AURORA SOLAR TECHNOLOGIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED 31 DECEMBER 2023 AND 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			30 December 2023		31 March 2023
Assets					
Current Assets					
Cash		$	4,356,710	$	2,801,217
Amounts receivable	(7)		1,944,462		1,253,581
Prepaid expenses			457,298		91,429
Inventory	(8)		2,977,846		3,233,077
			9,736,316		7,379,304
Non-current Assets					
Right of use assets	(12)		356,577		220,864
Intangibles	(9)		799,205		886,270
Other assets	(10)		60,585		52,062
Equipment	(11)		261,339		254,877
Goodwill	(6)		628,927		628,927
			2,106,633		2,043,000
		$	11,842,949	$	9,422,304
Liabilities					
Current Liabilities					
Amounts payable and accrued liabilities	(15)	$	1,357,363	$	1,191,386
Lease liabilities	(13)		361,531		157,564
Short-term loan	(20)		60,000		60,000
Deferred revenue	(17)		3,380,882		1,908,242
Provisions	(18)		375,537		330,251
			5,535,313		3,647,443
Non-current Liabilities					
Lease liabilities	(13)		-		95,739
Deferred tax			353,746		75,779
Provisions	(18)		37,339		-
			5,926,398		3,818,961
Equity					
Share capital	(14)		27,706,728		27,706,728
Contributed surplus – options	(14)		3,019,920		2,706,965
Contributed surplus – warrants	(14)		225,203		225,203
Accumulated other comprehensive income			34,612		159,595
Deficit			(25,069,912)		(25,195,148)
			5,916,551		5,603,343
		$	11,842,949	$	9,422,304

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

Commitments and contingencies......................... (21)

Subsequent events..(25)

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 2023**		Nine Months Ended 31 December 2022		**Three Months Ended 31 December 2023**		Three Months Ended 31 December 2022
Revenues									
Product sales	(17)(22)	**$**	**8,954,667**	$	3,780,061	**$**	**4,289,597**	$	3,393,453
Cost of sales	(8)		**(3,800,979)**		(1,779,608)		**(1,671,671)**		(1,430,262)
Gross margin			**5,153,688**		2,000,453		**2,617,926**		1,963,191
Expenses									
Sales and marketing	(16)		**1,027,094**		770,857		**332,403**		418,321
Research and development	(16)		**623,098**		1,261,029		**247,899**		509,165
General and administrative	(16)		**2,220,197**		1,622,343		**821,583**		870,914
Net foreign exchange loss (gain)			**(72,684)**		(117,083)		**(77,910)**		90,913
Depreciation cost	(9)(11)(12)		**374,508**		292,181		**112,348**		185,646
Share-based payments	(14)		**312,955**		480,091		**120,488**		77,429
Impairment of intangibles	(9)		**18,382**		-		**-**		-
			4,503,550		4,309,418		**1,556,811**		2,152,388
Net Income (Loss) from Operations		**$**	**650,138**	$	(2,308,965)	**$**	**1,061,115**	$	(189,197)
Other Income									
Other income		**$**	**649**	$	1,047	**$**	**(2,937)**	$	566
Other Expenses									
Finance cost	(13)		**(8,604)**		(13,992)		**(2,643)**		(5,429)
Other expenses			**(30,000)**		(106,078)		**-**		(57,799)
Provision for arbitration	(18)		**(208,950)**		-		**(208,950)**		-
Acquisition cost	(6)		**-**		(201,633)		**-**		(96,117)
			(246,905)		(320,656)		**(214,530)**		(158,779)
Income (Loss) before Income Taxes		**$**	**403,233**	$	(2,629,621)	**$**	**846,585**		(347,976)
Income tax		**$**	**(277,997)**	$	-	**$**	**(332,052)**		-
Net Income (Loss) after Taxes			**125,236**		(2,629,621)		**514,533**		(347,976)
Other comprehensive Income (Loss)									
Foreign currency translation of foreign operations			**(124,983)**		**(78,108)**		**122,404**		48,356
Total Comprehensive Income (Loss) for the Period		**$**	**253**	$	(2,707,729)	**$**	**636,937**	$	(299,620)
Net Income Loss per Common Share – Basic and Diluted		**$**	**0.001**	$	(0.015)	**$**	**0.004**	$	(0.002)
Weighted Average Number of Shares Outstanding - Basic and Diluted			**222,194,076**		180,934,277		**222,194,076**		222,194,076

--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 2022	144,924,725	$ 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, private placement	-	(63,386)	183,750	1,686	-	-	-	-	(61,700)
BTi Acquisition, net of issuance costs	62,969,351	6,926,630	-	-	-	-	-	-	6,926,630
Shares issued for services	2,500,000	250,000	-	-	-	-	-	-	250,000
Shares issued on stock option exercise	100,000	10,038	-	-	(100,000)	(4,037)	-	-	6,001
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**	**$ 2,643,209**	**$ 60,066**	**$ (23,423,074)**	**$ 8,593,989**

	Shares	Amount	Warrants	Amount	Options	Amount	Accumulated Other Comprehensive Income	Deficit	Equity
Balance 31 March 2023	**222,194,076**	**$ 27,706,728**	**11,833,750**	**$ 225,203**	**13,480,000**	**$ 2,706,965**	**$ 159,595**	**$ (25,195,148)**	**$ 5,603,343**
Options forfeited	-	-	-	-	(4,030,000)	-	-	-	-
Options issued	-	-	-	-	27,300,000	-	-	-	-
Warrants expired	-	-	(11,833,750)	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	312,955	-	-	312,955
Net Income for the period	-	-	-	-	-	-	(124,983)	125,236	253
Balance 31 December 2023	**222,194,076**	**$ 27,706,728**	**-**	**$ 225,203**	**36,750,000**	**$ 3,019,920**	**$ 34,612**	**$ (25,069,912)**	**$ 5,916,551**

--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 2023		Nine Months Ended 31 December 2022
Operating Activities				
Net Income (Loss) for the Period	**$**	**125,236**	$	(2,707,729)
Items not Affecting Cash				
Depreciation		**374,508**		292,181
Share-based payments		**312,955**		480,091
Finance cost		**8,604**		17,550
Impairment of intangible assets		**18,382**		47,524
Impairment of inventory		**16,951**		-
Disposal of property, plant & equipment		**344**		-
Disposal of lease liability		**(111,554)**		-
		745,426		(1,870,383)
Net Change in Non-cash Working Capital				
Amounts receivable		**(674,274)**		(692,449)
Prepaid expenses		**(500,637)**		45,786
Inventory		**164,558**		694,221
Amounts payable and accrued liabilities		**547,173**		644,489
Income Tax		**12,721**		6,443
Provisions		**90,155**		17,452
Deferred revenue		**1,516,153**		(1,060,186)
		1,155,849		(344,244)
Net cash provided by (used in) operating activities		**1,901,275**		(2,214,627)
Investing Activities				
Purchase of equipment		**(80,968)**		(42,870)
Purchase of other assets		**(8,523)**		(236)
Purchase of patents		**(36,316)**		(11,721)
Write down of assets		**-**		2,367
Cash paid from the acquisition of BTi (Note 6)		**-**		(1,641,347)
Cash acquired from the acquistion of BTi (Note 6)		**-**		3,553,489
Net cash (used in) provided by investing activities		**(125,807)**		1,859,682
Financing Activities				
Proceeds from share issuance		**-**		1,165,000
Share issue costs		**-**		(61,700)
Proceeds from option exercise		**-**		6,000
Lease liability payment		**(200,016)**		(145,435)
Net cash (used in) provided by financing activities		**(200,016)**		963,865
Net Increase in Cash		**1,575,452**		608,920
Cash position – beginning of year		**2,801,217**		2,016,667
Net effect - foreign exchange		**(19,959)**		71,611
Cash Position – End of Period	**$**	**4,356,710**	$	2,697,198

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

NOTES TO 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 Suite 900, 2025 Willingdon Avenue, Burnaby, BC V5C 0J3.

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 photovoltaic (PV) material inspection and quality control during production, and for laboratory use during product development.

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.

Prior to the BTi acquisition, the Company incurred operating losses since inception, was unable to self-finance operations and had significant on-going cash requirements to meet its overhead obligations. There are several adverse conditions that may cast significant doubt about the Company's ability to continue as a going concern. 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 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 the Company largely due to how the Company offers its products in terms of commercialization and sales, 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 the Company.

Rounded (000's)	**31 December 2023**	31 March 2023
Working capital[(1)]	**$ 4,201,000**	$ 3,732,000
Accumulated deficit	**$ (25,070,000)**	$ (25,195,000)

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 2023 ("Annual Financial Statements").

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance on 28 February 2024.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which have been measured at their fair value.

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

Basis of consolidation

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 100% wholly-owned subsidiaries, Aurora Solar Technologies (Canada) Inc. ("ASTC"), BTi, and BT (Jiaxing) Semiconductor Technology Co., Ltd ("BTJ").

Control exists when the Company is exposed to or has the rights to, variable returns from its involvement with the entity 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 condensed interim 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 detail the specific performance obligations associated with the distinct service or good provided. In the instance of a contract that does not specify distinct goods and services, the one performance obligation 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. Judgement is also exercised to the extent of determining the stand-alone price to be allocated to each of the promised goods and services.

b) Key sources of estimation uncertainty

Inventory valuation

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 (Income) Loss on a prospective basis.

Impairment testing

The Company assesses impairment of tangible and intangible assets with finite lives when an impairment indicator arises (e.g. change in use or discontinued use, obsolescence or physical damage). If indication of impairment exists, the assets recoverable amount is estimated. In the case of goodwill and intangibles within infinite lives, the Company tests at least annually for impairment, in accordance with IAS 36 Impairment of Assets. The recoverable amounts of cash-generating units ("CGU") are determined based on the greater of their fair value less costs of disposal and value in use which require the use of estimates and judgements.

When the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, the asset is tested at the CGU level. In assessing impairment, the Company compares the carrying amount of the asset or CGU to the recoverable amount, which is determined as the higher of the asset or CGU's fair value less costs of disposal and its value-in-use. Value-in-use is assessed based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects applicable market and economic conditions, the time value of money and the risks specific to the asset. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. An impairment loss is recognized whenever the carrying amount of the asset or CGU exceeds its recoverable amount and is recorded in the Condensed Interim Consolidated Statements of (Income) Loss.

The Company tests goodwill and indefinite life intangible assets for impairment on an annual basis at 31 March or whenever events or changes in circumstances indicate that the asset's carrying amount may be less than its recoverable amount.

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, 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 financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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.

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 short-term loans are also classified as other financial liabilities at amortized cost, applying a market rate of interest, 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 Australia, 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 2023 the Company has $1,832,721 (31 March 2023 - $1,183,456) 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 Chartered Banks that bear interest at nominal rates. The Company's lease liabilities and short-term debt are based on fixed interest rates. The Company's exposure to interest rate risk is minimal.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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 $86,000 (31 March 2023- $61,000). As at 31 December 2023 the Company held currency totalling the following:

Rounded (000's)		Sensitivity (CAD$)		31 December 2023		31 March 2023	
Cash in United States dollars	5% $	(187,000)	$	**2,774,000**	$	(118,000)	USD
Cash in Chinese RMB	5% $	(2,000)	$	**267,000**	$	(1,000)	RMB
Cash in Australian dollars	5% $	(19,000)	$	**419,000**	$	(18,000)	AUD
Cash in Euros	5% $	(2,000)	$	**22,000**	$	-	EURO
Amounts receivable in United States dollars	5% $	(89,000)	$	**1,319,000**	$	(540,000)	USD
Amounts receivable in Chinese RMB	5% $	-	$	**-**	$	-	RMB
Amounts receivable in Australian dollars	5% $	(7,000)	$	**148,000**	$	(3,000)	AUD
Amounts payable in United States dollars	5% $	21,000	$	**(304,000)**	$	14,000	USD
Amounts payable in Chinese RMB	5% $	0	$	**(34,000)**	$	5,000	RMB
Amounts payable in Australian dollars	5% $	28,000	$	**(630,000)**	$	17,000	AUD
Amounts payable in Euros	5% $	2,000	$	**(24,000)**	$	2,000	EURO
Deferred Revenue in United States Dollars	5% $	169,000	$	**(2,504,000)**	$	95,000	USD

g) Liquidity

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 2023:

	Less than 1 year	**1 to 3 years**	**Total[1]**
Amounts payable and accrued liabilities	$ 1,357,363	$ -	$ 1,357,633
Lease liabilities	361,531	-	361,531
CEBA Loan	60,000	-	60,000
	$ 1,778,894	**$ -**	**$ 1,778,894**

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

The Company monitors its level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables regularly.

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 Chinese Renminbi held in China are not freely convertible into other currencies, and the exchange risk is, therefore, less easily managed. However, under China's Foreign Exchange Control Regulations and the Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Company is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Further, the cash balances held in Industrial Commercial Bank of China accounts represent only a small portion of the Company's total cash resources and the exchange risk is, therefore, proportionally small.

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 were subject to escrow conditions for release 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. During the fiscal year ended 31 March 2023, the first tranche of new common shares was released from escrow and during the nine months ended 31 December 2023, both the second and third tranches were released from escrow. 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 $894,008, were expensed in the fiscal year ended 31 March 2023 in accordance with IFRS.

The revised and final purchase price allocated to BTI's identifiable assets and liabilities based on their estimated fair values on the acquisition date is summarized as follows:

Purchase consideration		
Cash consideration	$	1,205,310
Fair value of common shares issued		5,544,772
Total purchase consideration	**$**	**6,750,082**

Fair value of assets and liabilities recognized		
Cash	$	3,553,489
Trade and other receivables		1,203,390
Inventories		4,038,521
Other current assets		113,683
Trade and other payables		(840,843)
Lease liabilities		(206,996)
Provisions		(517,078)
Deferred revenue		(2,237,813)
Equipment		243,411
RoU asset		199,655
Patents & trademarks		782,000
Deferred tax liability		(210,264)
Fair value of net assets acquired	**$**	**6,121,155**
Goodwill		**628,927**
	$	**6,750,082**

Expressed in Canadian Dollars

7) Amounts receivable

		31 December 2023		31 March 2023
Trade receivables	**$**	**1,832,721**	$	1,183,456
GST receivable and other taxes recoverable		**111,741**		70,125
Total amount receivable	**$**	**1,944,462**	$	1,253,581

For the nine months ended 31 December 2023, the Company recorded no expected credit loss provision given the nature of these receivables and the Company's historical collectability.

8) Inventory

		31 December 2023		31 March 2023
Raw materials	**$**	**1,925,161**	$	1,942,935
Work-in-process		**781,469**		807,099
Finished goods		**-**		260,195
Finished goods on consignment		**273,216**		222,848
Total inventory	**$**	**2,977,846**	$	3,233,077

Inventory expensed to cost of sales during the nine months ended 31 December 2023 was $2,330,217 (31 March 2023 – $1,277,462).

During the nine months ended 31 December 2023, the Company wrote off $70,853 of inventory related to slow moving and/or obsolescent products to cost of sales (31 March 2023 – $713,025).

Expressed in Canadian Dollars

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9) Intangibles – Intellectual Property

Cost:		Total
Balance, 31 March 2022	$	282,431
Acquired through BTi (Note 6)		782,000
Disposals		(29,304)
Additions		28,387
Impairment		(59,887)
Impact of foreign exchange		6,776
Balance, 31 March 2023	$	1,010,403
Additions		36,316
Impairment		(18,382)
Impact of foreign exchange		1,570
Balance, 31 December 2023	**$**	**1,029,907**

Accumulated Depreciation:		
Balance, 31 March 2022	$	(80,310)
Additions		(81,564)
Disposals		29,304
Impairment		8,437
Balance, 31 March 2023		(124,133)
Additions		(106,569)
Balance, 31 December 2023	**$**	**(230,702)**

		Total
Carrying Amount		
Balance, 31 December 2023	**$**	**799,205**
Balance, 31 March 2023	$	886,270

10) Other assets

		Balance
Balance as at 31 March 2022	$	58,134
Additions		20,226
Write-off		(26,298)
Balance as at 31 March 2023	**$**	**52,062**
Additions		8,523
Balance as at 31 December 2023	**$**	**60,585**

Expressed in Canadian Dollars

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 6)	20,857	32,999	153,172	36,383	243,411
Additions	635	4,589	21,276	34,827	61,327
Disposals	-	(11,310)	-	-	(11,310)
Impact of foreign exchange	112	160	315	65	652
Balance, 31 March 2023	**21,604**	$ **63,074**	$ **422,768**	$ **72,513**	**$ 579,959**
Additions	-	27,074	2,198	51,696	80,968
Disposals	-	-	-	(344)	(344)
Impact of foreign exchange	257	1,891	10,028	1,916	14,092
Balance, 31 December 2023	$ **21,861**	$ **92,039**	$ **434,994**	$ **125,780**	**$ 674,675**
Accumulated Depreciation:					
Balance, 31 March 2022	$ -	$ (25,920)	$ (66,451)	$ (172)	$ (92,543)
Additions	(4,014)	(18,241)	(179,232)	(31,052)	(232,539)
Balance, 31 March 2023	$ (4,014)	$ (44,161)	$ (245,683)	$ (31,224)	$ (325,082)
Additions	(3,528)	(11,312)	(48,484)	(24,930)	(88,254)
Balance, 31 December 2023	$ **(7,542)**	$ **(55,473)**	$ **(294,167)**	$ **(56,154)**	**$ (413,336)**
Carrying Amount					
Balance, 31 December 2023	**$ 14,319**	**$ 36,566**	**$ 140,827**	**$ 69,627**	**$ 261,339**
Balance, 31 March 2023	$ 17,590	$ 18,913	$ 177,085	$ 41,289	$ 254,877

Expressed in Canadian Dollars

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. During the nine months ended 31 December 2023, the Vancouver head office terminated its existing lease.

		Balance
Balance as at 31 March 2022		241,290
Acquired through BTi (Note 6)		199,655
Depreciation		(181,804)
Disposal		(38,966)
Impact of foreign exchange		689
Balance as at 31 March 2023		**220,864**
Additions		407,516
Disposal		(87,414)
Depreciation		(179,685)
Impact of foreign exchange		(4,704)
Balance as at 31 December 2023	**$**	**356,577**

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 21). The incremental borrowing rate for the nine months ended 31 December 2023 ranged between 4% - 7% (31 March 2023 – ranged from 4 - 7%). During the nine months ended 31 December 2023, the Company extended its Sydney office leases for an additional 1-year term. During the nine months ended 31 December 2023, the Company successfully transferred out of its lease obligation relating to the head office space located in Vancouver.

		Balance
Balance as at 31 March 2022	$	257,867
Lease accretion		19,030
Payments		(198,830)
Acquired through BTi (Note 6)		206,995
Disposal		(32,312)
Impact of foreign exchange		553
Balance as at 31 March 2023	**$**	**253,303**
Additions		407,516
Lease accretion		8,604
Payments		(200,016)
Disposal		(111,554)
Impact of foreign exchange		3,678
Balance as at 31 December 2023	**$**	**361,531**
Lease liability – current portion		**361,531**
Lease liability – non-current portion		-
Total lease liability	**$**	**361,531**

Expressed in Canadian Dollars

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 2023 - 222,194,076) fully paid common shares issued and outstanding as at 31 December 2023.

b) Issued and outstanding and fully paid

During the year ended 31 March 2023

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 $1,103,300. 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. Legal and filing costs of $43,325 were incurred. The fair value of the 183,750 finder's warrants is $1,686. All securities issued pursuant to the private placement were 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 and second tranches of new common shares were released from escrow on 26 December 2022 and 25 June 2023, respectively.

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

During the nine months ended 31 December 2023, the Company granted 27,300,000 options (31 March 2023 – 3,700,000 options) to directors, officers, employees, and consultants of the Company. During the three and nine months ended 31 December 2023, the Company recognized $120,488 and $312,955 (2022 - $77,429 and $480,091, respectively) in share-based payments on granted options.

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

	For the Nine Months Ended 31 December 2023		**Weighted average exercise price**	For the Year Ended 31 March 2023		Weighted average exercise price
Balance – beginning of period	**13,480,000**	**$**	**0.16**	11,035,000	$	0.18
Granted	**27,300,000**		**0.05**	3,700,000		0.11
Exercised	**-**		**-**	(100,000)		0.06
Expired/Forfeited	**(4,030,000)**		**0.06**	(1,155,000)		0.25
Balance – end of period	**36,750,000**	**$**	**0.10**	13,480,000	$	0.16

Expressed in Canadian Dollars

Details of stock options outstanding are as follows:

Expiry Date		Exercise price	31 December 2023 Outstanding	31 December 2023 Exercisable	31 March 2023 Outstanding	31 March 2023 Exercisable
23 April 2023	$	0.20	-	-	30,000	30,000
8 August 2023	$	0.13	-	-	250,000	250,000
30 October 2023	$	0.06	-	-	1,900,000	1,900,000
7 April 2025	$	0.10	**1,100,000**	**1,100,000**	1,100,000	930,000
24 February 2026	$	0.54	**2,600,000**	**2,099,994**	2,600,000	2,099,994
25 March 2027	$	0.10	**3,900,000**	**3,566,664**	3,900,000	2,070,832
25 August 2027	$	0.11	**3,700,000**	**3,700,000**	3,700,000	3,700,000
10 July 2028	$	0.05	**15,950,000**	**3,099,999**	-	-
15 August 2028	$	0.05	**8,500,000**	-	-	-
15 November 2028	$	0.05	**1,000,000**	-	-	-
			36,750,000	**13,566,657**	13,480,000	10,980,826

The outstanding options have a weighted average exercise price of $0.10 (31 March 2023 – $0.18) and the weighted average remaining life of the options is 4.07 years (31 March 2023 – 3.18 years).

The fair values of the options granted during the nine months ended 31 December 2023 and the year ended 31 March 2023 was determined on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	For the Nine Months Ended 31 December 2023	For the Year Ended 31 March 2023
Risk free interest rate	**3.96%-4.05%**	3.23%
Expected life of options (years)	**5**	5
Expected annualized volatility	**73.85%-76.36%**	76.57%
Expected dividend yield	**Nil**	Nil
Weighted average Black-Scholes value of each option	**$0.02-$0.03**	$0.07

c) Warrants

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

	For the Nine Months Ended 31 December 2023		Weighted average exercise price	For the Year Ended 31 March 2023		Weighted average exercise price
Balance – beginning of period	**11,833,750**	**$**	**0.20**	7,715,100	$	0.39
Issued	-		-	11,650,000		0.20
Agent's warrants issued	-		-	183,750		0.20
Warrants expired	**(11,833,750)**		**0.20**	(7,715,100)		0.39
Balance – end of period	-	**$**	-	11,833,750	$	0.20

The fair values of the warrants issued during the year ended 31 March 2023 was determined on the date of issuance using the Black-Scholes option pricing model with the following assumptions:

	For the Year Ended 31 March 2023
Risk free interest rate	**3.65%**
Expected life of warrants (years)	**1**
Weighted average remaining life of warrants (years)	**0.402**
Expected annualized volatility	**63.25%**
Expected dividend yield	**Nil**
Weighted average Black-Scholes value of each warrant	**$0.009**

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 months ended 31 December 2023:

Principal Position Rounded (000's)		**For the Nine Months Ended 31 December 2023**		For the Nine Months Ended 31 December 2022
Wages and short-term benefits	**$**	**532,000**	$	461,000
Share based payments (Note 14)		**234,000**		319,000
Total remuneration	**$**	**766,000**	$	780,000

Included in amounts payable on the Condensed Interim Consolidated Statement of Financial Position is $2,000 (31 March 2023 - $31,989) 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 months ended 31 December 2023, the Company incurred $15,000 (2022 – $78,000) in legal fees from a company in which a director is a partner. The Company also incurred $87,065 (2022 - $140,000) in consulting fees from companies in which directors are owners. These indirect costs are in the normal course of business operations and are measured at fair 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 2023**		**For the Nine Months Ended 31 December 2022**
Salaries and wages	**$**	**332,718**	$	294,249
Promotion, marketing and travel		**42,222**		87,408
Indirect costs		**652,154**		389,200
Total	**$**	**1,027,094**	$	770,858

Expressed in Canadian Dollars

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The research and development expense consisted of the following:		For the Nine Months Ended 31 December 2023		For the Nine Months Ended 31 December 2022
Salaries and wages	$	**579,057**	$	985,517
Professional and consulting		**19,114**		212,122
Product research		**24,927**		63,390
Total	$	**623,098**	$	1,261,029

The general and administrative expense consisted of the following:		For the Nine Months Ended 31 December 2023		For the Nine Months Ended 31 December 2022
Salaries and wages	$	**1,274,173**	$	659,146
Professional and consulting		**364,517**		352,812
Office expense		**560,930**		544,696
Directors fees		**20,577**		65,689
Total	$	**2,220,197**	$	1,622,343

17) Revenue

		For the Nine Months Ended 31 December 2023		For the Nine Months Ended 31 December 2022
Contract revenue - photoluminescence imaging tools and instruments	$	8,866,539	$	3,685,916
Tool maintenance and service revenue		88,128		94,145
Total Revenue	**$**	**8,954,667**	$	3,780,061
Deferred revenue liability	**$**	**(3,380,882)**		(1,221,267)

The Company recognizes two different revenue streams, which includes, contract revenue relating to the imaging hardware, with the embedded software, and the related bundled service to install the tools and supplementary maintenance and customer service. Deposits received against a contract is recognized as deferred revenue liability until such time that the title has transferred to the customer or, the related services has been performed, at which point the related performance obligation has been met, and revenue is recognized. Revenue on supplementary services is recognized once the service has been completed and the obligation to the customer met.

18) Provisions

Warranty

The Company provides a basic one-year product warranty ("warranty period") on its tool sales. Under the terms of this warranty the Company will replace or repair components in the hardware if it fails to perform in accordance with the published specifications, during the warranty period. These assurance-type warranties are not considered to be performance obligations, so revenue is not allocated to them. As at 31 December 2023, the Company estimates the costs relating to these warranties at $60,505 (31 March 2023-$142,685).

Expressed in Canadian Dollars

Employee long-service leave

Employees reach an unconditional legal entitlement to long-service leave when they work for the same Company for a qualifying period of service (typically ten years). For shorter periods, long-service leave may be payable on exit in some (but not all) circumstances. As at 31 December 2023, the Company estimates the costs relating to employee long-service leave at $143,421 (31 March 2023-$187,566).

Provision for Arbitration

The Company recognizes a provision for arbitration when there is a present obligation that is a result of a past event and in which a reliable estimate of the obligation can be determined. Subsequent to the nine months ended 31 December 2023, an inactive subsidiary of the Company received an adverse notice of award from the Shanghai International Arbitration Centre ("SHIAC") relating to a historical contract dispute in China. As at 31 December 2023, the Company estimates the provision for arbitration is USD$150,000 plus related fees (2022- $Nil).

The estimated costs of the warranties, employee service leave and arbitration are recognised as provisions under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

	For the Nine Months Ended 31 December 2023	For the Year Ended 31 March 2023
Warranty provision	**$ 60,505**	$ 142,685
Employee long-service leave	**143,421**	187,566
Arbitration provision	**208,950**	-
Total Provision	**$ 412,876**	$ 330,251

19) Supplemental disclosure on acquisition related 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	$ 4,038,521
Right of use assets acquired in the acquisition of BTi	199,655
Equipment acquired in the acquisition of BTi	243,411
Patents & trademarks acquired in the acquisition of BTi	782,000
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	(324,741)
Provisions for warranty liability	(192,337)
Finance leases acquired in the acquisition of BTi	(206,996)
Deferred tax liability	(210,264)

20) 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 technologies as well as the Company's operations. 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.

21) Commitments and contingencies

Commitments

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. During the nine months ended 31 December 2023, the Company exited its existing lease obligation with no future commitment or obligation.

During 2021, BTi signed three-year leases for its head office units in Sydney, Australia, commencing on 1 October 2021. Subsequent to the period ended 31 March 2023, BTi signed new one-year leases for its head office units in Sydney, Australia, commencing on 1 October 2023.

Rounded (000's)		Amount
Fiscal 2024	$	53,000
Fiscal 2025		218,000
Fiscal 2026		90,000
Total	**$**	**361,000**

Contingencies

During the year ended 30 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 24 January 2019 by the Xiuzhou District Administration ("The Licensing Authority"). The Subsidiary was established with an undertaking by 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 24 January 2024 or under certain conditions it may be dissolved prior to the final date for the injection of the Registered Capital at which point BTi would have no obligation to provide the funds. Subsequent to the nine months ended 31 December 2023, the Licensing Authority and BTi have come to an arrangement to dissolve the requirement for the injection of Registered Capital and to rent related premises at market rates going forward. This renegotiated arrangement is currently being formalized. 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 2023.

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22) 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*		**As at 31 December 2023**		As at 31 March 2023
Canada	**$**	**313,095**	$	469,651
Australia		**1,793,538**		1,573,349
Total	**$**	**2,106,633**	$	2,043,000

*(excluding deferred tax assets, financial assets and post-employment benefit assets)

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

		Nine Months Ended 31 December 2023		Nine Months Ended 31 December 2022		**Three Months Ended 31 December 2023**		Three Months Ended 31 December 2022
Asia	**$**	**8,817,459**	$	2,736,126	**$**	**4,289,597**	$	2,399,072
Europe		**-**		480,925		**-**		467,658
International		**137,208**		563,010		**-**		526,723
	$	**8,954,667**	$	3,780,061	**$**	**4,289,597**	$	3,393,453

The Company's sales for the nine months ended 31 December 2023 of $8,946,283 (2022-$3,780,061) were concentrated in Asia. While the Company is exposed to significant concentration in that region, the Company did not depend on any single customer for more than 10% of its revenues for the period.

23) Subsequent events

No other subsequent events other than those disclosed in Note 18.