE AT 31 MARCH 2016</b>	33,187,686	\$ 7,719,274	3,517,266	\$ 77,203	3,368,192	\$ 813,678	\$(8,024,018)	\$ 586,137

Canadian Funds  
(Unaudited)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - CONTINUED**

	Shares	Amount	Warrants	Amount	Options	Amount	Deficit	Shareholders' Equity
<b>BALANCE 01 APRIL 2016</b>	<b>33,187,686</b>	<b>\$ 7,719,274</b>	<b>3,517,266</b>	<b>\$ 77,203</b>	<b>3,368,192</b>	<b>\$ 813,678</b>	<b>\$ (8,024,018)</b>	<b>586,137</b>
Obligation to issue shares	-	373,000	-	-	-	-	-	373,000
Options expired	-	-	-	-	(450,000)	-	-	-
Share-based compensation	-	-	-	-	-	3,603	-	3,603
Net loss for the period	-	-	-	-	-	-	(310,527)	(310,527)
<b>BALANCE 30 JUNE 2016</b>	<b>33,187,686</b>	<b>\$ 8,092,274</b>	<b>3,517,266</b>	<b>\$ 77,203</b>	<b>2,918,192</b>	<b>\$ 817,281</b>	<b>\$ (8,334,545)</b>	<b>652,213</b>
Obligation to issue shares	-	(373,000)	-	-	-	-	-	(373,000)
Private placements	5,175,167	776,275	5,175,167	-	-	-	-	776,275
Issuance of agents warrants	-	(56,752)	221,795	56,725	-	-	-	-
Share issuance costs	-	(48,791)	-	-	-	-	-	(48,791)
Stock based compensation	-	-	-	-	-	1,796	-	1,796
Options expired	-	-	-	-	(280,000)	-	-	-
Net loss for the period	-	-	-	-	-	-	(382,502)	(382,502)
<b>BALANCE 30 SEPTEMBER 2016</b>	<b>38,362,853</b>	<b>\$ 8,390,006</b>	<b>8,914,228</b>	<b>\$ 133,955</b>	<b>2,638,192</b>	<b>\$ 819,077</b>	<b>\$ (8,717,047)</b>	<b>998,991</b>

Canadian Funds  
(Unaudited)

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September 2016	Six months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
<b>OPERATIVE ACTIVITIES</b>				
<b>Loss for the Period</b>	\$ (693,029)	\$ (853,771)	\$ (382,502)	\$ (432,266)
<b>Items not Affecting Cash</b>				
Amortization	2,398	2,008	1,402	1,004
Share-based compensation	5,399	8,247	1,796	-
	(685,232)	(843,516)	(379,304)	(431,262)
<b>Net Change in Non-cash Working Capital</b>				
Amounts receivable	(22,021)	(22,030)	(7,569)	(12,286)
Prepaid expenses and deposits	10,757	(10,470)	6,301	(101)
Inventory purchases	81,852	(273,162)	(25,247)	(242,894)
Accounts payable and accrued liabilities	3,552	(115,069)	(82,814)	(85,422)
Deferred revenue	(34)	134,615	207	134,615
	74,106	(286,116)	(109,122)	(206,088)
	(611,126)	(1,129,632)	(488,426)	(637,350)
<b>INVESTING ACTIVITIES</b>				
Purchase of other assets	(33,210)	(40,246)	(30,659)	(34,445)
	(33,210)	(40,246)	(30,659)	(34,445)
<b>FINANCING ACTIVITIES</b>				
Proceeds from share issuances	776,275	1,884,250	403,275	-
Cash share issuance costs	(48,791)	(198,764)	(48,791)	(21,299)
	727,484	1,685,486	354,484	(21,299)
<b>Net Increase (decrease) in Cash</b>	83,148	515,608	(164,601)	(693,094)
Cash position – beginning of period	356,229	516,743	604,048	1,725,445
<b>Cash Position – End of Period</b>	\$ 439,447	\$ 1,032,351	\$ 439,447	\$ 1,032,351
<b>Schedule of Non-cash Investing and Financing Transactions</b>				
Cash received for interest	\$ -	\$ 2,760	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -	\$ -	\$ -
Fair value of agent's warrants issued	\$ 5,000	\$ 34,000	\$ 5,000	\$ -



## AURORA SOLAR TECHNOLOGIES INC.

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(Unaudited)

### NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

##### 1) Nature of operations and going concern

Aurora Solar Technologies Inc., formerly known as ACT Aurora Control Technologies Corp. (“Aurora” or the “Company”) was incorporated on 26 October 2006 under the Business Corporations Act of British Columbia as a capital pool company (“CPC”) as defined by the rules of the TSX Venture Exchange (“TSXV”) in Policy 2.4 of the TSXV.

Aurora develops, manufactures and markets Production Measurement and Control TM systems to the solar wafer, cell and panel manufacturing industry.

The address of the Company's corporate and administrative office and principle place of business is #210 – 980 West 1<sup>st</sup> Street, North Vancouver, BC, V7P 3N4.

These unaudited condensed interim consolidated financial statements (“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.

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. Management of 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 financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

	<b>30 September 2016</b>	31 March 2016
Working capital	\$ 492,015	\$ 483,000
Accumulated deficit	\$ (8,716,353)	\$ 8,024,000

##### 2) Basis of preparation – Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value.

In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Since the unaudited condensed interim consolidated financial statements do not include all disclosures required by the IFRS for annual financial statements, they should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended 31 March 2016.

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of 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

## AURORA SOLAR TECHNOLOGIES INC.

Canadian Funds  
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### NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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**

The accounting policies and methods of computation followed in preparing these financial statements are the same as those followed in preparing the most recent audited annual consolidated financial statements. For a summary of significant accounting policies, please refer to the Company's audited annual consolidated financial statements for the year ended 31 March 2016.

#### **4) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments 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 financial statements.

##### **a) Critical judgements in applying accounting policies**

###### Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar.

##### **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. Sales acquired at a level above their cost, volume of sales necessary to use inventory and other factors are all an estimate of the Company.

The Company's work in process allocations of overhead and labour are estimations and are not currently tracked to a production level of accuracy.

###### Patents and Other asset

Aurora reviews the valuation of these assets at the end of each reporting period. The Company observes no indications of impairment.

## **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **5) Financial instruments and risk management**

#### **a) Financial instrument classification and measurement**

Financial instruments of the Company carried on the Consolidated Statement of Financial Position are carried at amortized cost with the exception of cash, which is carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 30 September 2016 due to the immediate or short-term maturities of the financial instruments.

The fair value of the Company's cash is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy:

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.

The Company's cash and cash equivalents have been assessed on the fair value hierarchy described above and classified as Level 1.

#### **b) Fair values of financial assets and liabilities**

The Company's financial instruments include cash, term deposits, amounts receivable, and accounts payable and accrued liabilities. As at 30 September 2016, the carrying value of cash and term deposits is fair value. The remaining financial instruments approximate their fair value due to their short term nature.

#### **c) Market 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. The Company is not exposed to significant market risk.

#### **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 on its bank accounts. The Company's accounts are held with major banks in Canada. The Company is not exposed to significant credit risk.

#### **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 is not exposed to interest rate risk.

## AURORA SOLAR TECHNOLOGIES INC.

Canadian Funds  
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### NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 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% shift in exchange would not be material. As at 30 September 2016 the Company held currency totalling the following:

	<b>30 September 2016</b>	31 March 2016
Canadian dollars	\$ -	\$ 202,000
United States dollars	\$ 193,000	\$ 154,000
Amounts receivable in United States dollars	\$ -	-
Amounts payable in United States dollars	\$ 8,000	\$ 17,000

#### 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 in order to meet its liquidity requirements at any point in time.

#### 6) Amounts receivable

Amounts receivable were all due from governmental sources and do not have collection risk. They consist of:

	<b>30 September 2016</b>	31 March 2016
GST receivable and other taxes recoverable	\$ 57,959	\$ 35,938

#### 7) Inventory

Inventory consists of:

	Note	<b>30 September 2016</b>	31 March 2016
Raw materials	(4)	\$ 43,608	\$ 224,670
Work in progress	(4)	99,209	-
Total inventory		\$ 142,817	\$ 224,670

## AURORA SOLAR TECHNOLOGIES INC.

Canadian Funds  
(Unaudited)

### NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 8) Patents and other assets

	<b>Patents</b>
<b>COST OR DEEMED COST</b>	
<b>Balance at 1 April 2015</b>	\$ 52,837
Additions for the year	40,989
<b>Balance at 31 March 2016</b>	\$ 93,826
<b>Balance at 1 April 2016</b>	\$ 93,826
Additions for the period	5,807
<b>Balance at 30 September 2016</b>	\$ 99,633
<b>DEPRECIATION</b>	
<b>Balance at 1 April 2015</b>	\$ 29,892
Depreciation for the year	883
<b>Balance at 31 March 2016</b>	\$ 30,775
<b>Balance at 1 April 2016</b>	\$ 30,775
Depreciation for the period	2,398
<b>Balance at 30 September 2016</b>	\$ 33,173
<b>CARRYING AMOUNTS</b>	
At 1 April 2015	\$ 22,945
At 31 March 2016	\$ 63,051
At 30 September 2016	\$ 66,460

Patents are stated, in the statement of financial position, at cost less accumulated depreciation and accumulated impairment losses. Other assets are comprised of associated professional fees related to the pursuit of patents not yet issued. These outflows are carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the patent become enforceable and is transferred from other assets to patents.

Patents are depreciated using the straight-line method over their useful life which varies by issuing authorities. The Company's patents issued currently have a useful life of 15-20 years.

#### 9) Equipment

The company carries no significant investments in either office equipment or production equipment. Due to the lack of an active market and the difficulties inherent in selling salvaged office equipment, the company does not consider the fair value of its stock to be greater than its selling costs.

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Canadian Funds  
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### NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 10) Share capital

##### a) Authorized

Unlimited common shares without par value.

##### b) Issued or allotted and fully paid

On 08 July 2016 the Company closed a non-brokered private place of 5,176,175 units ("Units") at a price of \$0.15 per unit for gross proceeds of \$776,275. Each unit will consist of one common share and one purchase warrant, with each warrant entitling the holder to purchase one additional share for a period of 24 months at a price of \$0.25 per warrant share.

In connection with the private placement the Company paid fees of \$48,791 including 7% cash finder's fees of \$33,269 and issued finders warrants of 221,795 entitling the holder to purchase one share for a period of 24 months at a price of \$0.25 per warrant share. These fees were paid to agents for non-excluded parties.

In the first quarter the Company had received equity investments that caused an obligation to issue shares actually issued 8 July 2016. This obligation has since been converted to shares.

All securities issued 8 July 2016 are subject to a 4 month hold period.

On 26 June 2015 the Company closed a brokered private placement of 6,280,833 units ("Units") at a price of \$0.30 per Unit for gross proceeds of \$1,884,250. Each unit consists of one common share (a "share") and one half common share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one additional Share (a "Warrant Share") for a period of 36 months at a price of \$0.45 per Warrant Share, subject to accelerated expiry in certain circumstances.

In connection with the private placement, the Company paid \$113,055 in commission, a corporate finance fee of \$25,000, and issued an aggregate of 376,850 agent's options exercisable to purchase common shares at \$0.30 per share until 26 June 2017.

##### c) Summary of stock option activity

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 5 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 6,637,537 common shares of the Company at any time.

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

STOCK OPTION ACTIVITY	30 September 2016	Weighted average exercise price	31 March 2016	Weighted average exercise price
Balance – beginning of period	3,368,192	\$ 0.33	3,398,192	\$ 0.34
Granted	-	-	150,000	0.30
Expired	(730,000)	0.39	(180,000)	0.36
Balance – end of period	2,638,192	\$ 0.32	3,368,192	\$ 0.33

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### NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Details of stock options outstanding as at 30 September 2016 are as follows:

Expiry Date	Options vested and exercisable	Exercise price	30 September 2016	31 March 2016
3 November 2016	1,028,192	\$ 0.30	1,028,192	1,028,192
5 December 2016	105,000	\$ 0.35	105,000	105,000
31 January 2017	350,000	\$ 0.31	350,000	350,000
12 September 2017	250,000	\$ 0.32	250,000	250,000
16 April 2018	265,000	\$ 0.32	265,000	265,000
10 September 2018	50,000	\$ 0.36	50,000	50,000
11 February 2019	390,000	\$ 0.37	390,000	390,000
4 June 2019	450,000	\$ 0.40	-	450,000
15 September 2019	280,000	\$ 0.38	-	280,000
20 January 2020	25,000	\$ 0.23	25,000	25,000
24 February 2020	25,000	\$ 0.31	25,000	25,000
16 October 2020	150,000	\$ 0.30	150,000	150,000
	3,368,192		2,638,192	3,368,192

The outstanding options have a weighted average exercise price of \$0.32 (31 March 2016 - \$0.33) and the weighted average remaining life of the options is 1.27 years (31 March 2016 - 1.90 years). The vested and exercisable options as at 30 September 2016 have a weighted average exercise price of \$0.32 (31 March 2016 - \$0.33).

#### d) Warrants

Warrant activity during the period is summarized as follows:

WARRANT ACTIVITY	30 September 2016 <sup>(i)</sup>	Weighted Average exercise price	31 March 2016 <sup>(i)</sup>	Weighted Average exercise price
Balance – beginning of period	3,517,266	\$ 0.43	3,632,050	\$ 0.50
Issued	5,175,167	0.25	3,140,416	0.45
Agent's warrants issued <sup>(ii)</sup>	221,795	0.25	376,850	0.30
Warrants expired	-	-	(3,632,050)	0.45
Balance – end of period	8,914,228	\$ 0.32	3,517,266	\$ 0.43

(i) The number of warrants is expressed in equivalent number of common shares, which may be issuable upon exercise of the warrants.

(ii) During the period ended 30 September 2016, the Company issued 221,795 agent's warrants (31 March 2016 - 376,850) with a fair value of \$5,000 (31 March 2016 - \$34,000).

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The following weighted average assumptions were used for the Black-Scholes valuation of agent's warrants granted during the period:

	<b>30 September 2016</b>	31 March 2016
Risk free interest rate	<b>0.47%</b>	0.60%
Expected dividend yield	<b>0.00%</b>	0.00%
Expected stock price volatility	<b>61%</b>	54%
Expected life in years	<b>2.00</b>	2.0

The Company uses its historical price volatility and the volatility used by companies with comparable operations as the basis for determining the expected volatility used in its Black-Scholes calculations. The weighted average fair value of agents warrants granted in the period was \$0.02 per share (31 March 2016 - \$0.09 per share).

Details of warrants outstanding as at 30 September 2016 are as follows:

<b>Issued</b>	<b>Expiry</b>	Exercise Price	<b>30 September 2016</b>	31 March 2016
26 June 2015	26 June 2018	\$ 0.45	<b>3,140,416</b>	3,140,416
26 June 2015	26 June 2017 <sup>(i)</sup>	\$ 0.30	<b>376,850</b>	376,850
08 July 2016	08 July 2018	\$ 0.25	<b>5,175,167</b>	-
08 July 2016	08 July 2018 <sup>(i)</sup>	\$ 0.25	<b>221,795</b>	-
			<b>8,914,228</b>	3,517,266

(i) Agent's warrants.

#### e) Stock-based compensation

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free rates, dividend yields, volatility factors of the expected market price of the Company's common shares, forfeiture rates and expected life of the options.

During the period ended 30 September 2016, the Company recognized \$5,399 (31 March 2016 - \$23,894) of share-based compensation expense on the vesting of previously granted options. No options were granted during the period ended 30 September 2016. The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period:

	<b>30 September 2016</b>	31 March 2016
Risk free interest rate	<b>n/a</b>	.82%
Expected dividend yield	<b>n/a</b>	0.00%
Expected stock price volatility	<b>n/a</b>	49%
Expected life in years	<b>n/a</b>	5.00

The weighted average fair value of stock options granted in the period was \$nil (31 March 2016 - \$0.11 per share).



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#### 11) Related party transactions

Related party transactions and balances not disclosed elsewhere in the Financial Statements are as follows:

#### RELATED PARTY DISCLOSURE

Name and Principal Position	Period <sup>(i)</sup>	Remuneration or fees <sup>(ii)</sup>	Included in Accounts Payable
CEO – management fees	2017	42,000	-
	2016	40,000	-
Associate counsel – legal services	2017	20,000	12,000
	2016	19,000	7,000
Clearline Chartered Accountants, a company of which the CFO is a director – management fees	2017	30,000	15,000
	2016	28,000	8,000
A company of which the CFO is a director – bookkeeping services	2017	16,000	2,000
	2016	27,000	-

(i) For the three months ended 30 September 2016 (fiscal 2017) and 30 September 2015 (fiscal 2016).

(ii) Amounts disclosed were paid or accrued to the related party.

Share-based compensation awarded to directors and officers during the three month period ended 30 September 2016 totalled \$0 (30 September 2015 - \$558).

These expenses were incurred in the normal course of operations and have been measured at the exchange amount, which is determined on a cost recovery basis.

#### 12) Capital Disclosures

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order 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 for the period ended 30 September 2016.

#### 13) Commitments

In March 2016, the Company renewed the lease for its head office for a 12 month period, for a total remaining contractual obligation of \$18,000.

#### 14) Subsequent Events

Subsequent to 30 September 2016 the Company announced that it had received a large multi unit order from one of its first customers.