

AURORA SOLAR TECHNOLOGIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2017

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.:

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.

16 February 2018

The condensed interim consolidated financial statements were approved by the Board of Directors on 16 February 2018 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 31 December 2017	As at 31 March 2017
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 1,503,001	\$ 2,004,960
Restricted cash	(6)	39,090	-
Amounts receivable	(7)	264,581	16,042
Prepaid expenses		70,242	22,804
Inventory	(8)	121,412	110,207
		1,998,326	2,154,013
Non-current Assets			
Patents	(9)	74,580	64,596
Other assets	(10)	123,713	72,593
Equipment	(11)	42,649	-
		240,942	137,189
		\$ 2,239,268	\$ 2,291,202
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(13)	\$ 161,514	\$ 201,591
Deferred revenue		38,950	58,883
		200,464	260,474
EQUITY (STATEMENT 3)			
Share capital	(12)	10,782,096	10,090,420
Obligation to issue shares		-	63,000
Contributed surplus – warrants		126,950	133,203
Contributed surplus – options		1,253,134	1,192,498
Deficit		(10,123,376)	(9,448,393)
		2,038,804	2,030,728
		\$ 2,239,268	\$ 2,291,202
Nature of operations and going concern	(1) Capital management		(14)
Basis of preparation - Statement of Compliance	(2) Commitments		(15)

These condensed interim consolidated financial statements were approved by the Board of Directors on 16 February 2018 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	Nine months Ended 31 December 2017	Nine months ended 31 December 2016	Three months Ended 31 December 2017	Three months ended 31 December 2016
CONTINUING OPERATIONS					
Revenues					
Product sales		\$ 1,903,020	\$ 562,347	\$ 337,325	\$ 319,688
Cost of sales		(941,472)	(421,914)	(125,151)	(217,482)
Gross margin		961,548	140,433	212,174	102,206
Expenses					
Salaries and wages	(13)	731,433	476,216	240,467	188,911
Investor relations		207,152	238,817	75,506	17,059
Management fees	(13)	196,150	128,381	63,750	41,148
Travel		112,414	68,758	39,127	29,612
Professional fees		102,898	72,176	39,554	25,905
Conferences and conventions		72,003	-	37,137	-
Office and administration		70,782	9,734	30,987	(1,479)
Share-based payments	(12)	64,800	222,804	38,900	217,405
Rent		33,124	26,920	11,056	8,974
Director fees		30,000	-	15,000	-
Insurance		19,058	19,191	6,397	6,499
Amortization		9,365	4,222	6,993	913
Write-off of other assets		2,819	-	-	-
Interest income		(3,989)	(106)	(2,578)	(79)
Net foreign exchange (gain) loss		(11,478)	5,360	8,837	6,349
		1,636,531	1,272,473	611,133	541,217
(Loss) from Operating Activities and Comprehensive (Loss)		\$ (674,983)	\$ (1,132,040)	\$ (398,959)	\$ (439,011)
(Loss) per Common Share – Basic and Diluted		\$ (0.01)	\$ (0.03)	\$ (0.01)	\$ (0.01)
Weighted Average Number of Shares Outstanding		51,271,982	36,872,872	52,252,791	39,411,432

Canadian Funds
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares	Amount	Obligation to issue shares	Warrants	Amount	Options	Amount	Deficit	Shareholders' Equity
BALANCE 01 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

Canadian Funds
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CONTINUED

	Shares	Amount	Obligation to issue shares	Warrants	Amount	Options	Amount	Deficit	Shareholders' 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	-	(56,401)	-	-	-	-	-	-	(56,401)
Shares on exercise of agents' warrants	210,000	63,000	-	-	-	-	-	-	63,000
Shares issued for debt	300,000	63,000	(63,000)	-	-	-	-	-	-
Fair value transfer on agents' warrants exercise	-	18,253	-	(210,000)	(18,253)	-	-	-	-
Issuance of agents warrants	-	-	-	202,066	12,000	-	-	-	12,000
Subscriptions receivable	-	-	(7,560)	-	-	-	-	-	(7,560)
Warrants expired	-	-	-	(166,850)	-	-	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(454,191)	(454,191)
BALANCE 30 JUNE 2017	52,166,541	\$ 10,723,432	\$ (7,560)	15,242,694	\$ 126,950	4,530,000	\$ 1,192,498	\$ (9,902,584)	\$ 2,132,736
Share based payments	-	-	-	-	-	600,000	25,900	-	25,900
Subscriptions receivable	-	-	7,560	-	-	-	-	-	7,560
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	-	-	-	-	-	-	48,750
Shares on exercise of options	50,000	5,750	-	-	-	-	-	-	5,750
Exercise of warrants	-	-	-	(195,000)	-	-	-	-	-
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

Canadian Funds
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine months Ended 31 December 2017	Nine months ended 31 December 2016	Three months ended 31 December 2017	Three months ended 31 December 2016
OPERATIVE ACTIVITIES				
(Loss) Income for the Period	\$ (674,983)	\$ (1,132,040)	\$ (398,959)	\$ (439,011)
Items not Affecting Cash				
Amortization	9,365	3,312	6,993	913
Shares for services	-	24,154	-	24,154
Write-off of other assets	2,819	-	-	-
Share-based payments	64,800	222,804	38,900	217,405
	(597,999)	(881,770)	(353,066)	(196,539)
Net Change in Non-cash Working Capital				
Amounts receivable	(248,539)	12,220	34,860	34,242
Prepaid expenses	(47,438)	(47,099)	(17,363)	(57,856)
Inventory	(11,205)	(33,289)	94,227	(115,141)
Accounts payable and accrued liabilities	(40,077)	245,781	(112,839)	242,229
Deferred revenue	(19,933)	(27,947)	38,950	(27,913)
	(367,192)	149,666	37,835	75,561
	(965,191)	(732,104)	(315,231)	(120,978)
INVESTING ACTIVITIES				
Investment in intellectual property	(13,943)	(36,519)	(252)	(3,309)
Increase in restricted cash	(39,090)	-	(39,090)	-
Sale of short-term investments	-	-	700,401	-
Purchase of other assets	(53,939)	-	(2,075)	-
Purchase of equipment	(48,055)	-	(48,055)	-
	(155,027)	(36,519)	610,929	(3,309)
FINANCING ACTIVITIES				
Proceeds from share issuances	662,660	915,775	54,500	134,500
Share issuance costs	(44,401)	(53,791)	-	-
	618,259	861,984	54,500	134,500
Net Increase (decrease) in Cash	(501,959)	93,361	350,198	10,213
Cash position – beginning of period	2,004,960	356,299	1,152,803	439,447
Cash Position – End of Period	\$ 1,503,001	\$ 449,660	\$ 1,503,001	\$ 449,660
Schedule of Non-cash Investing and Financing Transactions				
FMV transfer on options exercise	\$ 4,164	\$ -	\$ 4,164	-
FMV transfer on warrant exercise	18,253	-	-	-
Fair value of agent's warrants issued	\$ 12,000	\$ 5,000	\$ -	\$ 5,000

AURORA SOLAR TECHNOLOGIES INC.

Canadian Funds
(Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Aurora Solar Technologies Inc. ("ACT"), 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™") to the solar wafer, cell and panel manufacturing industry.

Pulse Capital Corp. was incorporated on 26 October 2006, under the Business Corporations Act of British Columbia as a capital pool company. On 3 November 2011, Pulse Capital Corporation completed its qualifying transaction ("QT") by acquiring ACT. On May 28, 2015, the consolidated entity announced a name change to Aurora Solar Technologies Inc. ("Company") to better reflect its business focus.

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 unaudited condensed interim 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 upon the soundness of this assumption. 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.

	31 December	31 March
	2017	2017
(rounded to the nearest '000)		
Working capital	\$ 1,798,000	\$ 1,894,000
Accumulated deficit	\$ (10,123,000)	\$ (9,448,000)

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.

AURORA SOLAR TECHNOLOGIES INC.

Canadian Funds
(Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 2017.

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 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, refer to the Company's audited annual consolidated financial statements for the year ended 31 March 2017.

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.

AURORA SOLAR TECHNOLOGIES INC.

Canadian Funds
(Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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.

5) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Condensed Interim Consolidated Statement of Financial Position are carried at amortized cost with the exception of cash and cash equivalents and restricted cash 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 December 2017, 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 and cash equivalents, restricted cash, amounts receivable, and accounts payable and accrued liabilities. As at 31 December 2017, the carrying value of cash and restricted cash 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
(Unaudited)

NOTES TO THE 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 impact the financial statements by \$53,000. As at 31 December 2017 the Company held currency totalling the following:

Rounded (000's)		Impact	31 December 2017	31 March 2017
United States dollars	5%	\$ 64,000	\$USD 1,019,000	\$ 343,000
Accounts receivable	5%	\$ (11,000)	\$USD 177,000	\$ -
Amounts payable in United States dollars	5%	\$ -	\$USD 5,000	\$ 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.

6) Restricted cash

Restricted cash comprises cash deposits held with the bank as guarantees to the Company's customers on certain performance obligations and is not available for general corporate use.

7) Amounts receivable

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

	31 December 2017	31 March 2017
Trade receivable	\$ 221,781	\$ -
GST receivable and other taxes recoverable	42,800	16,042
Total receivable	\$ 264,581	\$ 16,042

8) Inventory

Inventory consists of:

	31 December 2017	31 March 2017
Raw materials	\$ 118,965	\$ 104,306
Work in progress	2,447	5,901
Total inventory	\$ 121,412	\$ 110,207

AURORA SOLAR TECHNOLOGIES INC.

Canadian Funds
(Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9) Patents

	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 period	6,415
Balance at 30 June 2017	\$ 106,209
Additions for the period	7,528
Balance at 31 December 2017	\$ 113,737
DEPRECIATION	
Balance at 1 April 2016	\$ 30,775
Depreciation for the year	4,423
Balance at 31 March 2017	\$ 35,198
Depreciation for the period	1,186
Balance at 30 March 2017	\$ 36,384
Depreciation for the period	1,186
Balance at 30 June 2017	\$ 37,570
Depreciation for the period	1,587
Balance at 31 December 2017	\$ 39,157
CARRYING AMOUNTS	
At 1 April 2016	\$ 63,051
At 31 March 2017	\$ 64,596
At 31 December 2017	\$ 74,580

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

Depreciation 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
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AURORA SOLAR TECHNOLOGIES INC.

Canadian Funds
(Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

10) Other assets

	Other assets
COST	
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 period	30,960
Transfers to patents for the period	(5,141)
Write-off of other assets	(2,819)
Balance at 30 June 2017	\$ 95,593
Additions for the period	26,045
Balance at 30 September 2017	\$ 121,638
Additions for the period	2,075
Balance at 31 December 2017	\$ 123,713
CARRYING AMOUNTS	
At 1 April 2016	\$ 40,113
At 31 March 2017	\$ 72,593
At 31 December 2017	\$ 123,713

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.

AURORA SOLAR TECHNOLOGIES INC.

Canadian Funds
(Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

11) Equipment

	Equipment
COST	
Balance at 1 April 2017	\$ -
Additions for the period	48,055
Balance at 31 December 2017	\$ 48,055
DEPRECIATION	
Balance at 1 April 2017	\$ -
Depreciation for the period	5,406
Balance at 31 December 2017	\$ 5,406
CARRYING AMOUNTS	
At 1 April 2017	\$ -
At 31 December 2017	\$ 42,649

12) Share capital

a) Authorized

Unlimited common shares without par value.

b) Issued or allotted and fully paid

During the nine month period ended 31 December 2017

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 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, on the Exchange, 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.

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During the year ended 31 March 2017

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 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 7,672,570 common shares of the Company at any time.

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

STOCK OPTION ACTIVITY	31 December 2017	Weighted average exercise price	31 March 2017	Weighted average exercise price
Balance – beginning of period	4,530,000	\$ 0.20	3,368,192	\$ 0.33
Granted	875,000	0.16	4,627,381	0.14
Exercised	(50,000)	0.11	(1,252,381)	0.11
Expired	(250,000)	0.33	(2,213,192)	0.33
Balance – end of period	5,105,000	\$ 0.20	4,530,000	\$ 0.20

Details of stock options outstanding as at 31 December 2017 are as follows:

Expiry Date	Exercise price	31 December 2017 Outstanding	31 December 2017 Exercisable	31 March 2017 Outstanding
12 September 2017	\$ -	-	-	250,000
16 April 2018	\$ 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	150,000	-
19 December 2022	\$ 0.265	275,000	275,000	-
		5,105,000	4,955,000	4,530,000

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 3.46 years (31 March 2017 – 3.27 years). The vested and exercisable options as at 31 December 2017 have a weighted average exercise price of \$0.20 (31 March 2017 - \$0.20).

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d) Warrants

Warrant activity during the period is summarized as follows:

WARRANT ACTIVITY	31 December 2017⁽ⁱ⁾	Weighted Average exercise price	31 March 2017⁽ⁱ⁾	Weighted Average exercise price
Balance – beginning of year	13,903,145	\$ 0.31	3,517,266	\$ 0.43
Issued	1,674,333	0.30	9,594,945	0.27
Agent's warrants issued ⁽ⁱⁱ⁾	202,066	0.30	790,934	0.29
Warrants expired	(166,850)	-	-	-
Warrants cancelled	(160,000)	-	-	-
Warrants exercised	(405,000)	-	-	-
Balance – end of period	15,047,694	\$ 0.30	13,903,145	\$ 0.31

(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 31 December 2017, 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 period:

	31 December 2017	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 period was \$0.06 per share (31 March 2017 - \$0.07 per share).

Details of warrants outstanding as at 31 December 2017 are as follows:

Issued	Expiry	Exercise Price	31 December 2017	31 March 2017
26 June 2015	26 June 2018	\$ 0.45	3,140,416	3,140,416
26 July 2016	26 July 2017	\$ 0.30	-	376,850
8 July 2016	8 July 2018	\$ 0.25	4,980,167	5,175,167
8 July 2016	8 July 2018(i)	\$ 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	\$ 0.10	1,514,333	-
16 June 2017	16 June 2019	\$ 0.20	202,066	-
			15,047,694	13,903,145

(i) Agent's warrants.

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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.

On 19 December 2017, the Company issued 275,000 options to employees and directors of the Company exercisable at \$0.265 for a period of five years.

During the period ended 31 December 2017, the Company recognized \$64,800 (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 period:

	31 December 2017	31 March 2017
Risk free interest rate	0.26-1.75%	0.74%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	49-58%	97.00%
Expected life in years	4.90-5.00	4.49

The weighted average fair value of stock options granted in the year was \$0.08 per share (31 March 2017 - \$0.07 per share).

13) 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	Period ⁽ⁱ⁾	Remuneration or fees ⁽ⁱⁱ⁾	Share-based payments	Included in Accounts Payable
CEO – management fees	2018	\$ 151,150	\$ 23,273	2,322
	2017	\$ 107,891	\$ -	30,000
COO – salaries and wages	2018	\$ 132,166	\$ -	-
	2017	\$ 55,000	\$ -	-
Clearline CPA, a company of which the CFO is a director – management fees	2018	\$ 45,000	\$ -	15,000
	2017	\$ 45,000	\$ 4,000	10,000
A company of which the CFO is a director – bookkeeping services	2018	\$ 29,090	\$ -	6,647
	2017	\$ 22,000	\$ -	6,000
Director – director fees	2018	\$ 10,000	\$ -	-
	2017	\$ -	\$ 24,000	-
A company of which the director is the legal counsel	2018	\$ 28,116	\$ -	2,818
	2017	\$ 31,000	\$ -	3,000
Director – director fees	2018	\$ 10,000	\$ -	-
	2017	\$ -	\$ -	-
Director – director fees	2018	\$ 10,000	\$ 19,000	-
	2017	\$ -	\$ -	-

(i) For the nine months ended 31 December 2017 and 31 December 2016.

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

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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.

14) 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 believe 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 31 December 2017.

15) Commitments

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

Fiscal 2018	\$	12,535
Fiscal 2019		50,138
Fiscal 2020		50,138
Fiscal 2021		8,357
Total	\$	121,168