



AURORA SOLAR TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Stated in Canadian Dollars

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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 Consolidated Financial Statements, including responsibility for significant accounting judgements 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 judgement 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 safe guarded 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 your 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.

29 July 2021

"Gordon Deans"

Gordon Deans, CEO

"Joseph Lee"

Joseph Lee, CFO

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Aurora Solar Technologies Inc.

Opinion

We have audited the accompanying consolidated financial statements of Aurora Solar Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2021 and 2020 and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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



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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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


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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

July 29, 2021

AURORA SOLAR TECHNOLOGIES INC.
FOR THE YEAR ENDED 31 MARCH 2021

Canadian Dollars

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at		31 March 2021	31 March 2020
Assets			
Current Assets			
Cash		\$ 2,771,624	\$ 1,821,146
Amounts receivable	(6)	19,760	912,379
Prepaid expenses		58,905	55,989
Inventory	(7)	333,716	388,967
		3,184,005	3,178,481
Non-current Assets			
Right of use assets	(11)	312,125	37,218
Patents	(8)	197,478	171,354
Other assets	(9)	52,109	74,636
Equipment	(10)	70,388	88,962
		632,100	372,170
		\$ 3,816,105	\$ 3,550,651
Liabilities			
Current Liabilities			
Amounts payable and accrued liabilities	(14)	\$ 588,747	\$ 491,146
Current portion of lease liability	(12)	80,153	39,358
Deferred revenue		4,122	219,649
		673,022	750,153
Non-current Liabilities			
Lease liability	(12)	231,972	-
Long-term loan	(3)	60,000	-
		964,994	750,153
Equity			
Share capital	(13)	17,452,158	14,144,524
Subscription receivable	(13)	-	(55,000)
Contributed surplus – options	(13)	1,751,119	1,460,369
Contributed surplus – warrants	(13)	116,629	199,285
Deficit		(16,468,795)	(12,948,680)
		2,851,111	2,800,498
		\$ 3,816,105	\$ 3,550,651

Nature of operations and going concern.....(1) Commitments..... (17)
 Basis of preparation - statement of compliance..... (2) Subsequent events..... (20)

The Consolidated Financial Statements were approved by the Board of Directors on 29 July 2021 and were signed on its behalf by:

“Gordon Deans”

 Gordon Deans, Director

“David Toyoda”

 David Toyoda, Director

AURORA SOLAR TECHNOLOGIES INC.
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Canadian Dollars

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Note	Year Ended 31 March 2021	Year Ended 31 March 2020
Revenues			
Product sales		\$ 1,866,492	\$ 3,297,860
Cost of sales		(1,394,728)	(1,466,426)
Gross margin		471,764	1,831,434
Expenses			
Sales and marketing	(15)	387,907	847,609
Research and development	(15)	1,250,457	583,090
General and administrative	(15)	1,061,205	765,339
Net foreign exchange loss (gain)		207,465	(39,071)
Depreciation on ROU asset	(11)	70,972	57,391
Finance cost (accretion)	(12)	13,647	22,207
Depreciation cost	(8)(10)	34,061	20,755
Share-based payments	(13)	384,173	9,435
Write off of other assets	(9)	48,629	68,683
Provision for amounts receivable	(6)	797,850	-
		4,256,366	2,335,438
Net Loss from Operations		(3,784,602)	\$ (504,004)
Other Income	(3)	264,487	-
Net Loss and Comprehensive Loss		\$ (3,520,115)	(504,004)
Net Loss per Common Share – Basic and Diluted		\$ (0.03)	\$ (0.01)
Weighted Average Number of Shares Outstanding - Basic and Diluted		113,667,348	89,522,894

AURORA SOLAR TECHNOLOGIES INC.
FOR THE YEAR ENDED 31 MARCH 2021

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Shares	Amount	Subscriptions receivable	Warrants	Amount	Options	Amount	Deficit	Equity
Balance 31 March 2019	88,176,925	\$ 12,354,124	\$ -	3,973,199	\$ 205,950	8,180,000	\$ 1,450,934	\$ (12,444,676)	\$ 1,566,332
Private placement issuance	18,920,000	1,892,000	(55,000)	18,920,000	-	-	-	-	1,837,000
Share issuance costs	100,500	(122,545)	-	100,500	-	-	-	-	(122,545)
Shares on exercise of agents' warrants	190,400	14,280	-	-	-	-	-	-	14,280
Fair Value transfer on agents' warrants exercised	-	6,665	-	(190,400)	(6,665)	-	-	-	-
Options expired	-	-	-	-	-	(2,000,000)	-	-	-
Warrants expired	-	-	-	(1,716,399)	-	-	-	-	-
Share-based payments	-	-	-	-	-	400,000	9,435	-	9,435
Net loss for the year	-	-	-	-	-	-	-	(504,004)	(504,004)
Balance 31 March 2020	107,387,825	14,144,524	(55,000)	21,086,900	199,285	6,580,000	1,460,369	(12,948,680)	2,800,498
Shares on exercise of warrants	20,986,900	3,075,711	-	(20,986,900)	(82,656)	-	-	-	2,993,055
Subscriptions received	-	-	55,000	-	-	-	-	-	55,000
Options Exercised	1,350,000	231,923	-	-	-	(1,350,000)	(93,423)	-	138,500
Options Forfeited	-	-	-	-	-	(200,000)	-	-	-
Warrants expired	-	-	-	(100,000)	-	-	-	-	-
Share-based payments	-	-	-	-	-	4,230,000	384,173	-	384,173
Net loss for the year	-	-	-	-	-	-	-	(3,520,115)	(3,520,115)
Balance 31 March 2021	129,724,725	\$ 17,452,158	\$ -	-	\$ 116,629	9,260,000	\$ 1,751,119	\$ (16,468,795)	\$ 2,851,111

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended 31 March 2021	Year Ended 31 March 2020
Operating Activities		
Net Loss for the Year	\$ (3,520,115)	\$ (504,004)
Items not Affecting Cash		
Amortization	34,061	20,755
Share-based payments	384,173	9,435
Provision for amounts receivable	797,850	-
Depreciation on ROU asset	70,972	57,391
Finance cost	13,647	22,207
Write off of other assets	48,629	68,683
	(2,170,783)	(325,533)
Net Change in Non-cash Working Capital		
Amounts receivable	94,769	(657,067)
Prepaid expenses	(12,951)	13,861
Inventory	55,251	(263,546)
Accounts payable and accrued liabilities	179,034	175,728
Deferred revenue	(215,527)	219,649
	100,576	(511,375)
Net cash used in operating activities	(2,070,207)	(836,908)
Investing Activities		
Purchase of equipment	(4,120)	(59,184)
Purchase of other assets	(59,367)	(35,268)
Net cash used in investing activities	(63,487)	(94,452)
Financing Activities		
Proceeds from share issuance	55,000	1,837,000
Share issue costs	(85,659)	(36,886)
Proceeds from warrant exercise	2,993,055	14,280
Proceeds from options exercise	138,500	-
Long-term loans	60,000	-
Lease liability payment	(76,724)	(77,458)
Net cash provided by financing activities	3,084,172	1,736,936
Net Increase in Cash	950,478	805,576
Cash position – beginning of year	1,821,146	1,015,570
Cash Position – End of Year	\$ 2,771,624	\$ 1,821,146

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	Year Ended 31 March 2021	Year Ended 31 March 2020
Supplemental Disclosure with Respect to Cash Flows:		
Costs included in amounts payable related to other assets	\$ 4,226	\$ -
Cash paid for interest	\$ 13,647	\$ -
Cash paid for taxes	\$ -	\$ -
Cash received for interest	\$ 25	\$ 7,120
Costs transferred from other assets to patents	\$ 37,491	\$ 72,728
Costs included in amounts payable related to share issue costs	\$ -	\$ 85,659
Fair value of finder's units	\$ -	\$ 10,050
Addition to ROU asset and lease liability	\$ 335,844	\$ 94,609
Prepaid expenses capitalized to ROU asset	\$ 10,035	\$ -

AURORA SOLAR TECHNOLOGIES INC.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

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

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

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

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

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

The impacts of the COVID-19 crisis that have had an effect on us include: a decrease in short-term and/or long-term demand and/or pricing for our products; reduced sales as a result of travel restrictions impacting customer engagement; higher rates of losses on our amounts receivable due to credit default resulting in delays in the collectability of amounts receivable (Note 6); increased costs resulting from our efforts to mitigate the impact of COVID-19, deterioration of worldwide credit and financial markets that could limit our ability to obtain external financing to fund our operations and capital expenditures; resulting in disruptions to our supply chain, and adverse impacts on our information technology systems and our internal control systems as a result of the need to increase remote work arrangements.

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

Rounded (000’s)	31 March 2021	31 March 2020
Working capital	\$ 2,510,000	\$ 2,428,000
Accumulated deficit	\$ (16,469,000)	\$ (12,949,000)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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

a) Basis of consolidation

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

Control exists when the Company 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 consolidated statement of comprehensive loss and other changes in carrying amount are recognized in equity.

Translation differences on financial assets, such as investments in equity securities 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) Financial instruments

All financial instruments are measured at initial recognition at fair value plus any transaction costs that are directly attributable to the acquisition of the financial instruments except for transaction costs related to financial instruments classified as at fair value through profit or loss (FVPL) which are expensed as incurred.

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

- i) Amortized cost. A financial asset is measured at amortized cost if the contractual cash flows to repay the principal and interest are made at specific dates and if the Company's business model is to collect the contractual cashflows. Subsequent measurement uses the effective interest method, less any provision for impairment.
- ii) Fair value through other comprehensive income (FVOCI). A financial asset is measured at FVOCI if the Company's business model is both to collect the contractual cashflows and sell assets and the contractual terms of the assets give rise on specified dates to cash flows that are solely repayments of principal and interest.
- iii) Fair value through profit or loss (FVPL). A financial asset is measured at FVPL if it cannot be measured at amortized cost or FVOCI. At initial recognition the Company may also irrevocably designate a financial asset

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

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

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

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

e) Inventory

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

f) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the consolidated statement of comprehensive loss except to the extent it relates to items recognized in equity.

Current income tax

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

Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the consolidated statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary

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differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities:

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

Deferred tax assets:

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

g) 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.

h) 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.

i) 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 equity with the common shares that are concurrently issued.

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j) 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 profit or loss 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 their useful lives.

k) 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.

l) 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.

m) 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 2021, the Company received \$149,277 (2020 - \$150,723) in government assistance which has been recorded in research and development costs

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on the consolidated statement of operations and comprehensive loss (Note15). There are no unfulfilled conditions related to the government assistance received.

During the year ended 31 March 2021 the Company also received government assistance through the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS"). The Company applied for and received the CEWS government assistance which provides 75% subsidy of wage relief for eligible remuneration. The Company also applied for and received the CERS government assistance which provides 65% subsidy of eligible rent. During the Year Ended 31 March 2021 the Company received and recorded in other income \$264,487 in government assistance relating to the CEWS and CERS relief programs.

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

n) Revenue recognition

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

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

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

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

o) Amounts receivable and concentration of credit risks

Amounts 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 amounts receivable. The Company determines the allowance using an expected credit loss model. 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 amounts 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.

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p) Equipment

Equipment assets are depreciated using the straight-line method based on estimated useful lives, which generally range from 3-7 years. Where an item of equipment is comprised of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. 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.

q) Leases

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

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

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

r) 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.

s) Current and future accounting standards

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

4) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgements, 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

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experience and other factors that are considered 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 judgements and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the 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.

Revenue recognition

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

b) Key sources of estimation uncertainty

Inventory

The Company's raw inventory is only valuable to the extent that it can be turned into saleable product. 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 assets

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

Share-based payments

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

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Amounts receivable

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

Provisions and contingent liabilities:

A provision is recognized if the Company has a present legal or constructive obligation, as a result of past events, that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation for product liability, accrual of product warranties, liabilities for potential litigation claims and settlements. Management must use judgement in determining whether all the above three conditions have been met to recognize a provision or whether a contingent liability is in existence at the reporting date. Provisions and contingencies can vary materially from management's initial estimate and affect future consolidated financial statements.

5) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Consolidated Statement of Financial Position are carried at amortized cost except for cash which is carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 March 2021 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 has 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, amounts receivable, and amounts payable and accrued liabilities. As at 31 March 2021, the carrying value of cash is fair value. The remaining financial instruments approximate their fair value due to their short-term nature.

c) Other risk

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

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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 is exposed to credit risk by holding cash, which are all held in financial institutions in Canada and China, and management believes the exposure to credit risk with respect to such institutions is not significant. Estimates of expected credit losses take into account the Company's collection history, deterioration of collection rates during the average credit period, the impact of COVID 19, as well as observable changes in and forecasts of future economic conditions that affect default risk. As at 31 March 2021 the Company has \$893 trade amounts receivable. During the year ended 31 March 2021, the Company wrote down trade amounts receivable in the amount of \$797,850 for amounts past due.

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% change in exchange would impact the financial statements by \$27,000 (31 March 2020- \$53,000). As at 31 March 2021, the Company held currency totalling the following:

Rounded (000's)	Impact	31 March 2021	31 March 2020
Cash in United States dollars	5% \$ (31,000) \$USD	493,000	\$USD 208,000
Cash in Chinese RMB	5% \$ (4,000) \$RMB	450,000	RMB 249,000
Amounts receivable in United States dollars	5% \$ - \$USD	-	\$USD 629,000
Amounts payable in United States dollars	5% \$ 8,000 \$USD	(93,000)	\$USD (120,000)

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 to meet its liquidity requirements at any point in time.

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

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6) Amounts receivable

Amounts receivable consist of:

	31 March 2021	31 March 2020
Trade receivables	\$ 893	\$ 891,496
GST receivable and other taxes recoverable	18,867	20,883
Total Amount receivable	\$ 19,760	\$ 912,379

During the year ended 31 March 2021, the Company completed an assessment of credit loss for its trade receivables and has provided for certain historical receivables. The impact of the COVID 19 pandemic has had an adverse impact in collecting amounts receivable and overdue balances aged greater than 90 days have been reviewed for collectability and accordingly an allowance for doubtful accounts has been provided. During the year ended 31 March 2021, the Company wrote-off \$797,850 (31 March 2020 - \$Nil) of trade amounts receivable as bad debts.

GST receivable and other taxes recoverable from governmental sources do not have significant collection risk.

7) Inventory

Inventory consists of:

	31 March 2021	31 March 2020
Raw materials	\$ 333,716	\$ 388,967
Total inventory	\$ 333,716	\$ 388,967

Inventory expensed to cost of sales during the year ended 31 March 2021 was \$467,569 (31 March 2020 – \$844,840).

8) Patents

Patents consists of:

	Cost	Accumulative Depreciation	Carrying Amounts
Balance as at 31 March 2019	\$ 156,811	\$ (49,992)	\$ 106,819
Additions	72,728	-	72,728
Changes during the year	-	(8,193)	(8,193)
Balance as at 31 March 2020	229,539	(58,185)	171,354
Changes during the year	37,491	(11,367)	26,124
Balance as at 31 March 2021	\$ 267,030	\$ (69,552)	\$ 197,478

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

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

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9) Other assets

Other assets consist of:

	Balance
Balance as at 31 March 2019	\$ 178,167
Additions	37,880
Transfers to patents	(72,728)
Write-off	(68,683)
Balance as at 31 March 2020	74,636
Additions	63,593
Write-off	(48,629)
Transfer to patents	(37,491)
Balance as at 31 March 2021	\$ 52,109

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

10) Equipment

Equipment consists of:

	Cost	Accumulative Depreciation	Carrying Amount
Balance as at 31 March 2019	\$ 53,035	\$ (10,695)	\$ 42,340
Additions during the year	59,184	(12,562)	40,622
Balance as at 31 March 2020	112,219	(23,257)	88,962
Additions during the year	4,120	(22,694)	(18,574)
Balance as at 31 March 2021	\$ 116,339	\$ (45,951)	\$ 70,388

11) Right of use assets

The Company recognized a right of use asset as part of its transition to IFRS 16. The right of use asset is amortized on a straight-line basis over the term of its leases related to its Vancouver head office and Shanghai sales office.

	Balance
Balance as at 1 April 2019	\$ -
Right of use assets recognized on adoption of IFRS 16	63,609
Additions	31,000
Depreciation	(57,391)
Balance as at 31 March 2020	37,218
Additions	345,879
Depreciation	(70,972)
Balance as at 31 March 2021	\$ 312,125

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During the year ended 31 March 2021, the Company recognized \$335,844 in additions associated with lease renewals and \$10,035 in prepaid final rent instalments.

12) Lease liability

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

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

	Balance
Balance as at 1 April 2019	\$ -
Lease liability recognized on adoption of IFRS 16	63,609
Additions	31,000
Lease accretion	22,207
Payments	(77,458)
Balance as at 31 March 2020	\$ 39,358
Additions	335,844
Lease accretion	13,647
Payments	(76,724)
Balance as at 31 March 2021	\$ 312,125
Lease liability – current portion	80,153
Lease liability – non-current portion	231,972
Total lease liability	\$ 312,125

13) Share capital and reserves

a) Authorized

The authorized share capital is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting of only common shares are fully paid. There were 129,724,725 fully paid common shares on issue as at 31 March 2021.

b) Issued and outstanding and fully paid

During the year ended 31 March 2020, the Company closed a non-brokered private placement consisting of 18,920,000 units. Each unit consisted of one common share and one share purchase warrant (“Units”). The share purchase warrants entitled the holder to purchase one share for a period of 12 months from closing at a price of \$0.15 per share. In connection with this private placement, the Company issued 100,500 Units with a fair value of \$10,050. The Company paid \$96,545 in finder’s fees, consulting and filing fees related to share issuances. The agent warrants entitle the holder to purchase one share for a period of 12 months at a price of \$0.15 per share. As at 31 March 2020, the Company had a subscription receivable of \$55,000 received during the year ended 31 March 2021.

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c) Options

The Company has adopted a stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferrable options to purchase common shares exercisable under the Plan for a period of up to 10 years from the date of grant. Vesting terms are determined by the Board of Directors for each grant of options. The aggregate number of common shares issuable under the Plan must not exceed 17,635,385 common shares. As at 31 March 2021, the remaining number of common shares available for issuance is 8,375,385 (31 March 2020 – 11,055,385) common shares.

The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free rates, dividend yields, historical volatility to estimate the market price of the Company's common shares, forfeiture rates and expected life of the options.

During the year ended 31 March 2021, the Company granted 4,230,000 options (31 March 2020 - 400,000 options) to officers and consultants of the Company exercisable at \$0.10-\$0.54 (31 March 2020 - \$0.065-\$0.075) for a period of five years. During the year ended 31 March 2021, the Company recognized \$384,173 (31 March 2020 - \$9,435) in share-based payments on granted options.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	For the Year Ended 31 March 2021	For the Year Ended 31 March 2020
Risk free interest rate	0.60%	1.60%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	70%	78%
Expected life in years	5	5

The weighted average fair value of stock options granted during the year ended 31 March 2021 was \$0.26 per option (31 March 2020 - \$0.02 per option).

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

	For the Year Ended 31 March 2021	Weighted average exercise price	For the Year Ended 31 March 2020	Weighted average exercise price
Balance – beginning of year	6,580,000	\$ 0.11	8,180,000	\$ 0.13
Granted	4,230,000	0.42	400,000	0.07
Exercised	(1,350,000)	0.10	-	-
Expired/Forfeited	(200,000)	0.07	(2,000,000)	0.20
Balance – end of year	9,260,000	\$ 0.25	6,580,000	\$ 0.11

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Details of stock options outstanding are as follows:

Expiry Date	Exercise price	31 March	31 March	31 March	31 March
		2021	2021	2020	2020
		Outstanding	Exercisable	Outstanding	Exercisable
7 October 2021	\$ 0.105	600,000	600,000	600,000	600,000
12 October 2021	\$ 0.115	450,000	450,000	600,000	600,000
23 November 2021	\$ 0.13	300,000	300,000	300,000	300,000
31 March 2022	\$ 0.21	625,000	625,000	950,000	950,000
19 December 2022	\$ 0.265	75,000	75,000	75,000	75,000
23 April 2023	\$ 0.20	430,000	430,000	430,000	430,000
8 August 2023	\$ 0.13	250,000	250,000	250,000	250,000
30 October 2023	\$ 0.06	2,100,000	2,100,000	2,875,000	2,875,000
2 January 2024	\$ 0.065	-	-	100,000	100,000
21 October 2024	\$ 0.065	-	-	200,000	-
2 January 2025	\$ 0.075	200,000	200,000	200,000	200,000
7 April 2025	\$ 0.10	1,180,000	-	-	-
24 February 2026	\$ 0.54	3,050,000	900,000	-	-
		9,260,000	5,930,000	6,580,000	6,380,000

The outstanding options have a weighted average exercise price of \$0.25 (31 March 2020 – \$0.11) and the weighted average remaining life of the options is 3.12 years (31 March 2020 – 2.72 years).

d) Warrants

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

	For the Year		For the Year	
	Ended	Weighted	Ended	Weighted
	31 March	average	31 March	average
	2021	exercise price	2020 ⁽ⁱ⁾	exercise price
Balance – beginning of year	21,086,900	\$ 0.14	3,973,199	\$ 0.17
Issued	-	-	18,920,000	0.15
Agent's warrants issued	-	-	100,500	0.15
Warrants expired	(100,000)	0.15	(1,716,399)	0.30
Warrants exercised	(20,986,900)	0.14	(190,400)	0.075
Balance – end of year	-	\$ -	21,086,900	\$ 0.14

(i) During the year ended 31 March 2020, the Company issued 100,500 agent's warrants with a fair value of \$Nil.

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14) Related party transactions and balances

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

Related party transactions are recorded as part of the general and administrative expenses on the consolidated statement of comprehensive loss. These transactions are in the normal course of business operations.

Principal Position Rounded (000's)	Year ⁽ⁱ⁾	Remuneration or fees ⁽ⁱⁱ⁾	Share-based Payments	Balances in Prepays	Balances in Accounts Payable
CEO	2021	\$ 187,000	\$ 16,000	\$ -	\$ 3,000
	2020	\$ 175,000	\$ -	\$ -	\$ -
CFO	2021	\$ 93,000	\$ 3,000	\$ -	\$ 8,000
	2020	\$ -	\$ -	\$ -	\$ -
Former CFO	2021	\$ 25,000	\$ -	\$ -	\$ -
	2020	\$ 49,000	\$ -	\$ -	\$ -
Former CFO	2021	\$ -	\$ -	\$ -	\$ -
	2020	\$ 36,000	\$ -	\$ -	\$ -
Former CFO's company that provided bookkeeping services	2021	\$ -	\$ -	\$ -	\$ -
	2020	\$ 33,000	\$ -	\$ -	\$ -
Director	2021	\$ 24,000	\$ 4,000	\$ 10,000	\$ -
	2020	\$ 10,000	\$ -	\$ -	\$ -
A Company in which the Director is a legal counsel	2021	\$ 31,000	\$ -	\$ -	\$ -
	2020	\$ 53,000	\$ -	\$ -	\$ 17,000
Director	2021	\$ 19,000	\$ 4,000	\$ 10,000	\$ 3,000
	2020	\$ 35,000	\$ -	\$ -	\$ 17,000
Director	2021	\$ 82,000	\$ 311,000	\$ 10,000	\$ -
	2020	\$ 39,000	\$ -	\$ -	\$ -
A Company in which the Director is an Owner	2021	\$ 8,000	\$ -	\$ -	\$ 8,000
	2020	\$ -	\$ -	\$ -	\$ -

(i) For the Year Ended 31 March 2021 and 31 March 2020.

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

15) Supplemental information for statements of operations and comprehensive loss

	For the Year Ended 31 March 2021	For the Year Ended 31 March 2020
The sales and marketing expense consisted of the following:		
Salaries and wages	\$ 280,607	\$ 461,524
Promotion, marketing & travel	46,775	208,609
Indirect costs	60,525	177,476
Total	\$ 387,907	\$ 847,609

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	For the Year Ended 31 March 2021	For the Year Ended 31 March 2020
The research and development expense consisted of the following:		
Salaries and wages	\$ 684,381	\$ 411,311
Professional & consulting	219,197	263,053
Government grant	(149,277)	(150,723)
Product research	496,156	59,449
Total	\$ 1,250,457	\$ 583,090

	For the Year Ended 31 March 2021	For the Year Ended 31 March 2020
The general and administrative expense consisted of the following:		
Salary and wages	\$ 241,369	\$ -
Professional & consulting	660,572	462,426
Office expense	129,264	119,242
Directors fees (Note 14)	30,000	30,000
Other	-	153,671
Total	\$ 1,061,205	\$ 765,339

16) Capital management

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

Management reviews its capital management approach on an ongoing basis and 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 during the year ended 31 March 2021.

17) Commitments

On 2 March 2017, the Company has the following commitments associated with its right of use assets (note 11) and lease liabilities (note 12):

On 8 January 2021, the Company signed a one-year lease for its office in Shanghai, commencing on 1 May 2021:

Rounded (000's)	Amount
Fiscal 2022	RMB 133,000
Fiscal 2023	12,000
Total	RMB 145,000

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

Rounded (000's)	Amount
Fiscal 2022	68,000
Fiscal 2023	72,000
Fiscal 2024	76,000
Fiscal 2025	80,000
Fiscal 2026	34,000
Total	\$ 330,000

18) Income taxes

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

	31 March 2021	31 March 2020
Net loss for the year	\$ (3,520,115)	\$ (504,004)
Expected income tax recovery	\$ (950,000)	\$ (136,000)
Change in statutory rate, foreign tax, foreign exchange rates and other	(8,000)	4,000
Permanent differences	103,000	6,000
Share issuance costs	-	(33,000)
Adjustment to prior years' provision versus statutory tax returns	19,000	4,000
Change in unrecognized deductible temporary differences	836,000	163,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	31 March 2021	Expiry date range	31 March 2020	Expiry date range
Temporary differences				
Investment tax credit	\$ 252,000	2029-2038	\$ 255,000	2029 – 2035
Property and equipment	\$ 73,000	No expiry date	\$ 29,000	No expiry date
Share issuance costs	\$ 140,000	2042-2044	\$ 248,000	2040-2044
Non-capital losses available for future period	\$ 15,617,000	2026-2041	\$ 12,451,000	2026 – 2040

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

19) Segmented disclosure

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

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The Company is exposed to significant sales concentration. For the year ended 31 March 2021, four customers in Asia accounted for 88% of revenues (For the year ended 31 March 2020, four customers in Asia accounted for 75% of revenues). As at 31 March 2021, the Company had \$Nil in trade amounts receivable. As at 31 March 2020, three customers in Asia accounted for 63% of trade amounts receivable.

20) Subsequent events

Private placement

Subsequent to the year ended 31 March 2021, the Company closed a Private Placement Financing of 14,200,000 units (“Units”) at a price of \$0.25 per unit with gross proceeds of \$3,550,000. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share in the capital of the Company at a price of \$0.40 per share until 13 May 2022. The warrants are subject to acceleration provisions.

In connection with the offering, the Company issued 615,100 non-transferable broker warrants to the Agent that entitle the Agent to exercise warrants until 13 May 2022 at a price of \$0.25 per warrant, in addition to the cash commission of \$153,775.

Government grants

Subsequent to the period ended 31 March 2021, the Company has applied for and received wage subsidies under the Canada Emergency Wage Subsidy program and under the Canada Emergency Rent Subsidy in the amount of \$78,728.