AURORA SOLAR TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Stated in Canadian Dollars

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MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Aurora Solar Technologies Inc.:

Management is responsible for the preparation and presentation of the accompanying Consolidated Financial Statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

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

27 June 2019

"Gordon Deans"	"Viktoriya Griffin"
Gordon Deans, CEO	Viktoriya Griffin, CFO

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Aurora Solar Technologies Inc.

Opinion

We have audited the accompanying consolidated financial statements of Aurora Solar Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has an accumulated deficit of $12,445,000 as at March 31, 2019 and, as of that date, the Company's current assets exceeded its current liabilities by $1,239,000. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

June 27, 2019

AURORA SOLAR TECHNOLOGIES INC.

Canadian Dollars

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Note		31 March 2019		31 March 2018
ASSETS					
Current Assets					
Cash		**$**	**1,015,570**	$	833,548
Restricted investments	(8)		**-**		94,602
Amounts receivable	(9)		**255,312**		727,344
Prepaid expenses			**69,850**		107,584
Inventory	(10)		**125,421**		173,211
			1,466,153		1,936,289
Non-current Assets					
Patents	(11)		**106,819**		74,183
Other assets	(12)		**178,167**		181,028
Equipment	(13)		**42,340**		41,447
			327,326		296,658
		$	**1,793,479**	$	2,232,947
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	(15)	**$**	**227,147**	$	250,082
			227,147		250,082
EQUITY					
Share capital	(14)		**12,354,124**		10,782,096
Contributed surplus – options			**1,450,934**		1,260,034
Contributed surplus – warrants			**205,950**		126,950
Deficit			**(12,444,676)**		(10,186,215)
			1,566,332		1,982,865
		$	**1,793,479**	$	2,232,947

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These Consolidated Financial Statements were approved by the Board of Directors on 27 June 2019 and were signed on its behalf by:

"Gordon Deans"
Gordon Deans, Director

"David Toyoda"
David Toyoda, Director

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Note		Year ended 31 March 2019		Year ended 31 March 2018
Revenues					
Product sales		$	**438,341**	$	2,507,740
Cost of sales			**(305,731)**		(1,013,422)
Gross margin			**132,610**		1,494,318
Expenses					
General and administrative	(15)		**929,331**		840,479
Sales and marketing			**626,098**		911,019
Research and development			**527,141**		533,695
Share-based payments	(14)		**190,900**		71,700
Net foreign exchange (gain) loss			**103,076**		(135,716)
Amortization	(11)(13)		**14,525**		10,963
			2,391,071		2,232,140
Net Loss and Comprehensive Loss		$	**(2,258,461)**	$	(737,822)
Net Loss per Common Share – Basic and Diluted		$	**(0.03)**	$	(0.01)
Weighted Average Number of Common Shares Outstanding – Basic and diluted			**65,835,808**		51,552,971

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares	Amount	Obligation to issue shares	Warrants	Amount	Options	Amount	Deficit	Equity
BALANCE 31 MARCH 2017	48,627,875	$ 10,090,420	$ 63,000	13,903,145	$ 133,203	4,530,000	$ 1,192,498	$ (9,448,393)	$ 2,030,728
Private placement issuance	3,028,666	545,160	-	1,514,333	-	-	-	-	545,160
Share issuance costs	-	(44,401)	-	-	-	-	-	-	(44,401)
Shares issued for debt	300,000	63,000	(63,000)	-	-	-	-	-	-
Issuance of agents warrants	-	(12,000)	-	202,066	12,000	-	-	-	-
Shares on exercise of agents' warrants	210,000	63,000	-	-	-	-	-	-	63,000
Fair value transfer on agents' warrants exercise	-	18,253	-	(210,000)	(18,253)	-	-	-	-
Shares on exercise of warrants	195,000	48,750	-	(195,000)	-	-	-	-	48,750
Shares on exercise of options	50,000	5,750	-	-	-	-	-	-	5,750
Fair value transfer on options exercise	-	4,164	-	-	-	(50,000)	(4,164)	-	-
Warrants expired	-	-	-	(166,850)	-	-	-	-	-
Options expired	-	-	-	-	-	(250,000)	-	-	-
Share-based payments	-	-	-	-	-	875,000	71,700	-	71,700
Net loss for the year	-	-	-	-	-	-	-	(737,822)	(737,822)
BALANCE 31 MARCH 2018	**52,411,541**	**$ 10,782,096**	**$ -**	**15,047,694**	**$ 126,950**	**5,105,000**	**$ 1,260,034**	**$ (10,186,215)**	**$ 1,982,865**
Private placement issuance	**35,765,384**	**1,788,269**	**-**	**-**	**-**	**-**	**-**	**-**	**1,788,269**
Share issuance costs	**-**	**(137,241)**	**-**	**-**	**-**	**-**	**-**	**-**	**(137,241)**
Issuance of agents warrants	**-**	**(79,000)**	**-**	**2,256,800**	**79,000**	**-**	**-**	**-**	**-**
Options expired	**-**	**-**	**-**	**-**	**-**	**(705,000)**	**-**	**-**	**-**
Warrants expired	**-**	**-**	**-**	**(13,331,295)**	**-**	**-**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**3,780,000**	**190,900**	**-**	**190,900**
Net loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,258,461)**	**(2,258,461)**
BALANCE 31 MARCH 2019	**88,176,925**	**$ 12,354,124**	**$ -**	**3,973,199**	**$ 205,950**	**8,180,000**	**$ 1,450,934**	**$ (12,444,676)**	**$ 1,566,332**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March 2019	Year ended 31 March 2018
OPERATING ACTIVITIES		
Loss for the Year	$ **(2,258,461)**	$ (737,822)
Items not Affecting Cash		
Amortization	**14,525**	10,964
Share-based payments	**190,900**	71,700
Write-off of other assets	**17,572**	2,819
	(2,035,464)	(652,339)
Net Change in Non-cash Working Capital		
Amounts receivable	**472,032**	(711,302)
Prepaid expenses	**32,754**	(84,780)
Inventory	**47,790**	(63,004)
Accounts payable and accrued liabilities	**(31,515)**	37,299
Contract liability	**-**	(58,883)
	521,061	(880,670)
	(1,514,403)	(1,533,009)
INVESTING ACTIVITIES		
Acquisition of patents	**(297)**	(8,802)
Purchase/sale of restricted investments	**94,602**	(94,602)
Other assets	**(48,908)**	(105,203)
Purchase of equipment	**-**	(48,055)
	45,397	(256,662)
FINANCING ACTIVITIES		
Proceeds from share issuances	**1,788,269**	662,660
Share issuance costs	**(137,241)**	(44,401)
	1,651,028	618,259
Net Increase (Decrease) in Cash	**182,022**	(1,171,412)
Cash position – beginning of year	**833,548**	2,004,960
Cash Position – End of Year	$ **1,015,570**	$ 833,548
Schedule of Non-cash Investing and Financing Transactions		
Cash received for interest	$ **152**	$ 4,108
Cash paid for income taxes	$ **-**	$ -
Supplemental Disclosure with Respect to Cash Flows:		
Costs included in accounts payable related to other assets	$ **2,612**	$ 11,192
Costs transferred from other assets to patents	$ **42,777**	$ 5,141
Warrants issued to agents	$ **79,000**	$ 18,253
Prepaid expenses applied to equipment purchases	$ **4,980**	$ -

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Aurora Solar Technologies Inc. ("Aurora" or the Company), was incorporated under the laws of the Province of British Columbia, Canada on 26 October 2006 as Pulse Capital Corp, a capital pool company. 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 subsidiary, develops and markets inline quality control systems for the solar cell manufacturing industry. The address of the Company's corporate and administrative office and principal place of business is #223 – 930 West 1st Street, North Vancouver, BC, V7P 3N4.

These audited consolidated financial statements (the "Financial Statements") have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and the discharge of liabilities in the normal course of operations.

There are several adverse conditions that cast substantial doubt about the Company's ability to continue as a going concern. The Company has incurred operating losses since inception, is unable to self-finance operations and has significant on-going cash requirements to meet its overhead obligations.

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

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

Rounded (000's)		**31 March 2019**		31 March 2018
Working capital	**$**	**1,239,000**	$	1,686,000
Accumulated deficit	**$**	**(12,445,000)**	$	(10,186,000)

2) Basis of preparation – statement of compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB").

The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value.

In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

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

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

3) Significant accounting policies

a) Basis of consolidation

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

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

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

b) Foreign currency

The Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of the Company and its subsidiary. Each entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Both the parent and subsidiary use the Canadian dollar as their functional currency.

Transactions in foreign currencies are initially recorded at the foreign currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing when the fair value was determined. Non-monetary items recorded at historical cost in a foreign currency are not retranslated at the end of the reporting period. Exchange gains and losses arising on translation are included in the statement of comprehensive loss.

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

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

c) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options vest. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

For non-employees, share-based payment measurements are based on the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the fair value of the goods or services received cannot be estimated reliably, the transaction is measured by referring to the fair value of the equity instruments granted. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable.

d) Deferred financing costs

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

e) Financial instruments

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

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

i) Amortized cost. A financial asset is measured at amortized cost if the contractual cash flows to repay the principal and interest are made at specific dates and if the Company's business model is to collect the contractual cashflows. Subsequent measurement uses the effective interest method, less any provision for impairment.

ii) Fair value through other comprehensive income (FVOCI). A financial asset is measured at FVOCI if the Company's business model is both to collect the contractual cashflows and sell assets and the contractual terms of the assets give rise on specified dates to cash flows that are solely repayments of principal and interest.

iii) Fair value through profit or loss (FVPL). A financial asset is measured at FVPL if it cannot be measured at amortized cost or FVOCI. At initial recognition the Company may also irrevocably designate a financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

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

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

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

f) Inventory

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

g) Income taxes

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

<u>Current income tax</u>

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

<u>Deferred tax</u>

Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the consolidated statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities:

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

Deferred tax assets:

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

h) Earnings (loss) per share

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

i) Comprehensive profit (loss)

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

j) Cash and cash equivalents

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

k) Share capital

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

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

l) Intangible assets

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

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

The cost of intangible assets which are determined to have a finite useful life is amortized on a systematic basis over the estimated remaining useful life.

Product registration costs related to efforts by the Company to acquire legal protections for its proprietary products, such as trademarks and patents, are capitalized if the Company believes that obtaining the trademark or patent, and recovery of the costs from future related revenues is reasonably assured, otherwise the costs are expensed.

The amortization period is determined based on the anticipated duration of legal protection, an assessment of the period of time over which the Company may be able to generate revenues from the related product, and expected obsolescence. Current patents are amortized over their useful lives.

m) Research and development costs

Research costs are expensed in the year incurred. Development costs include all expenditures considered directly attributable to efforts by the Company to develop, and bring to commercial production, a new product. Such amounts are charged as an expense in the period incurred except in circumstances where the product or process is clearly defined and the costs attributable thereto can be identified, the technical feasibility has been established, management has indicated its intention to produce and market the product, the future market is clearly defined, adequate resources are available, and recovery of development costs can reasonably be regarded as assured, in which case such costs are capitalized.

n) Impairment of long-lived assets

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

o) Government assistance

Government grants are recognized when the Company has established entitlement to the related funds and there is reasonable assurance that the Company has complied with the conditions of the grant. Such grants are accounted for as reduction of the related expense. During the year ended 31 March 2019, the Company received \$247,191 (2018 - \$57,660) in government assistance which has been recorded in research and development costs on the Consolidated Statement of Comprehensive Loss. There are no unfulfilled conditions related to the government assistance received.

p) Revenue recognition

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

Revenue is recognized when risk of loss and title has transferred which is generally upon shipment, or in some instances, upon delivery. Customer contracts are fulfilled in accordance with international commercial terms. When contracts contain multiple performance obligations, the Company allocates the transaction price to each performance obligation identified in the contract. Revenue is recognized when each performance obligation is achieved. Where final acceptance of the product sale is required by the customer, revenue is not recorded until acceptance criterion has been met.

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

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

q) Amounts receivable and concentration of credit risks

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

r) Equipment

Equipment assets are depreciated using the straight-line method based on estimated useful lives, which generally range from 7-10 years. Where an item of equipment is comprised of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal overheads. The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs".

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

s) Provision for product warranty

The Company's products are typically sold with a 1-2 year warranty. Due to no or limited warranty claims to date, the Company accrues the estimated costs of warranties based on the assessment of the Company's accrual history, estimates of failure rates from the Company's quality review, and other assumptions that the Company believes to be reasonable under the circumstances. Actual warranty costs are accumulated and charged against the accrued warranty liability. To the extent that accrual warranty costs differ from the estimates, the Company will prospectively revise its warranty accrual.

4) New accounting standards

The details of the new significant accounting policies are set out in note 3.

a) IFRS 9, Financial Instruments

On 1 April 2018, the Company has adopted the new accounting standard IFRS 9, which replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 introduced a new classification and measurement model for financial assets and liabilities, a more forward-looking impairment model based on expected credit losses and a substantially reformed hedge accounting model.

IFRS 9 contains a new classification and measurement approach for financial assets reflecting the business model in which assets are managed and their cash flow characteristics. The following table summarizes the classification impact of the Company's financial assets and financial liabilities upon the adoption of IFRS 9. The adoption of the new classification requirements under IFRS 9 did not result in any measurement adjustments of the Company's financial assets and liabilities.

Financial Asset or Liability	Classification under IAS 39	Classification under IFRS 9
Cash and restricted investments	FVPL	FVPL
Amounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. ECL's are a probability-weighted estimate of credit losses. We have calculated ECL's based on consideration of customer-specific factors and factual credit loss experience over the past three years. Aurora has not been exposed to historical credit loss or customer default as at 31 March 2019. Based on that, Aurora has not recorded ELCs as at 31 March 2019.

The adoption of IFRS 9 has not had an effect on Aurora's accounting policies related to financial liabilities.

b) IFRS 15, Revenues from Contracts with Customers

On 1 April 2018, the Company has adopted the new accounting standard IFRS 15 to all revenue contracts using the cumulative retrospective effect of initially applying IFRS 15. The adoption of this standard did not have a material impact on the Company's financial statements, and as such it did not result in any adjustment in the amounts previously recognized in the consolidated financial statements.

IFRS 15 supersedes previous accounting standards for revenue, including IAS 11, Construction Contracts, and IAS 18, Revenue, and all existing IFRS revenue interpretations. IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;

3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Under IFRS 15, contract assets are presented separately from contract liabilities.

5) Accounting standards issued but not yet applied

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

IFRS 16, Leases

IFRS 16 is a new standard that sets out the principle for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of lease as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 is applicable to annual reporting periods beginning on or after 1 January 2019. The Company is planning to adopt IFRS 16 in its consolidated financial statements of r the annual period beginning on 1 April 2019. The most significant impact identified is that this standard will affect the accounting for the Company's operating leases described in Note 17. The Company has decided to apply the modified retrospective approach on transition. Accordingly, the cumulative effect of initially applying IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings as at the date of initial application and the comparative information will not be restated. Based on the initial assessment, the Company estimates that it will recognize additional lease liability of approximately $44,000 and related right of use asset of $44,000 as at 1 April 2019 related to the Company's head office per Note 17.

6) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

a) Critical judgements in applying accounting policies

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar.

b) Key sources of estimation uncertainty

Inventory

The Company's raw inventory is only valuable to the extent that it can be turned into saleable product. Sales acquired at a level above their cost, volume of sales necessary to use inventory and other factors are all an estimate of the Company.

Patents and Other asset

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

Share based payments

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

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 can differ from management's estimates.

Income taxes

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

Amounts receivable

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

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 of the above three conditions have been met to recognize a provision or whether a continent liability is in existence at the reporting date. Provisions and contingencies can vary materially from management's initial estimate and affect future consolidated financial statements.

7) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Consolidated Statement of Financial Position are carried at amortized cost with the exception of cash which is carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 March 2019, due to the immediate or short-term maturities of the financial instruments.

The fair value of the Company's cash is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy:

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

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

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

The Company's cash has been assessed on the fair value hierarchy described above and classified as Level 1.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, restricted investments, amounts receivable, and accounts payable and accrued liabilities. As at 31 March 2019, the carrying value of cash is fair value. The remaining financial instruments approximate their fair value due to their short-term nature.

c) Other risk

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

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its bank accounts. The Company is exposed to credit risk by holding cash, which are all held in financial institutions in Canada, and management believes the exposure to credit risk with respect to such institutions is not significant. The credit risk with respect to receivables is remote as they are due from the Government of Canada, which is considered a remote credit risk, and other commercial customers with whom the Company has a successful history of collections. Of the Company's total trade receivable, 99% relates to two customers.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to interest rate risk.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required to fund its on-going expenditures. The Company is exposed to foreign currency risk, as it deals with customers and vendors in currencies other than its functional currency. A 5% shift in exchange would impact the financial statements by $21,000. As at 31 March 2019, the Company held currency totalling the following:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rounded (000's)		Impact		31 March 2019		31 March 2018
United States dollars	5%	$ 8,000	USD	116,000	USD	412,000
Chinese RMB	5%	$ 1,000	RMB	105,000	RMB	-
Amounts receivable in United States dollars	5%	$ 12,000	USD	180,000	USD	364,000
Amounts payable in United States dollars	5%	$ -	USD	-	USD	(34,000)

g) Liquidity risk

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

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 year.

8) Restricted investments

Restricted investments, consisting of cash deposits held in a GIC account at a financial institution in Canada, were redeemed during the year ended 31 March 2019.

9) Amounts receivable

Amounts receivable consists of:

AMOUNTS RECEIVABLE	31 March 2019	31 March 2018
Trade receivable	$ 240,236	$ 709,972
GST receivable and other taxes recoverable	15,076	17,372
Total receivable	$ 255,312	$ 727,344

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

10) Inventory

Inventory consists of:

INVENTORY	31 March 2019	31 March 2018
Raw materials	$ 122,878	$ 170,668
Work in progress	2,543	2,543
Total inventory	$ 125,421	$ 173,211

Inventory expensed to cost of sales during the year ended 31 March 2019 was $210,276 (2018 – $726,833)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11) Patents

PATENTS		Cost		Accumulative Depreciation		Carrying Amounts
Balance as at 1 April 2017	$	99,794	$	(35,198)	$	64,596
Changes during the year		13,943		(4,356)		9,587
Balance as at 31 March 2018	**$**	**113,737**	**$**	**(39,554)**	**$**	**74,183**
Changes during the year		**43,074**		**(10,438)**		**32,636**
Balance as at 31 March 2019	**$**	**156,811**	**$**	**(49,992)**	**$**	**106,819**

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

Amortization is charged to write off the cost of the patent using the straight-line method over an estimate useful life of 20 years.

12) Other assets

OTHER ASSETS		Balance
Balance as at 1 April 2017	$	72,593
Additions		116,395
Transfers to patents		(5,141)
Write-off		(2,819)
Balance as at 31 March 2018		**181,028**
Additions		**57,488**
Transfers to patents		**(42,777)**
Write-off		**(17,572)**
Balance as at 31 March 2019	**$**	**178,167**

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

13) Equipment

EQUIPMENT		Cost		Accumulative Depreciation		Carrying Amount
Balance as at 1 April 2017	$	-	$	-	$	-
Additions during the year		48,055		(6,608)		41,447
Balance as at 31 March 2018		**48,055**		**(6,608)**		**41,447**
Additions during the year		**4,980**		**(4,087)**		**893**
Balance as at 31 March 2019	**$**	**53,035**	**$**	**(10,695)**	**$**	**42,340**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14) Share capital

a) Authorized

Unlimited common shares without par value.

b) Issued or allotted and fully paid

During the year ended 31 March 2019

On 15 November 2018, the Company closed a non-brokered private placement consisting of 35,765,384 common shares at a price of $0.05 per share for aggregate gross proceeds of $1,788,269. The Company paid $137,241 in finder's fee, lawyer fees, consulting and filing fees related to share issuances. In connection with this private placement, the Company issued 2,256,800 agent warrants with a fair value of $79,000. The agent warrants are entitling the holder to purchase one Share for a period of 24 months at a price of $0.075 per share.

During the year ended 31 March 2018

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

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

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

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

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

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

c) Summary of stock option activity

The Company has adopted a stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferrable options to purchase common shares exercisable under the Plan for a period of up to 10 years from the date of grant. Vesting terms are determined by the Board of Directors for each grant of options. The aggregate number of common shares issuable under the Plan must not exceed 20% of outstanding shares of the Company at the time of the Plans approval, or 17,635,385 common shares. As at 31 March 2019, the remaining number of common shares available for issuance is 9,455,385 common shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

STOCK OPTION ACTIVITY	31 March 2019	Weighted average exercise price	31 March 2018	Weighted average exercise price
Balance – beginning of year	**5,105,000**	**$ 0.20**	4,530,000	$ 0.20
Granted	**3,780,000**	**0.08**	875,000	0.22
Exercised	**-**	**-**	(50,000)	0.11
Expired	**(705,000)**	**0.35**	(250,000)	0.32
Balance – end of year	**8,180,000**	**$ 0.13**	5,105,000	$ 0.20

Details of stock options outstanding as at 31 March 2019 are as follows:

Expiry Date		Exercise price	31 March 2019 Outstanding	31 March 2019 Exercisable	31 March 2018 Outstanding	31 March 2018 Exercisable
16 April 2018	$	0.32	**-**	**-**	265,000	265,000
10 September 2018	$	0.36	**-**	**-**	50,000	50,000
11 February 2019	$	0.37	**-**	**-**	390,000	390,000
20 January 2020	$	0.23	**25,000**	**25,000**	25,000	25,000
24 February 2020	$	0.31	**25,000**	**25,000**	25,000	25,000
16 October 2020	$	0.30	**150,000**	**150,000**	150,000	150,000
7 October 2021	$	0.105	**600,000**	**600,000**	600,000	600,000
12 October 2021	$	0.115	**1,175,000**	**1,175,000**	1,175,000	1,175,000
23 November 2021	$	0.13	**300,000**	**300,000**	300,000	300,000
31 March 2022	$	0.21	**1,550,000**	**1,550,000**	1,550,000	1,550,000
1 July 2019	$	0.27	**300,000**	**300,000**	300,000	225,000
19 December 2022	$	0.265	**275,000**	**275,000**	275,000	275,000
23 April 2023	$	0.20	**430,000**	**430,000**	-	-
8 August 2023	$	0.13	**250,000**	**250,000**	-	-
30 October 2023	$	0.06	**3,000,000**	**3,000,000**	-	-
2 January 2024	$	0.065	**100,000**	**-**	-	-
			8,180,000	**8,080,000**	5,105,000	5,030,000

The outstanding options have a weighted average exercise price of $0.13 (31 March 2018 – $0.20) and the weighted average remaining life of the options is 3.47 years (31 March 2018 – 3.15 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d) Warrants

During the year ended 31 March 2019, the Company extended the term for 4,980,167 outstanding warrants issued pursuant to a private placement which closed on 8 July 2016 by three months. These warrants were originally exercisable for two years from the date of issuance at a price of $0.25 per common share. All other terms of the warrants remained unchanged. These extended warrants expired during the year ended 31 March 2019.

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

WARRANT ACTIVITY	31 March 2019[iii]	Weighted average exercise price	31 March 2018[ii]	Weighted average exercise price
Balance – beginning of year	**15,047,694 $**	**0.30**	13,903,145 $	0.31
Issued	**-**	**-**	1,514,333	0.30
Agent's warrants issued	**2,256,800**	**0.075**	202,066	0.30
Warrants expired	**(13,331,295)**	**0.33**	(166,850)	-
Warrants exercised	**-**	**-**	(405,000)	-
Balance – end of year	**3,973,199 $**	**0.17**	15,047,694 $	0.30

(i) The number of warrants is expressed in equivalent number of common shares, which may be issuable upon exercise of the warrants.
(ii) During the year ended 31 March 2018, the Company issued 202,066 agent's warrants with a fair value of $12,000.
(iii) During the year ended 31 March 2019, the Company issued 2,256,800 agent's warrants with a fair value of $79,000.

The following weighted average assumptions were used for the Black-Scholes valuation of agent's warrants granted during the year ended 31 March 2019:

	31 March 2019	31 March 2018
Risk free interest rate	**2.24%**	1.09%
Expected dividend yield	**0.00%**	0.00%
Expected stock price volatility	**75%**	106%
Expected life in years	**2.0**	1.0

The Company uses its historical price volatility as the basis for determining the expected volatility used in its Black-Scholes calculations. The weighted average fair value of agents warrants granted during the year ended 31 March 2019 was $0.04 per warrant. The weighted average fair value of agents warrants granted during the year ended 31 March 2018 was $0.06 per warrant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Details of warrants outstanding as at 31 March 2019 are as follows:

Issued	Expiry		Exercise Price	31 March 2019	31 March 2018
26 June 2015	26 June 2018	$	0.45	**-**	3,140,416
8 July 2016	8 October 2018(ii)	$	0.25	**-**	4,980,167
8 July 2016	8 July 2018(i)	$	0.25	**-**	221,795
31 March 2017	30 March 2019	$	0.30	**-**	4,419,778
31 March 2017	30 March 2019(i)	$	0.30	**-**	569,139
16 June 2017	16 June 2019(iii)	$	0.30	**1,514,333**	1,514,333
16 June 2017	16 June 2019(i) (iii)	$	0.30	**202,066**	202,066
15 November 2018	15 November 2020(i)	$	0.075	**2,256,800**	-
				3,973,199	15,047,694

(i) Agent's warrants.
(ii) These warrants were extended by three months from an original expiry of 8 July 2018.
(iii) Expired subsequent to the year end.

e) Stock-based payments

The Company recognizes share-based payments for all stock options granted using the fair value-based method of accounting. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free rates, dividend yields, volatility factors of the expected market price of the Company's common shares, forfeiture rates and expected life of the options.

During the year ended 31 March 2019, the Company granted 3,780,000 options (31 March 2018 - 875,000 options) to key employees, directors, officers and consultants of the Company exercisable at $0.06-$0.20 (31 March 2018 - $0.13-$0.265) for a period of five years. During the period ended 31 March 2019, the Company recognized $190,900 (31 March 2018 - $71,700) in share-based payments on granted options.

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

	31 March 2019	31 March 2018
Risk free interest rate	**2.37%**	1.27%
Expected dividend yield	**0.00%**	0.00%
Expected stock price volatility	**63%**	67%
Expected life in years	**5**	4

The weighted average fair value of stock options granted during the year ended 31 March 2019 was $0.05 per option (31 March 2018 - $0.10 per option).

15) Related party transactions

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

Related party transactions are recorded as part of the general and administrative expenses on the consolidated statement of comprehensive loss. These related party transactions and balances are as follows:

RELATED PARTY DISCLOSURE

Principal Position Rounded (000's)	Year[i]		Remuneration or fees[ii]		Share-based Payments		Included in Accounts Payable
CEO[iii]	**2019**	**$**	**169,000**	**$**	**28,000**	**$**	**-**
	2018	$	177,000	$	-	$	3,000
Former CEO	**2019**	**$**	**92,000**	**$**	**-**	**$**	**-**
	2018	$	210,000	$	23,000	$	4,000
CFO	**2019**	**$**	**12,000**	**$**	**3,000**	**$**	**4,000**
	2018	$	-	$	-	$	-
CFO's company that provided bookkeeping services	**2019**	**$**	**16,000**	**$**	**-**	**$**	**5,000**
	2018	$	-	$	-	$	-
Former CFO	**2019**	**$**	**45,000**	**$**	**-**	**$**	**-**
	2018	$	63,000	$	-	$	-
Former CFO's company that provided bookkeeping services	**2019**	**$**	**69,000**	**$**	**-**	**$**	**23,000**
	2018	$	52,000	$	-	$	15,000
A company of which the director is a legal counsel	**2019**	**$**	**29,000**	**$**	**-**	**$**	**1,000**
	2018	$	28,000	$	-	$	-
Director, interim CEO	**2019**	**$**	**43,000**	**$**	**37,000**	**$**	**-**
	2018	$	10,000	$	-	$	-
Director	**2019**	**$**	**10,000**	**$**	**4,000**	**$**	**-**
	2018	$	10,000	$	-	$	-
Director	**2019**	**$**	**35,000**	**$**	**20,000**	**$**	**2,000**
	2018	$	21,000	$	19,000	$	-

(i) For the years ended 31 March 2019 and 31 March 2018.
(ii) Amounts disclosed were paid or accrued to the related party.
(iii) 2018 fees incurred as COO, appointed as a CEO on 15 November 2018.

The transactions with related parties were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties. There are no set terms of repayment for the balances owed to the related parties.

16) Capital management

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

Management reviews its capital management approach on an ongoing basis and believe that this approach, given the size of the Company, is reasonable. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management for the year ended 31 March 2019.

17) Commitments

On 2 March 2017, the Company signed a three-year lease for its head office in North Vancouver, commencing on 1 June 2017:

Rounded		Amount
Fiscal 2020		54,000
Fiscal 2021		9,000
Total	$	63,000

Subsequent to the year ended 31 March 2019, the Company signed a one-year lease for its office in Shanghai, commencing on 1 May 2019:

Rounded		Amount
Fiscal 2020		131,000
Fiscal 2021		12,000
Total	RMB	143,000

18) Reclassification

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19) Income taxes

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

		31 March 2019		31 March 2018
Earnings (loss) for the year	$	(2,258,461)	$	(737,822)
Expected income tax recovery	$	(610,000)	$	(194,000)
Change in statutory rate, foreign tax, foreign exchange rates and other		3,000		(83,000)
Permanent differences		53,000		20,000
Share issuance costs		(37,000)		-
Adjustment to prior years' provision versus statutory tax returns		(32,000)		133,000
Change in unrecognized deductible temporary differences		623,000		124,000
Total income tax expense (recovery)	$	-	$	-

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

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

		31 March 2019	Expiry date range		31 March 2019	Expiry date range
Temporary differences						
Investment tax credit	$	255,000	2029 – 2035	$	255,000	2029-2035
Property and equipment	$	30,000	No expiry date	$	28,000	No expiry date
Share issuance costs	$	273,000	2040-2043	$	140,000	2039 - 2042
Non–capital losses available for future period	$	11,826,000	2026 – 2039	$	9,392,000	2026 – 2038

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

20) Segmented disclosure

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

The Company is exposed to significant sales concentration. For the year ended 31 March 2019, three customers in Asia accounted for 100% of revenues (For the year ended 31 March 2018, three customers in Asia accounted for 85% of revenues and other customers domiciled in France and Netherlands accounting for the remaining 15%).