AURORA SOLAR TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

Stated in Canadian Funds

TABLE OF CONTENTS

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Aurora Solar Technologies Inc.:

Management is responsible for the preparation and presentation of the accompanying 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.

We draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

25 July 2018

"Michael Heaven"

Michael Heaven, CEO

"Grant T. Smith"

Grant T. Smith, CFO

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Aurora Solar Technologies Inc.

We have audited the accompanying consolidated financial statements of Aurora Solar Technologies Inc., which comprise the consolidated statements of financial position as at March 31, 2018 and 2017 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Aurora Solar Technologies Inc. as at March 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Aurora Solar Technologies Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

July 25, 2018

AURORA SOLAR TECHNOLOGIES INC.

Canadian Funds

Statement 1

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note		**As at 31 March 2018**		As at 31 March 2017
ASSETS					
Current Assets					
Cash		**$**	**833,548**	$	2,004,960
Restricted investments	(7)		**94,602**		-
Amounts receivable	(8)		**727,344**		16,042
Prepaid expenses			**107,584**		22,804
Inventory	(9)		**173,211**		110,207
			1,936,289		2,154,013
Non-current Assets					
Other assets	(11)		**181,028**		72,593
Patents	(10)		**74,183**		64,596
Equipment	(12)		**41,447**		-
			296,658		137,189
		$	**2,232,947**	$	2,291,202
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	(14)	**$**	**250,082**	$	201,591
Deferred revenue			**-**		58,883
			250,082		260,474
EQUITY (STATEMENT 3)					
Share capital	(13)		**10,782,096**		10,090,420
Obligation to issue shares			**-**		63,000
Contributed surplus – warrants			**126,950**		133,203
Contributed surplus – options			**1,260,034**		1,192,498
Deficit			**(10,186,215)**		(9,448,393)
			1,982,865		2,030,728
		$	**2,232,947**	$	2,291,202

Nature of operations and going concern	(1)	Capital management	(15)
Basis of preparation - Statement of Compliance	(2)	Commitments	(16)
		Subsequent events	(19)

These consolidated financial statements were approved by the Board of Directors on *25 July 2018* and were signed on its behalf by:

"Michael Heaven" "David Toyoda"

Michael Heaven, Director David Toyoda, Director

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note		**Year ended 31 March 2018**		Year ended 31 March 2017
Revenues					
Product sales		**$**	**2,507,740**	$	1,414,575
Cost of sales			**(1,013,422)**		(799,193)
Gross margin			**1,494,318**		615,382
Expenses					
Salaries and benefits	(14)		**557,598**		305,925
Research and development			**533,695**		368,921
Investor relations			**296,573**		327,814
Management fees	(14)		**272,600**		222,776
Travel			**143,596**		105,664
Professional fees	(14)		**132,265**		112,772
Conferences and conventions			**122,197**		42,995
General and administrative expenses			**121,456**		40,166
Share-based payments	(13) (14)		**71,700**		446,804
Rent			**47,357**		38,251
Directors fees	(14)		**30,000**		-
Insurance			**25,038**		25,554
Amortization	(10) (12)		**10,964**		5,337
Write-off of other assets	(11)		**2,819**		-
Interest income			**(4,108)**		(131)
Foreign exchange gain			**(131,610)**		(3,091)
			2,232,140		2,039,757
Net Loss from Operating Activities and Comprehensive Loss		**$**	**(737,822)**	$	(1,424,375)
Net Loss per Common Share – Basic and Diluted		**$**	**(0.01)**	$	(0.04)
Weighted Average Number of Common Shares Outstanding			**51,552,971**		37,628,804

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares	Amount	Obligation to issue shares	Warrants	Amount	Options	Amount	Deficit	Equity
BALANCE 1 APRIL 2016	33,187,686$	7,719,274$	-	3,517,266$	77,203	3,368,192$	813,678$	(8,024,018)$	586,137
Obligation to issue shares	-	-	373,000	-	-	-	-	-	373,000
Options expired	-	-	-	-	-	(450,000)	-	-	-
Share-based payments	-	-	-	-	-	-	3,603	-	3,603
Net loss for the period	-	-	-	-	-	-	-	(310,527)	(310,527)
BALANCE 30 JUNE 2016	33,187,686$	7,719,274$	373,000	3,517,266$	77,203	2,918,192$	817,281$	(8,334,545)$	652,213
Obligation to issue shares	-	-	(373,000)	-	-	-	-	-	(373,000)
Private placement issuance	5,175,167	776,275	-	5,175,167	-	-	-	-	776,275
Issuance of agents warrants	-	(5,000)	-	221,795	5,000	-	-	-	-
Share issuance costs	-	(48,791)	-	-	-	-	-	-	(48,791)
Share-based payments	-	-	-	-	-	-	1,796	-	1,796
Options expired	-	-	-	-	-	(280,000)	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(382,502)	(382,502)
BALANCE 30 SEPTEMBER 2016	38,362,853$	8,441,758$	-	8,914,228$	82,203	2,638,192$	819,077$	(8,717,047)$	625,991
Share-based payments	-	-	-	-	-	3,077,381	217,405	-	217,405
Shares on option exercise	1,252,381	134,500	-	-	-	-	-	-	134,500
Value of options exercised	-	67,984	-	-	-	(1,252,381)	(67,984)	-	-
Options expired	-	-	-	-	-	(1,483,192)	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(439,011)	(439,011)
BALANCE 31 DECEMBER 2016	39,615,234$	8,644,242$	-	8,914,228$	82,203	2,980,000$	968,498$	(9,156,058)$	538,885
Shares for services	173,085	24,154	63,000	-	-	-	-	-	87,154
Private placement issuance	8,839,556	1,591,120	-	4,419,778	-	-	-	-	1,591,120
Issuance of agents warrants	-	(51,000)	-	569,139	51,000	-	-	-	-
Share issuance costs	-	(118,096)	-	-	-	-	-	-	(118,096)
Share-based payments	-	-	-	-		1,550,000	224,000	-	224,000
Net loss for the period	-	-	-	-	-	-	-	(292,335)	(292,335)
BALANCE 31 MARCH 2017	48,627,875$	10,090,420$	63,000	13,903,145$	133,203	4,530,000$	1,192,498$	(9,448,393)$	2,030,728

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CONTINUED

	Shares	Amount	Obligation to issue shares	Warrants	Amount	Options	Amount	Deficit	Equity
BALANCE 1 APRIL 2017	**48,627,875**	**$ 10,090,420**	**$ 63,000**	**13,903,145**	**$ 133,203**	**4,530,000**	**$ 1,192,498**	**$ (9,448,393)**	**$ 2,030,728**
Private placement issuance	3,028,666	545,160	-	1,514,333	-	-	-	-	545,160
Share issuance costs	-	(44,401)	-	-	-	-	-	-	(44,401)
Shares issued for debt	300,000	63,000	(63,000)	-	-	-	-	-	-
Issuance of agents warrants	-	(12,000)	-	202,066	12,000	-	-	-	-
Warrants expired	-	-	-	(166,850)	-	-	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(454,191)	(454,191)
BALANCE 30 JUNE 2017	**51,956,541**	**$ 10,642,179**	**$ -**	**15,452,694**	**$ 145,203**	**4,530,000**	**$ 1,192,498**	**$ (9,902,584)**	**$ 2,077,296**
Share based payments	-	-	-	-	-	600,000	25,900	-	25,900
Shares on exercise of agents' warrants	210,000	63,000	-	-	-	-	-	-	63,000
Fair value transfer on agents' warrants exercise	-	18,253	-	(210,000)	(18,253)	-	-	-	-
Options expired	-	-	-	-	-	(250,000)	-	-	-
Net income for the period	-	-	-	-	-	-	-	178,167	178,167
BALANCE 30 SEPTEMBER 2017	**52,166,541**	**$ 10,723,432**	**$ -**	**15,242,694**	**$ 126,950**	**4,880,000**	**$ 1,218,398**	**$ (9,724,417)**	**$ 2,344,363**
Shares on exercise of warrants	195,000	48,750	-	(195,000)	-	-	-	-	48,750
Shares on exercise of options	50,000	5,750	-	-	-	-	-	-	5,750
Fair value transfer on options exercise	-	4,164	-	-	-	(50,000)	(4,164)	-	-
Share-based payments	-	-	-	-	-	275,000	38,900	-	38,900
Net loss for the period	-	-	-	-	-	-	-	(398,959)	(398,959)
BALANCE 31 DECEMBER 2017	**52,411,541**	**$ 10,782,096**	**$ -**	**15,047,694**	**$ 126,950**	**5,105,000**	**$ 1,253,134**	**$ (10,123,376)**	**$ 2,038,804**
Share-based payments	-	-	-	-	-	-	6,900	-	6,900
Net loss for the period	-	-	-	-	-	-	-	(62,839)	(62,839)
BALANCE 31 MARCH 2018	**52,411,541**	**$ 10,782,096**	**$ -**	**15,047,694**	**$ 126,950**	**5,105,000**	**$ 1,260,034**	**$ (10,186,215)**	**$ 1,982,865**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March 2018	Year ended 31 March 2017
OPERATING ACTIVITIES		
(Loss) for the Year	$ (737,822)	$ (1,424,375)
Items not Affecting Cash		
Amortization	10,964	4,423
Shares for services	-	87,154
Share-based payments	71,700	446,804
Write-off of other assets	2,819	-
	(652,339)	(885,994)
Net Change in Non-cash Working Capital		
Amounts receivable	(711,302)	19,896
Prepaid expenses	(84,780)	13,200
Inventory	(63,004)	114,463
Accounts payable and accrued liabilities	37,299	57,340
Deferred revenue	(58,883)	30,936
	(880,670)	235,835
	(1,533,009)	(650,159)
INVESTING ACTIVITIES		
Acquisition of patents	(8,802)	-
Purchase of restricted investments	(94,602)	-
Other assets	(105,203)	(36,188)
Purchase of equipment	(48,055)	-
	(256,662)	(36,188)
FINANCING ACTIVITIES		
Proceeds from share issuances	662,660	2,501,895
Share issuance costs	(44,401)	(166,887)
	618,259	2,335,008
Net Increase (Decrease) in Cash	(1,171,412)	1,648,661
Cash position – beginning of year	2,004,960	356,299
Cash Position – End of Year	$ 833,548	$ 2,004,960
Schedule of Non-cash Investing and Financing Transactions		
Cash received for interest	$ 4,108	$ 131
Cash paid for income taxes	$ -	$ -
Supplemental Disclosure with Respect to Cash Flows:		
Costs included in accounts payable related to other assets	$ 11,192	$ -
Costs transferred from other assets to patents	$ 5,141	$ 5,968
Warrants issued to agents	$ 18,253	$ 56,000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1) Nature of operations and going concern

Aurora Solar Technologies Inc. ("Aurora" or the "Company"), a company incorporated on 14 May 2009 under the Canada Business Corporations Act and extra-provincially in British Columbia on 24 May 2011, develops, manufactures and markets Production Measurement and Control systems ("PMC^{TM}") to the solar wafer, cell and panel manufacturing industry.

The address of the Company's corporate and administrative office and principal place of business is #223 – 980 West 1st Street, North Vancouver, BC, V7P 3N4.

These audited consolidated financial statements (the "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 cast substantial 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 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.

(rounded to the nearest '000)		**31 March 2018**		31 March 2017
Working capital	**$**	**1,686,000**	$	1,894,000
Accumulated deficit	**$**	**(10,186,000)**	$	(9,448,000)

2) Basis of preparation – Statement of Compliance

These 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 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.

The policies set out were consistently applied to all periods presented unless otherwise noted.

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 and its subsidiary. 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 has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition. The Company has no non-controlling interests.

b) Foreign currency

The 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 statement of comprehensive loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences and other changes in the carrying amount of the security. Translation differences are recognized in the income statement and other changes in carrying amount are recognized in equity.

Translation differences on financial assets, such as investments in equity securities, classified as available-for-sale are reported as part of the fair value gain or loss and are included in equity.

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) Deferred financing costs

Expenditures directly related to share issuances are recorded as a deferred financing cost until such time as the shares are issued. When the shares are issued, the deferred financing cost is recognized as a reduction of the net proceeds from the share issuance. If no shares are issued, these deferred financing costs are recognized as a component of comprehensive loss.

e) Financial instruments

All financial instruments must be recognized, initially, at fair value on the consolidated statement of financial position. The Company has classified each financial instrument into the following categories: “fair value through profit or loss,” “loans and receivables,” and “other liabilities.” Subsequent measurement of the financial instruments is based on their respective classification. Unrealized gains and losses on fair value through profit or loss instruments are recognized in earnings. The other categories of financial instruments are recognized at amortized cost using the effective interest method. The Company had made the following classifications:

Financial Asset or Liability	Category
Cash and restricted investments	Fair value through profit or loss
Amounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

f) Inventory

Materials inventories 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.

g) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the consolidated statement of comprehensive income 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.

h) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised if in the money and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

i) Comprehensive profit (loss)

Comprehensive profit (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss is presented in the Consolidated Statements of Comprehensive Loss and the Consolidated Statements of Changes in Equity.

j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less. The Company has no cash equivalents for the years presented.

k) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

l) Share capital

Share capital issued for non-monetary consideration is recorded at an amount based on the quoted market value of the Company's shares at the time of issuance.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements is determined to be the more easily measurable component and were valued at their fair value on the measurement date. The balance, if any, is allocated to the attached warrants and included in share capital with the common shares that are concurrently issued.

m) Intangible assets

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

The cost of intangible assets which are determined to have an indefinite life is not amortized, but is tested for impairment on an annual basis, based on a comparison of the fair value of the intangible asset with its carrying amount. The carrying amount is adjusted for impairment as necessary and any excess of the carrying amount over the fair value of the intangible asset is charged to earnings in the current period.

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 20 years.

n) 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.

o) 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.

p) 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 2018, the Company received $57,660 (2017 - $nil) in government assistance which has been recorded in research and development costs on the Consolidated Statement of Comprehensive Loss. There are no unfulfilled conditions related to the government assistance received.

q) Revenue recognition

Revenues from product sales are recognized as revenue upon delivery of the product and transfer of title to the customer provided the price is fixed and determinable and collection is reasonably assured. Revenue from product sales is recognized net of reserves for estimated sales discounts and allowances, returns, rebates and charge backs. Revenues from services are recogniz ed when the service has been performed, or over the term of the service when pattern of usage is based on the passage of time.

r) Amounts receivable and concentration of credit risks

Accounts receivable are stated at amortized cost less any impairment. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. The Company determines the allowance based on historical write-off experience and customer economic data. Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales and has a high concentration of credit risk as the accounts receivable are made up of a small number of customers. It is the Company's policy to assess the credit risk of new customers before entering contracts. The executive management determines concentrations of credit risk frequently by monitoring the creditworthiness rating of existing customers and through a review of the trade receivables' aging analysis. Over-due balances are reviewed for collectability and allowance for doubtful amounts, where appropriate, will be provided.

s) Equipment

Equipment assets are depreciated using the straight-line method based on estimated useful lives, which generally range from 7-10 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. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal overheads. 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".

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete. The depreciation method, useful life and residual values are assessed annually.

t) Provision for product warranty

The Company's products are typically sold with a 1-2 year warranty. Due to no or limited warranty claims to date, 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.

4) Accounting standards issued but not yet applied

The following accounting standards have been issued by the International Accounting Standards Board ("IASB") but are not yet effective for the Company; both the effective date and the expected impact are noted, based on the information currently available.

a) IFRS 9, Financial Instruments

The IASB issued IFRS 9, which completes the replacement of IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 introduces a new classification and measurement model for financial assets and liabilities, a more forward-looking impairment model based on expected credit losses and a substantially reformed hedge accounting model. The Company will adopt IFRS 9 on 1 April 2018 and will change the classification of financial instruments, but will not affect their measurement. The balance of the Company's financial assets are held at amortized cost, and will continue to do so under the IFRS 9 classification model. The Company has assessed that there will be no material reporting changes as a result of adopting the new standard, however, there will be enhanced disclosure requirements.

b) IFRS 15, Revenues from Contracts with Customers

The IASB issued IFRS 15, which will replace the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets From Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The Company will adopt IFRS 15 on 1 April 2018 and does not expect that the adoption of IFRS 15 to have an effect on the Company's financial statements.

c) IFRS 16, Leases

IFRS 16 is a new standard that sets out the principle for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of lease as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. IFRS 16 is applicable to annual reporting periods beginning on or after 1 January 2019. The Company is in the process of determining the impact of this standard on the financial statements.

5) 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 subsidiary 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.

Patents and Other asset

Aurora reviews the valuation of these assets at the end of each reporting period based on the expected remaining uselful life of patents and the recoveratibility of patent application costs in relation to the market changes of relative technologies.

Share based payments

The Company records the fair market value as described by the Black-Sholes 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 financial statements.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Amounts receivable

The Company estimates the recoverability of amounts receivable based on assessments of client credit ratings, payment history and other related items.

6) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the statement of financial position are carried at amortized cost with the exception of cash and restricted investments which are carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 March 2018 and 31 March 2017. There have been no changes in levels during the year.

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 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) Fair values of financial assets and liabilities

The Company's financial instruments include cash, restricted investments, amounts receivable, and accounts payable and accrued liabilities. As at 31 March 2018, the carrying value of cash and restricted investments is fair value based on level 1 quoted prices. The remaining financial instruments approximate their fair value due to their short term nature.

c) Other risk

Other risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Other risk for the Company is comprised of commodity price risk. The objective of other risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant other 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 is exposed to credit risk by holding cash and restricted investments, which are all held in financial institutions in Canada, and management believes the exposure to credit risk with respect to such institutions is not significant. The credit risk with respect to receivables is remote as they are due from the Government of Canada, which is considered a remote credit risk, and other commercial customers with whom the Company has a successful history of collections. Of total trade receivable, 96% relates to three customers.

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.

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 impact the financial statements by $61,000. As at 31 March 2018 the Company held currency totalling the following:

(rounded to the nearest '000)			Impact		31 March 2018		31 March 2017
United States dollars	**5%**	**$**	**27,000**	**$USD**	**412,000**	$USD	343,000
Amounts receivable in United States dollars	**5%**	**$**	**36,000**	**$USD**	**364,000**	$USD	-
Amounts payable in United States dollars	**5%**	**$**	**(2,000)**	**$USD**	**(34,000)**	$USD	(80,000)

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. The Company is not exposed to significant liquidity risk.

7) Restricted investments

Restricted investments comprises cash deposits held in a GIC account at a financial institutions in Canada that is redeemable upon maturity in the next fiscal year.

8) Amounts receivable

Amounts receivables are all current and are not considered to have significant collection risk. They consist of:

		31 March 2018		31 March 2017
Trade receivable	**$**	**709,972**	$	-
GST receivable and other taxes recoverable		**17,372**		16,042
Total receivable	**$**	**727,344**	$	16,042

9) Inventory

Inventory consists of:

		31 March 2018		31 March 2017
Raw materials	**$**	**170,668**	$	104,306
Work in progress		**2,543**		5,901
Total inventory	**$**	**173,211**	$	110,207

Inventory expensed to cost of sales during the year ended 31 March 2018 was $726,833 (2017- $536,979).

10) Patents

COST		
Balance at 1 April 2016	$	93,826
Additions for the year		5,968
Balance at 31 March 2017	**$**	**99,794**
Additions for the year		**13,943**
Balance at 31 March 2018	**$**	**113,737**
AMORTIZATION		
Balance at 1 April 2016	$	30,775
Amortization for the year		4,423
Balance at 31 March 2017	**$**	**35,198**
Amortization for the year		**4,356**
Balance at 31 March 2018	**$**	**39,554**
CARRYING AMOUNTS		
At 1 April 2016	$	63,051
At 31 March 2017	$	64,596
At 31 March 2018	**$**	**74,183**

Patents are stated, in the statement of financial position, at cost less accumulated amortization and accumulated impairment losses. The cost of patents include directly attributed incremental costs incurred in their acquisition.

Amortization is charged so as to write off the cost of the asset using the straight line method over the estimate useful lives as follows:

Patents	20	years

11) Other Assets

Balance at 1 April 2016	$	40,113
Additions for the year		38,448
Transfers to patents for the year		(5,968)
Balance at 31 March 2017	**$**	**72,593**
Additions for the year		**116,395**
Transfers to patents for the year		**(5,141)**
Write-off of other assets		**(2,819)**
Balance at 31 March 2018	**$**	**181,028**

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 intangible assets and amortized over its useful life.

12) Equipment

COST		
Balance at 1 April 2017 and 2016	$	-
Additions for the year		48,055
Balance at 31 March 2018	**$**	**48,055**
AMORTIZATION		
Balance at 1 April 2017 and 2016	$	-
Amortization for the year		6,608
Balance at 31 March 2018	**$**	**6,608**
CARRYING AMOUNTS		
At 1 April 2017	$	**-**
At 31 March 2018	**$**	**41,447**

13) Share capital

a) Authorized

Unlimited common shares without par value.

b) Issued or allotted and fully paid

<u>During the year ended 31 March 2018</u>

On 4 December 2017, the Company issued 160,000 common shares on exercise of warrants at an exercise price of $0.25 per share.

On 26 October 2017, the Company issued 35,000 common shares on exercise of warrants at an exercise price of $0.25 per share.

On 12 October 2017, the Company issued 50,000 common shares on exercise of options at an exercise price of $0.115 per share.

On 20 April 2017, the Company issued 300,000 common shares to settle debt of $63,000. The common shares were valued based on the fair market value of the common shares on the settlement date.

On 18 June 2017, the Company closed a non-brokered private placement of 3,028,666 units ("Units") at a price of $0.18 per Unit for gross proceeds of $545,160. Each Unit consists of one common share (a "Share") and one half share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one additional Share for a period of 24 months at a price of $0.30 per Share. The Warrants are subject to acceleration, at the option of the Company, in the event the trading price of the common shares of Aurora closes at or above CDN$0.40 per common share for 10 consecutive trading days at any time after four months from closing date. The Company paid fees of $56,401 including finder's fee consisting of $44,401 and 202,066 warrants valued at $12,000 with each warrant entitling the holder to purchase one Share for a period of 24 months at a price of $0.30 per Share.

On 5 July 2017, the Company issued 210,000 common shares on the exercise of agents' warrants at an exercise price of $0.30 per share.

<u>During the year ended 31 March 2017</u>

On 31 March 2017, the Company closed a non-brokered private placement of 8,839,556 units ("Units") at a price of $0.18 per Unit for gross proceeds of $1,591,120. Each Unit consists of one common share (a "Share") and one half share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one additional Share (a "Warrant Share") for a period of 24 months at a price of $0.30 per Warrant Share. The Warrants are subject to acceleration, at the option of the Issuer, in the event the trading price, on the Exchange, of the common shares of the Issuer closes at or above CDN$0.40 per common share for 10 consecutive trading days at any time after four months from closing date.

The Company paid fees of $118,096 including finder's fee consisting of $102,445 and 569,139 warrants valued at $51,000 with each warrant entitling the holder to purchase one Share for a period of 24 months at a price of $0.30 per Share.

On 31 March 2017, the Company issued 1,550,000 options to employees and directors of the Company exercisable at $0.21 for a period of five years.

On 19 December 2016, the Company agreed to issue 173,085 common shares to management for services totalling $24,154.

On 12 October 2016, the Company issued 300,000 common shares on exercise of options at an average exercise price of $0.115 per share.

On 7 November 2016, the Company issued 952,381 common shares on exercise of options at an average exercise price of $0.105.

On 8 July 2016, the Company closed a non-brokered private place of 5,175,167 units ("Units") at a price of $0.15 per unit for gross proceeds of $776,275. Each Unit consists of one common share (a "Share") and one common share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one additional Share (a "Warrant 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, valued at $5,000, entitling the holder to purchase one Share for a period of 24 months at a price of $0.25 per Warrant.

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 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 10,433,308 common shares of the Company at any time.

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

STOCK OPTION ACTIVITY	31 March 2018		Weighted average exercise price	31 March 2017		Weighted average exercise price
Balance – beginning of year	**4,530,000**	**$**	**0.20**	3,368,192	$	0.33
Granted	**875,000**		**0.22**	4,627,381		0.14
Exercised	**(50,000)**		**0.11**	(1,252,381)		0.11
Expired	**(250,000)**		**0.32**	(2,213,192)		0.33
Balance – end of year	**5,105,000**	**$**	**0.20**	4,530,000	$	0.20

Details of stock options outstanding as at 31 March 2018 are as follows:

Expiry Date		Exercise price	31 March 2018 Outstanding	31 March 2018 Exercisable	31 March 2017 Outstanding
12 September 2017	$	-	**-**	**-**	250,000
16 April 2018 (i)	$	0.32	**265,000**	**265,000**	265,000
10 September 2018	$	0.36	**50,000**	**50,000**	50,000
11 February 2019	$	0.37	**390,000**	**390,000**	390,000
20 January 2020	$	0.23	**25,000**	**25,000**	25,000
24 February 2020	$	0.31	**25,000**	**25,000**	25,000
16 October 2020	$	0.30	**150,000**	**150,000**	150,000
7 October 2021	$	0.105	**600,000**	**600,000**	600,000
12 October 2021	$	0.115	**1,175,000**	**1,175,000**	1,225,000
23 November 2021	$	0.13	**300,000**	**300,000**	-
31 March 2022	$	0.21	**1,550,000**	**1,550,000**	1,550,000
1 July 2019	$	0.27	**300,000**	**225,000**	-
19 December 2022	$	0.265	**275,000**	**275,000**	-
			5,105,000	**5,030,000**	4,530,000

i. Expired subsequent to year end.

The outstanding options have a weighted average exercise price of $0.20 (31 March 2017 - $0.20) and the weighted average remaining life of the options is 3.15 years (31 March 2017 – 3.95 years). The vested and exercisable options as at 31 March 2018 have a weighted average exercise price of $0.20 (31 March 2017 - $0.20).

d) Warrants

Warrant activity during the year is summarized as follows:

WARRANT ACTIVITY	31 March 2018		Weighted Average exercise price	31 March 2017	Weighted Average exercise price
Balance – beginning of year	**13,903,145**	**$**	**0.31**	3,517,266 $	0.43
Issued	**1,514,333**		**0.30**	9,594,945	0.27
Agent's warrants issued[(i)]	**202,066**		**0.30**	790,934	0.29
Warrants expired	**(166,850)**		**-**	-	-
Warrants exercised	**(405,000)**		**-**	-	-
Balance – end of year	**15,047,694**	**$**	**0.30**	13,903,145 $	0.31

i. During the year ended 31 March 2018, the Company issued 202,066 agent's warrants (31 March 2017 – 790,933) with a fair value of $12,000 (31 March 2017 – $56,000).

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

	31 March 2018	31 March 2017
Risk free interest rate	**1.09%**	0.82%
Expected dividend yield	**0.00%**	0.00%
Expected stock price volatility	**106.00%**	87.00%
Expected life in years	**1.00**	2.00

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 year was $0.06 per share (31 March 2017 - $0.07 per share).

Details of warrants outstanding as at 31 March 2018 are as follows:

Issued	Expiry		Exercise Price	31 March 2018	31 March 2017
26 June 2015	26 June 2018 [(ii)]	$	0.45	**3,140,416**	3,140,416
26 June 2016	26 June 2017	$	0.30	**-**	376,850
8 July 2016	8 July 2018[(ii)]	$	0.25	**4,980,167**	5,175,167
8 July 2016	8 July 2018[(i) (ii)]	$	0.25	**221,795**	221,795
31 March 2017	30 March 2019	$	0.30	**4,419,778**	4,419,778
31 March 2017	30 March 2019[(i)]	$	0.30	**569,139**	569,139
16 June 2017	16 June 2019	$	0.30	**1,514,333**	-
16 June 2017	16 June 2019[(i)]	$	0.30	**202,066**	-
				15,047,694	13,903,145

(i) Agent's warrants.
(ii) Expired subsequent to year end.

e) Stock-based payments

The Company recognizes share-based payments 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 year ended 31 March 2018, the Company granted 875,000 options to employees and directors of the Company exercisable at $0.13-$0.265 for a period of five years.

During the year ended 31 March 2018, the Company recognized $71,700 (31 March 2017 - $446,804) in share-based payments on granted options. The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year :

	31 March 2018	31 March 2017
Risk free interest rate	**1.27%**	0.74%
Expected dividend yield	**0.00%**	0.00%
Expected stock price volatility	**67.07%**	97.00%
Expected life in years	**3.97**	4.49

The weighted average fair value of stock options granted in the year was $0.10 per option (31 March 2017 - $0.07 per option).

14) Related party transactions

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

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

RELATED PARTY DISCLOSURE

Name and Principal Position	Year(i)	Remuneration or fees(ii)	Share-based payments	Included in Accounts Payable
CEO – management fees	**2018**	**$ 210,000**	**$ 23,000**	**4,000**
	2017	$ 163,000	$ 97,000	1,000
COO – salaries and wages	**2018**	**$ 177,000**	**$ -**	**3,000**
	2017	$ 129,000	$ 99,000	-
Clearline CPA, a company of which the CFO is a director – management fees	**2018**	**$ 63,000**	**$ -**	-
	2017	$ 60,000	$ 4,000	5,000
A company of which the CFO is a director – bookkeeping services	**2018**	**$ 52,000**	**$ -**	**15,000**
	2017	$ 39,000	$ -	-
Director – director fees	**2018**	**$ 10,000**	**$ -**	**-**
	2017	$ -	$ 40,000	-
A company of which the director is the associated counsel of legal counsel	**2018**	**$ 28,000**	**$ -**	**-**
	2017	$ 54,000	$ -	11,000
Director – director fees	**2018**	**$ 10,000**	**$ -**	-
	2017	$ -	$ 31,000	-
Director – director fees and advisory fees	**2018**	**$ 21,000**	**$ 19,000**	-
	2017	$ -	$ 14,000	-

(i) For the year ended 31 March 2018 and 31 March 2017.
(ii) Amounts disclosed were paid or accrued to the related party.

These expenses were incurred in the normal course of operations and have been measured on a cost recovery basis.

15) Capital management

The Company manages its capital structure and makes adjustment 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 year ended 31 March 2018.

16) Commitments

On 7 March 2017, the Company signed a lease for its head office, commencing on 1 June 2017.

Fiscal 2019	$	50,138
Fiscal 2020		50,138
Fiscal 2021		8,357
Total	$	108,633

17) Reclassification

Certain amounts have been reclassified from prior period to match current period presentation. These amounts have $nil impact on prior period Statement of Financial Position, Statement of Changes of Equity or Statement of Comphrehensive loss.

18) Income taxes

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

		31 March 2018		31 March 2017
Earnings (loss) for the year	**$**	**(737,822)**	**$**	(1,424,375)
Expected income tax recovery	**$**	**(194,000)**	**$**	(370,000)
Change in statutory rate, foreign tax, foreign exchange rates and other		**(83,000)**		(94,000)
Permanent differences		**20,000**		59,000
Share issuance costs		**-**		(43,000)
Adjustment to prior years' provision versus statutory tax returns		**133,000**		-
Change in unrecognized deductible temporary differences		**124,000**		448,000
Total income tax expense (recovery)	**$**	**-**	**$**	-

The Canadian income tax rate changed during the year due to changes in the law that impacted tax rates in British Columbia and Canada.

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 2018	**Expiry date range**		31 March 2017	Expiry date range
Temporary differences						
Investment tax credit	**$**	**255,000**	**2029 – 2035**	$	255,000	2017-2035
Property and equipment	**$**	**28,000**	**No expiry date**	$	53,000	No expiry date
Share issuance costs	**$**	**140,000**	**No expiry date**	$	342,000	No expiry date
Non–capital losses available for future period	**$**	**9,392,000**	**2026 – 2038**	$	9,059,000	2016 – 2037

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

19) Subsequent events

Subsequent to the year ended 31 March 2018, the Company granted 430,000 stock options to employees and consultants to the Company for $0.20 per share. The options expire in April 2023.

Subsequent to the year ended 31 March 2018, the Company proposed to extend (the "Warrant Extension") by three (3) months the term of outstanding share purchase warrants (the "Warrants") exercisable at a price of $0.25 per common share for 4,980,167 common shares of the Company, which were issued pursuant to a private placement which closed on July 8, 2016. All of the Warrants were originally exercisable for two years from the date of issuance. The Warrant Extension is subject to Exchange acceptance. All other terms of the Warrants will remain unchanged.

20) 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. For the year ended 31 March 2018, three customers in Asia accounted for 85% of revenues and other customers domiciled in France and Netherlands accounting for the remaining 15% (during 2017 two customers in South Korea accounted for 90% of revenues, and one customer from France accounted for the remaining 10% of revenues).