AURORA SOLAR TECHNOLOGIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2022

Stated in Canadian Dollars

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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AURORA SOLAR TECHNOLOGIES INC.

Expressed in Canadian Dollars
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at		31 December 2022	31 March 2022
Assets			
Current Assets			
Cash	(6)	$ 2,697,198	$ 2,016,667
Amounts receivable	(6)(7)	969,413	117,784
Prepaid expenses	(6)	105,895	35,781
Inventory	(6)(8)	3,777,856	323,661
		7,550,362	2,493,893
Non-current Assets			
Right of use assets	(6)(12)	292,897	241,290
Intangibles	(6)(9)	2,781,329	202,121
Other assets	(10)	58,370	58,134
Equipment	(6)(11)	347,156	193,336
Deferred tax asset	(6)	161,891	-
Goodwill	(6)	423,277	-
		4,064,920	694,881
		$ 11,615,282	$ 3,188,774
Liabilities			
Current Liabilities			
Amounts payable and accrued liabilities	(6)(15)	$ 877,281	$ 395,277
Lease liability	(6)(13)	204,839	81,223
Deferred revenue	(6)	1,221,267	-
Provisions	(6)	468,422	-
		2,771,809	476,500
Non-current Liabilities			
Lease liability	(6)(13)	113,293	176,644
Provisions	(6)	76,192	-
Long-term loan		60,000	60,000
		3,021,294	713,144
Equity			
Share capital	(14)	29,088,585	20,472,339
Contributed surplus – options	(14)	2,643,208	2,167,155
Contributed surplus – warrants	(14)	225,203	551,481
Accumulated Other Comprehensive Income		60,066	-
Deficit		(23,423,074)	(20,715,345)
		8,593,988	2,475,630
		$ 11,615,282	$ 3,188,774

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

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

Commitments.. (19)

On behalf of the Board of Directors:

"Kevin Dodds"
Kevin Dodds, Director

"David Toyoda"
David Toyoda, Director

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

AURORA SOLAR TECHNOLOGIES INC.

Expressed in Canadian Dollars
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

	Note	Nine Months Ended 31 December 2022	Nine Months Ended 31 December 2021	Three Months Ended 31 December 2022	Three Months Ended 31 December 2021
Revenues					
Product sales		**$ 3,780,061**	$ -	**$ 3,393,453**	$ -
Cost of sales		**(1,779,608)**	-	**(1,430,262)**	(68,968)
Gross margin		**2,000,453**	-	**1,963,191**	(68,968)
Expenses					
Sales and marketing	(16)	**770,857**	286,675	**418,321**	80,253
Research and development	(16)	**1,261,029**	1,250,989	**509,165**	496,894
General and administrative	(16)	**1,622,343**	1,315,062	**870,914**	397,092
Net foreign exchange gain		**(117,083)**	(19,539)	**90,913**	(19,023)
Depreciation cost	(9)(11)(12)	**292,181**	110,292	**185,646**	36,971
Share-based payments	(14)	**480,091**	367,240	**77,429**	136,948
		4,309,418	3,310,719	**2,152,388**	1,129,135
Net Loss from Operations		**$ (2,308,965)**	$ (3,310,719)	**$ (189,197)**	$ (1,198,103)
Other Income					
Other income		**$ 1,047**	$ -	**$ 566**	$ -
Government assistance	(3)	**-**	319,716	**-**	105,344
Other Expenses					
Finance cost	(13)	**(13,992)**	(13,670)	**(5,429)**	(3,282)
Other expenses		**(106,078)**	(109,205)	**(57,799)**	(109,205)
Acquisition cost	(6)	**(201,633)**	-	**(96,117)**	-
		(320,656)	196,841	**(158,779)**	(7,143)
Net Loss for the period		**$ (2,629,621)**	$ (3,113,878)	**$ (347,976)**	(1,205,246)
Other comprehensive loss					
Exchange difference on translation of foreign operations		**(78,108)**	-	**48,356**	-
Total comprehensive loss for the period		**$ (2,707,729)**	$ (3,113,878)	**$ (299,620)**	$ (1,205,246)
Net Loss per Common Share – Basic and Diluted		**$ (0.010)**	$ (0.022)	**$ (0.002)**	$ (0.007)
Weighted Average Number of Shares Outstanding - Basic and Diluted		**271,895,772**	142,034,214	**222,194,076**	144,885,595

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

Expressed in Canadian Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Shares	Amount	Warrants	Amount	Options	Amount	Accumulated Other Comprehensive Income	Deficit	Equity
Balance 31 March 2021	129,724,725 $	17,452,158	- $	116,629	9,260,000 $	1,751,119 $	- $	(16,468,795) $	2,851,111
Private placement issuance	14,200,000	3,168,447	7,100,000	381,553	-	-	-	-	3,550,000
Share issuance costs	-	(341,416)	615,100	53,299	-	-	-	-	(288,117)
Shares issued on stock option exercise	1,050,000	78,400	-	-	(1,050,000)	36,350	-	-	114,750
Options expired	-	-	-	-	(300,000)	-	-	-	-
Options forfeited	-	-	-	-	(150,000)	-	-	-	-
Share-based payments	-	-	-	-	-	367,240	-	-	367,240
Net Loss for the Period	-	-	-	-	-	-	-	(3,113,878)	(3,113,878)
Balance 31 December 2021	**144,974,725 $**	**20,357,589**	**7,715,100 $**	**551,481**	**7,760,000 $**	**2,154,709 $**	**- $**	**(19,582,673) $**	**3,481,106**

	Shares	Amount	Warrants	Amount	Options	Amount	Accumulated Other Comprehensive Income	Deficit	Equity
Balance 31 March 2022	**144,974,725 $**	**20,472,339**	**7,715,100 $**	**551,481**	**11,035,000 $**	**2,167,155 $**	**- $**	**(20,715,345) $**	**2,475,630**
Private placement issuance	11,650,000	1,058,112	11,650,000	106,888	-	-	-	-	1,165,000
Share issuance costs	-	(63,386)	183,750	1,686	-	-	-	-	(61,700)
BTi Acquisition, net of issuance costs	65,469,351	7,176,630	-	-	-	-	-	-	7,176,630
Shares issued on stock option exercise	100,000	10,038	-	-	(100,000)	(4,038)	-	-	6,000
Options forfeited	-	-	-	-	(1,155,000)	-	-	-	-
Warrants expired	-	434,852	(7,715,100)	(434,852)	-	-	-	-	-
Share-based payments	-	-	-	-	3,700,000	480,091	-	-	480,091
Net Loss for the Period	-	-	-	-	-	-	60,066	(2,707,729)	(2,647,663)
Balance 31 December 2022	**222,194,076 $**	**29,088,585**	**11,833,750 $**	**225,203**	**13,480,000 $**	**2,643,208 $**	**60,066 $**	**(23,423,074) $**	**8,593,988**

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

Expressed in Canadian Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended 31 December 2022	Nine Months Ended 31 December 2021
Operating Activities		
Net Loss for the Period	$ **(2,707,729)**	$ (3,113,878)
Items not Affecting Cash		
Depreciation	**292,181**	110,292
Share-based payments	**480,091**	367,240
Finance cost	**17,550**	13,670
Impairment of intangible assets	**47,524**	-
	(1,870,383)	(2,622,676)
Net Change in Non-cash Working Capital		
Amounts receivable	**(692,449)**	(17,178)
Prepaid expenses	**45,786**	(18,331)
Inventory	**694,221**	(8,775)
Amounts payable and accrued liabilities	**644,489**	(129,996)
Provisions	**17,452**	-
Tax liability	**6,443**	-
Deferred revenue	**(1,060,186)**	(4,122)
	(344,244)	(178,402)
Net cash used in operating activities	**(2,214,627)**	(2,801,078)
Investing Activities		
Purchase of equipment	**(42,870)**	(165,597)
Purchase of other assets	**(236)**	(9,524)
Purchase of patents	**(11,721)**	(11,903)
Write down of assets	**2,367**	-
Transaction costs from the acquisition of BTi (Note 6)	**(1,641,347)**	-
Cash acquired from the acquistion of BTi (Note 6)	**3,553,489**	-
Net cash provided by (used in) investing activities	**1,859,682**	(187,024)
Financing Activities		
Proceeds from share issuance	**1,165,000**	3,550,000
Share issue costs	**(61,700)**	(288,117)
Proceeds from option exercise	**6,000**	114,750
Lease liability payment	**(145,435)**	(67,738)
Net cash provided by financing activities	**963,865**	3,308,895
Net Increase in Cash	**608,920**	320,793
Cash position – beginning of year	**2,016,667**	2,771,624
Net effect - foreign exchange	**71,611**	-
Cash Position – End of Period	$ **2,697,198**	$ 3,092,417

Supplemental disclosure of cash and non-cash activities (Note 17).

--The accompanying notes form an integral part of the condensed interim 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. On 7 November 2011, it acquired Aurora Control Technologies Inc. through a reverse takeover and initiated its current business operations. The Company, together with its subsidiaries, 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.

On 25 August 2022, the Company acquired all the outstanding shares of BT Imaging Pty Ltd. ("BTi") through a share purchase agreement (Note 6). BTi is a private, Australian limited liability corporation who is a well-established leader in photoluminescence (PL) imaging tools for PV material inspection and quality control during production, and for laboratory use during product development. Further information on this acquisition can be found within the Business Acquisition report filed on Sedar at www.sedar.com on 8th November 2022.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and the discharge of liabilities in the normal course of operations.

There are several adverse conditions that may cast significant doubt about the Company's ability to continue as a going concern. Prior to the BTi acquisition, the Company incurred operating losses since its inception, was unable to self-finance operations and had 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 condensed interim consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used, and such adjustments could be material.

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

The impacts of the COVID-19 crisis that have had an effect on the Company include: a decrease in short-term and/or long-term demand and/or pricing for our products that are in the early introduction stage of sales ; reduced sales as a result of travel restrictions impacting customer engagement; increased costs resulting from our efforts to mitigate the impact of COVID-19, deterioration of worldwide credit and financial markets that could limit our ability to obtain external financing to fund our operations and capital expenditures; resulting in disruptions to our supply chain, and adverse impacts on our information technology systems and our internal control systems as a result of the need to increase remote work arrangements. This has impacted Aurora greater than BTi largely due to the early stage of its products in terms of commercialization and introductory sales phase, especially within its main market opportunity in China.

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 December 2022**		31 March 2022
Working capital(1)	**$**	**4,779,000**	$	2,017,000
Accumulated deficit	**$**	**(23,423,000)**	$	(20,715,000)

(1) Working capital is defined as current assets minus current liabilities.

2) Basis of preparation – statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and interpretations of the International Financial Reporting Standards Interpretation Committee ("IFRIC") have been omitted or condensed. As a result, these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 March 2022 ("Annual Financial Statements").

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance on 28 February 2023.

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

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

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

3) Significant accounting policies

The accounting policies and methods of computation followed in preparing these condensed interim consolidated 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 and treatment, refer to the Company's Annual Financial Statements.

Basis of presentation

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

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

4) Critical accounting judgements and key sources of estimation uncertainty

The following are the critical judgements and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the condensed interim consolidated financial statements.

a) Critical judgements in applying accounting policies

Revenue recognition

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

b) Key sources of estimation uncertainty

Inventory

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

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

Patents and other assets

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

Share-based payments

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

Amounts receivable

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

Provisions and contingent liabilities:

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

Provisions are made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and that it can be measured reliably. Provisions made in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement

Provisions for warranties represent the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

During the year ended 31 March 2022, the Company received a Notice of Arbitration from the Shanghai International Centre in the amount of approximately USD$185,000 relating to a DM equipment purchase contract dispute in China. The Company believes this claim is without merit and has engaged legal counsel and filed a defence and counterclaim for amounts owing (approximately USD$110,000) under this purchase contract. During the nine months ended 31 December 2022, the Company legal representative attended the notice of arbitration hearing, previously announced, which was located in China. Subsequent to the hearing, no arbitration decision was made and both parties have expressed they are amendable to a settlement. Subsequent to the period ended 31 December 2022, there has been no further action.

5) Financial instruments and risk management

a) Fair value measurement

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

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

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

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

b) Classification of fair values of financial assets and liabilities

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

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

Lease liabilities and Canada Emergency Business Account loan ("CEBA loan") are also classified as other financial liabilities at amortized cost and are subsequently measured using the effective interest method.

c) Other risk

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

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is both from its bank accounts as well as from credit sales. The Company is exposed to credit risk by holding cash, which are all held in financial institutions in Canada and China, and management believes the exposure to credit risk with respect to such institutions is not significant. The Company's other exposure to credit risk is through its amounts receivable that are made up of a small number of customers. Management assesses the credit risk of new customers as well as monitors the creditworthiness of existing customers through a review of the trade receivables' aging analysis. The Company determines the allowance using an expected credit loss ("ECL") model. Over-due balances are reviewed for collectability and allowance for doubtful amounts, where appropriate, will be provided. As at 31 December 2022 the Company has $845,521 (31 March 2022 - $103,815) in trade amounts receivable.

e) Interest rate risk

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

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required to fund its on-going expenditures. The Company is exposed to foreign currency risk, as it deals with customers and vendors in currencies other than its functional currency. A 5% change in exchange would impact the condensed interim consolidated financial statements by $(75,000) (31 March 2022- $10,000).

As at 31 December 2022 the Company held currency totalling the following:

Rounded (000's)			Sensitivity (CAD$)		31 December 2022			31 March 2022	
Cash in United States dollars	5%	$	(68,000)	$	1,007,000	USD	$	24,000	USD
Cash in Chinese RMB	5%	$	(2,000)	$	177,000	RMB	$	570,000	RMB
Cash in Australian dollars	5%	$	(50,000)	$	1,088,000	AUD	$	Nil*	AUD
Cash in Euros	5%	$	-	$	6,000	AUD	$	Nil*	AUD
Amounts receivable in United States dollars	5%	$	(38,000)	$	567,000	USD	$	83,000	USD
Amounts receivable in Chinese RMB	5%	$	(2,000)	$	191,000	RMB	$	Nil*	RMB
Amounts receivable in Australian dollars	5%	$	(4,000)	$	169,000	AUD	$	Nil*	AUD
Amounts payable in United States dollars	5%	$	-	$	(5,000)	USD	$	(20,000)	USD
Amounts payable in Chinese RMB	5%	$	6,000	$	(623,000)	RMB	$	(65,000)	RMB
Amounts payable in Australian dollars	5%	$	20,000	$	(428,000)	AUD	$	Nil*	AUD
Amounts payable in Euros	5%	$	2,000	$	(24,000)	EURO	$	(1,000)	EURO
Deferred Revenue in United States Dollars	5%	$	61,000	$	(902,000)	USD	$	Nil*	USD

*Nil amounts existed as at 31 March 2022, as the Company had not acquired BTi.

g) Liquidity risk

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

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

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

		Less than 1 year		1 to 3 years		Total[1]
Amounts payable and accrued liabilities	$	877,281	$	-	$	877,281
Lease liabilities		204,839		113,293		318,132
CEBA Loan		-		60,000		60,000
	$	**1,080,120**	**$**	**173,293**	**$**	**1,255,413**

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

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

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

Expressed in Canadian Dollars

6) BTi Acquisition

On 25 August 2022, the Company acquired 100% of the outstanding shares of BTi through a share purchase agreement. In consideration for the acquisition of BTi, the Company paid $1,205,310 in cash and issued 62,969,351 common shares of the Company to BTi shareholders. These new common shares are subject to escrow conditions and will be released in three tranches on 26 December 2022, 25 June 2023 and 25 December 2023 in the amount of 20,032,003, 21,468,674, and 21,468,674 common shares, respectively. The first tranche of new common shares was released from escrow on 26 December 2022. Additionally, 2,500,000 shares were issued to an arm's length financial advisor for advisory fees with the fair value of $250,000.

In accordance with IFRS 3 – *Business Combinations*, the Company accounted for the acquisition as a business combination using the acquisition method whereby the net assets acquired, and the liabilities assumed were recorded at fair value. Incremental transaction costs not capitalized in the purchase consideration totalling $201,633, have been expensed in the nine months ended 31 December 2022 in accordance with IFRS.

The purchase price allocation and fair value of the net identifiable assets acquired from BTi have been provisionally determined at the end of the reporting period based on available information. The final determination of the fair value of identifiable assets and liabilities acquired will be completed within the prescribed period of one year following the acquisition, as per IFRS 3. Amendments may be made to these amounts as well as the identification of intangible assets. The Company will continue to evaluate the underlying inputs and assumptions used. The final purchase price allocation may include (a) changes in fair value of intangible assets; (b) changes in deferred tax assets recognized; (c) changes in fair value of the contingent consideration; (d) changes in fair value of inventory; and (e) the resulting changes to the amount recognized as goodwill. Such adjustments could be material.

The total purchase price of the acquisition and the fair value of the net assets acquired of BTi as recorded in the nine months ended 31 December 2022 is as follows:

Purchase consideration		
Cash consideration	$	1,205,310
Acquisition related transaction costs		436,037
Acquisition related transaction costs (non-cash)		250,000
Fair value of common shares issued		6,926,629
Total purchase consideration	**$**	**8,817,976**

Fair value of assets and liabilities recognized		
Cash and cash equivalents	$	3,553,489
Working capital		1,674,076
Plant, property, and equipment		443,066
Patents & trademarks		776,025
Deferred tax asset		165,114
Customer relationships (intangible asset)		1,121,804
Software technology (intangible asset)		746,864
Provision for long service leave (non-current)		(66,935)
Finance leases (non-current)		(18,803)
Fair value of net assets acquired	**$**	**8,394,700**
Goodwill		**423,276**

Expressed in Canadian Dollars

7) Amounts receivable

	31 December 2022	31 March 2022
Trade receivables (Note 17)	**$ 845,521**	$ 103,815
GST receivable and other taxes recoverable	**123,892**	13,969
Total amount receivable	**$ 969,413**	$ 117,784

As at 31 December 2022, amounts receivable consisted of trade receivables, GST receivable and other taxes recoverable. No expected credit loss provision has been made given the nature of these receivables. During the nine months ended 31 December 2022, the Company collected trade receivables in the amount of $130,498 of the $797,850 provision for amounts receivable that was captured as an expected credit loss during the year ended 31 March 2021. For the nine months ended 31 December 2022, the Company recorded no expected credit loss during the period.

8) Inventory

	31 December 2022	**Acquired through BTi: (Note 17)**	31 March 2022
Raw materials	**$ 2,452,890**	$ 2,285,483	$ 323,661
Work-in-process	**1,111,052**	1,659,912	-
Finished goods	**213,914**	128,601	-
Total inventory	**$ 3,777,856**	**$ 4,073,996**	$ 323,661

Inventory expensed to cost of sales during the nine months ended 31 December 2022 was $829,026 (31 March 2022 – $Nil). During the nine months ended 31 December 2022, inventory expensed to research and development was $11,918 (31 March 2022 - $179,127).

9) Intangibles

	Patents & Trademarks	Customer Relationships	Software	Total
Cost:				
Balance, 31 March 2022	$ 282,431	$ -	$ -	$ 282,431
Acquired through BTi (Note 17)	1,342,906	1,121,804	746,864	3,211,574
Additions	11,721	-	-	11,721
Impairment	(47,524)	-	-	(47,524)
Impact of foreign exchange	8,865	-	-	8,865
Balance, 31 December 2022	**$ 1,598,399**	**$ 1,121,804**	**$ 746,864**	**$ 3,467,067**
Accumulated Depreciation:				
Balance, 31 March 2022	$ (80,310)	$ -	$ -	$ (80,310)
Acquired through BTi (Note 17)	(566,882)	-	-	(566,882)
Additions	(38,546)	-	-	(38,546)
Balance, 31 December 2022	**$ (685,738)**	**$ -**	**$ -**	**$ (685,738)**

Expressed in Canadian Dollars

	Patents & Trademarks	Customer Relationships	Software	Total
Carrying Amount				
Balance, 31 December 2022	**$ 912,661**	**$ 1,121,804**	**$ 746,864**	$ 2,781,329
Balance, 31 March 2022	$ 202,121	-	-	$ 202,121

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

10) Other assets

		Balance
Balance as at 31 March 2021	$	52,109
Additions		21,426
Transfers to patents		(15,401)
Balance as at 31 March 2022	**$**	**58,134**
Additions		236
Balance as at 31 December 2022	**$**	**58,370**

11) Equipment

	Leasehold Improvement	Furniture, Fixtures and Equipment	R&D Tools and Equipment	Warehouse, Lab and Prototype Equipment	Total
Cost:					
Balance, 31 March 2022	$ -	$ 36,636	$ 248,005	$ 1,238	$ 285,879
Acquired through BTi (Note 17)	63,543	331,738	488,408	1,047,511	1,931,200
Additions	644	3,515	5,268	33,443	42,870
Disposals	-	(2,367)	-	-	(2,367)
Impact of foreign exchange	336	399	1,311	424	2,470
Balance, 31 December 2022	**$ 64,523**	**$ 369,921**	**$ 742,992**	**$ 1,082,616**	**$ 2,260,052**
Accumulated Depreciation:					
Balance, 31 March 2022	$ -	$ (25,920)	$ (66,451)	$ (172)	$ (92,543)
Acquired through BTi (Note 17)	(42,686)	(298,739)	(335,236)	(1,011,128)	(1,687,789)
Additions	(2,286)	(15,722)	(104,986)	(9,570)	(132,564)
Balance, 31 December 2022	**$ (44,972)**	**$ (340,381)**	**$ (506,673)**	**$ (1,020,870)**	**$ (1,912,896)**

Expressed in Canadian Dollars

	Leasehold Improvement	Furniture, Fixtures and Equipment	R&D Tools and Equipment	Warehouse, Lab and Prototype Equipment	Total
Carrying Amount:					
Balance, 31 December 2022	**$ 19,551**	**$ 29,540**	**$ 236,319**	**$ 61,746**	**$ 347,156**
Balance, 31 March 2022	-	10,716	181,554	1,066	193,336

12) Right of use assets

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

		Balance
Balance as at 31 March 2021	$	312,125
Additions		19,987
Depreciation		(90,822)
Balance as at 31 March 2022		**241,290**
Fair value adjustment		**(22,144)**
Acquired through BTi (Note 17)		**199,656**
Depreciation		**(121,096)**
Impact of foreign exchange		**(4,809)**
Balance as at 31 December 2022	**$**	**292,897**

13) 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, Sydney office and China sales office (Note 17). The incremental borrowing rate for the period ended 31 December 2022 ranged between 4%-7% (31 March 2022 – 7%).

		Balance
Balance as at 31 March 2021	$	312,125
Additions		19,987
Lease accretion		18,241
Payments		(92,486)
Balance as at 31 March 2022	**$**	**257,867**
Fair value adjustment		**(25,374)**
Lease accretion		**13,992**
Payments		**(145,435)**
Acquired Through BTi (Note 17)		**206,183**
Impact of foreign exchange		**10,899**
Balance as at 31 December 2022	**$**	**318,132**
Lease liability – current portion		**204,839**
Lease liability – non-current portion		**113,293**
Total lease liability	**$**	**318,132**

14) 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 222,194,076 (31 March 2022-144,974,725) fully paid common shares issued and outstanding as at 31 December 2022.

b) Issued and outstanding and fully paid

<u>During the nine months ended 31 December 2022</u>

The Company closed a non-brokered private placement consisting of 11,650,000 units at a price of $0.10 per unit (the "Unit") for net proceeds of $1,146,625. Each Unit consisted of one common share of the Company and one share purchase warrant ("Warrant") to acquire a share of the Company at an exercise price of $0.20 for a period of one year. The fair value of the 11,650,000 Warrants is $106,888. A finder's fee of $18,375 was paid and 183,750 finder's warrants were issued, which are exercisable into common shares at $0.20 per share purchase warrant for a period of one year. The fair value of the 183,750 finder's warrants is $1,686. All securities issued pursuant to the private placement are subject to a hold period that expired on 26 December 2022.

As part of the terms of the acquisition of BTi, 62,691,351 common shares are subject to escrow conditions and will be released in three tranches on 26 December 2022, 25 June 2023 and 25 December 2023 in the amount of 20,032,003, 21,468,674, and 21,468,674 common shares, respectively (Note 6). The first tranche of new common shares was released from escrow on 26 December 2022.

Stifel GMP acted as the Company's financial advisor for the BTi acquisition and received 2,500,000 common shares of the Company at a deemed price of $0.10 per common share on 25 August 2022.

<u>During the year ended 31 March 2022</u>

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

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

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

Expressed in Canadian Dollars

During the nine months ended 31 December 2022, the Company granted 3,700,000 options (31 March 2022 – 3,900,000 options) to directors, officers, employees, and consultants of the Company. During the nine and three months ended 31 December 2022, the Company recognized $480,091 and $77,429 (2021 – $367,240 and $136,948) in share-based payment expense.

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

	For the Nine Months Ended 31 December 2022		Weighted average exercise price	For the Year Ended 31 March 2022		Weighted average exercise price
Balance – beginning of period	**11,035,000**	**$**	**0.18**	9,260,000	$	0.25
Granted	**3,700,000**		**0.11**	3,900,000		0.10
Exercised	**(100,000)**		**0.06**	(1,050,000)		0.11
Expired/Forfeited	**(1,155,000)**		**0.25**	(1,075,000)		0.23
Balance – end of period	**13,480,000**	**$**	**0.18**	11,035,000	$	0.21

Details of stock options outstanding are as follows:

Expiry Date		Exercise price	31 December 2022 Outstanding	31 December 2022 Exercisable	31 March 2022 Outstanding	31 March 2022 Exercisable
19 December 2022	$	0.265	**-**	**-**	75,000	75,000
23 April 2023	$	0.20	**30,000**	**30,000**	430,000	430,000
8 August 2023	$	0.13	**250,000**	**250,000**	250,000	250,000
30 October 2023	$	0.06	**1,900,000**	**1,900,000**	2,100,000	2,100,000
2 January 2025	$	0.075	**-**	**-**	200,000	200,000
7 April 2025	$	0.10	**1,100,000**	**930,000**	1,180,000	790,500
24 February 2026	$	0.54	**2,600,000**	**1,599,997**	2,900,000	1,699,997
25 March 2027	$	0.10	**3,900,000**	**1,495,832**	3,900,000	1,208,332
25 August 2027	$	0.11	**3,700,000**	**3,700,000**	-	-
			13,480,000	**9,905,829**	11,035,000	6,753,829

The outstanding options have a weighted average exercise price of $0.18 (31 March 2022 – $0.21) and the weighted average remaining life of the options is 4.18 years (31 March 2022 – 3.54 years).

c) Warrants

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

	For the Nine Months Ended 31 December 2022		Weighted average exercise price	For the Year Ended 31 March 2022		Weighted average exercise price
Balance – beginning of period	**7,715,100**	**$**	**0.39**	-	$	-
Issued	**11,650,000**		**0.20**	7,100,000		0.40
Agent's warrants issued	**183,750**		**0.20**	615,100		0.25
Expired	**(7,715,100)**		**0.39**	-		-
Balance – end of period	**11,833,750**	**$**	**0.20**	7,715,100	$	0.39

Expressed in Canadian Dollars

15) 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 Condensed Interim Consolidated Statement of Comprehensive Loss, and include the following expenses recognized during the nine-month period:

		31 December 2022		31 December 2021
Wages and short-term benefits	**$**	**461,000**	$	275,000
Share based payments (Note 15)		**319,000**		149,000
Total Remuneration	**$**	**780,000**	$	424,000

Included in amounts payable on the Condensed Interim Consolidated Statement of Financial Position is $Nil (31 March 2022 - $13,000) due to related parties with respect to professional fees, wages and short-term benefits, and expense reimbursements, and are non-interest bearing.

During the nine-month period ended 31 December 2022, the Company incurred $78,000 (2021 – $65,000) in legal fees from a company in which a director is a partner. The Company also incurred $140,000 (2021 - $45,000) in consulting fees from a company in which a director is an owner. These transactions are in the normal course of business operations and are measured at the exchange value.

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

The sales and marketing expense consisted of the following:		**For the Nine Months Ended 31 December 2022**	**For the Nine Months Ended 31 December 2021**
Salaries and wages	**$**	**294,249**	154,881
Promotion, marketing and travel		**87,408**	40,179
Indirect Costs		**389,200**	91,615
Total	**$**	**770,857**	286,675

The research and development expense consisted of the following:		**For the Nine Months Ended 31 December 2022**	**For the Nine Months Ended 31 December 2021**
Salaries and wages	**$**	**985,517**	618,518
Professional and consulting		**212,122**	111,328
Product research		**63,390**	521,143
Total	**$**	**1,261,029**	1,250,989

Expressed in Canadian Dollars

The general and administrative expense consisted of the following:		For the Nine Months Ended 31 December 2022	For the Nine Months Ended 31 December 2021
Salaries and wages	$	**659,146**	398,400
Professional and consulting		**352,812**	689,820
Office expense		**544,696**	196,842
Directors fees		**65,689**	30,000
Total	$	**1,622,343**	1,315,062

17) Supplemental Disclosure of Cash and Non-Cash Activities:

The following transactions incurred during the period were non-cash items and are included in the Condensed Interim Consolidated Statements of Financial Position and should be read in conjunction with Note 6:

Shares issued on acquisition of BTi		62,969,351
Shares issued to advisory agent for acquisition of BTi		2,500,000
Total Shares issued		65,469,351
Inventory acquired in the acquisition of BTi	$	4,073,996
Right of use assets acquired in the acquisition of BTi		199,655
Property, plant and equipment acquired in the acquisition of BTi		243,411
Patents & trademarks acquired in the acquisition of BTi		776,025
Intangibles acquired in the acquisition of BTi		1,868,667
Deferred tax asset acquired in the acquisition of BTi		165,114
Amounts receivable and prepaids acquired in the acquisition of BTi		1,317,073
Amounts payable and accrued acquired in the acquisition of BTi		(840,844)
Deferred revenue acquired in the acquisition of BTi		(2,237,813)
Provisions for service leave acquired in the acquisition of BTi		(517,078)
Finance leases acquired in the acquisition of BTi		(206,183)

18) Capital management

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

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

19) Commitments and contingent liabilities

On 22 February 2022, the Company signed a one-year lease for its office in Shanghai, commencing on 1 May 2022. During the three months ended 31 December 2022, the Company opted to terminate the Shanghai office lease agreement which was set to renew on 30 April 2023.

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
Fair value adjustment	$	(25,000)
Fiscal 2023		18,500
Fiscal 2024		71,000
Fiscal 2025		75,000
Fiscal 2026		28,000
Total	$	167,500

During 2021, BTi signed three-year leases for its head office units in Sydney, Australia, commencing on 1 October 2021:

Rounded (000's)		Amount
Fiscal 2023		50,000
Fiscal 2024		99,000
Total	$	149,000

During the year ended 30th June 2019, BTi established a Wholly Foreign-Owned Enterprise ("WFOE"), BT (Jiaxing) Semiconductor Technology Co. Ltd, as its wholly owned subsidiary (the "Subsidiary") in the People's Republic of China. The business license for BT (Jiaxing) Semiconductor Technology Co. Ltd was granted on the 24th of January 2019 by the Xiuzhou District Administration ("The Licensing Authority"). The Subsidiary was established with an undertaking by the BTi to the licensing authorities that it would inject $1.3 million US Dollars (the "Registered Capital") into the Subsidiary with offsetting economic benefits within five (5) years of the license grant date. BTi can seek to renegotiate the terms for the injection of funds at any time prior to the 23rd of January 2023. If the Subsidiary were to be dissolved prior to the final date for the injection of the Registered Capital, the BTi would have no obligation to provide the funds. The decision on whether to continue operating the Subsidiary will be made during the upcoming fiscal period and will be based on BTi's unique business needs and its operating strategies. Given this situation, no provision has been recorded in the nine months ended 31 December 2022.

Expressed in Canadian Dollars

20) Segmented disclosure

The Company operates in one reportable operating segment, being the development, manufacturing and marketing material inspection and inline quality control systems for the solar polysilicon, wafer, cell, and module manufacturing industries.

The geographic segmentation of the Company's non-current assets is as follows:

Non-current assets (excluding deferred tax assets, financial assets and post-employment benefit assets)*	**As at 31 December 2022**	As at 31 March 2022
Canada	**$ 516,559**	$ 694,881
Australia	**$ 3,844,659**	$ -

*Assets are held in Canada and Australia.

The geographic segmentation of the Company's sales based on customer location is as follows:

	Nine Months Ended 31 December 2022	Nine Months Ended 31 December 2021	**Three Months Ended 31 December 2022**	Three Months Ended 31 December 2021
Asia	**2,736,126**	-	**2,399,072**	-
Europe	**480,925**	-	**467,658**	-
International	**563,010**	-	**526,723**	-
	$ 3,780,061	$ -	**$ 3,393,453**	$ -

The Company is exposed to significant sales concentration in China, however the Company did not depend on any single customer for more than 10% of its revenues for the periods ended above.