

**BRILLE ENERGY SYSTEMS INC.**  
**(formerly Mincom Capital Inc.)**

**Condensed Consolidated Interim Financial Statements**

For the three and nine month periods ended June 30, 2018

*(Expressed in Canadian dollars)*  
*(Unaudited)*

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**Condensed Consolidated Interim Financial Statements**

Condensed Consolidated Interim Statements of Financial Position	2
Condensed Consolidated Interim Statements Loss and Comprehensive Loss	3
Condensed Consolidated Interim Statements of Changes in Equity	4
Condensed Consolidated Interim Statements of Cash Flows	5
Notes to the Condensed Consolidated Interim Financial Statements	6 to 22

The accompanying unaudited condensed consolidated interim financial statements 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 unaudited condensed consolidated interim financial statements.

**Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**Condensed Consolidated Interim Statements of Financial Position (Unaudited)  
(in Canadian dollars)

As at	June 30, 2018	September 30, 2017
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash	2,560,027	2,457
Amounts receivable	112,906	4,708
Amounts due from related parties (Note 15)	52,167	145,379
Inventory (Note 6)	273,175	0
Tax credits and credit on duties receivable	26,359	1,225
Prepaid expenses	112,194	63,429
	<b>3,136,828</b>	217,198
Property, plant and equipment (Note 7)	226,796	-
Intangible assets (Note 8)	1,597,000	-
Goodwill (Note 8)	985,894	-
Mineral exploration properties (Note 9)	1,000,000	1,000,000
Exploration and evaluation assets (Note 9)	275,918	206,454
	<b>7,222,436</b>	1,423,652
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	743,747	327,894
Amounts due to related parties (Note 15)	1,200,568	-
	<b>1,944,315</b>	327,894
Note Payable	309,448	-
Amounts due to related parties (Note 15)	689,767	81,403
	<b>2,943,530</b>	409,297
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	5,441,941	2,085,813
Contributed surplus	152,687	152,687
Deficit	(1,450,945)	(1,224,145)
Accumulated other comprehensive income	5,081	-
Equity attributable to owners of the parent	4,148,764	1,014,355
Non-controlling interest	130,142	-
	<b>4,278,906</b>	1,014,355
	<b>7,222,436</b>	1,423,652

Going concern (Note 2)

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

On behalf of the Board

(signed) "Gary Economo"  
Gary Economo, Director(signed) "Jeffrey York"  
Jeffrey York, Director

**Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Condensed Consolidated Interim Statements Loss and Comprehensive Loss (Unaudited)

*(Expressed in Canadian dollars)*

	Three months ended June 30,		Nine months ended June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue	<b>83,483</b>	-	<b>83,483</b>	-
Cost of goods sold	<b>(91,287)</b>	-	<b>(91,287)</b>	-
	<b>(7,804)</b>	-	<b>(7,804)</b>	-
Operating expenses				
Consulting fees	<b>34,010</b>	9,000	<b>52,020</b>	27,010
Salaries and benefits	<b>12,280</b>	-	<b>12,280</b>	-
Travel and promotion	<b>(3,840)</b>	5,005	<b>16,798</b>	6,673
Professional fees	<b>20,092</b>	157,478	<b>51,731</b>	251,427
Filing fees	<b>32,600</b>	1,388	<b>37,736</b>	6,816
Insurance	<b>5,891</b>	5,872	<b>17,648</b>	19,902
Agent fees	<b>2,225</b>	2,946	<b>12,181</b>	9,489
Other	<b>5,486</b>	1,373	<b>20,774</b>	4,296
Net loss	<b>(116,548)</b>	(183,062)	<b>(228,972)</b>	(325,613)
Other comprehensive income				
Exchange differences on translation	<b>5,649</b>	-	<b>5,649</b>	-
Total comprehensive loss	<b>(110,899)</b>	(183,062)	<b>(223,323)</b>	(325,613)
Net loss attributable to:				
Owners of the parent	<b>(226,800)</b>	-	<b>(226,800)</b>	-
Non-controlling interest	<b>(2,172)</b>	-	<b>(2,172)</b>	-
	<b>(228,972)</b>	-	<b>(228,972)</b>	-
Total comprehensive loss attributable to:				
Owners of the parent	<b>5,081</b>	-	<b>5,081</b>	-
Non-controlling interest	<b>568</b>	-	<b>5,081</b>	-
	<b>5,649</b>	-	<b>5,081</b>	-
Basic and diluted loss per common share	<b>(0.005)</b>	(0.010)	<b>(0.012)</b>	(0.018)
Basic and diluted weighted average number of common shares outstanding	<b>21,199,070</b>	18,012,257	<b>19,074,528</b>	18,012,257

**Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)

(in Canadian dollars)

	Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated other comprehensive income	Equity attributable to owners of the parent	Non-controlling interest	Total	
	Number of shares	\$	\$	\$	\$	\$		\$	
<b>Balance, September 30, 2016</b>	<b>18,012,257</b>	<b>2,085,813</b>	<b>-</b>	<b>152,687</b>	<b>(898,400)</b>	<b>-</b>	<b>1,340,100</b>	<b>-</b>	<b>1,340,100</b>
Net loss and total comprehensive loss	-	-	-	-	(325,613)	-	(325,613)	-	(325,613)
<b>Balance, June 30, 2017</b>	<b>18,012,257</b>	<b>2,085,813</b>	<b>-</b>	<b>152,687</b>	<b>(1,224,013)</b>	<b>-</b>	<b>1,014,487</b>	<b>-</b>	<b>1,014,487</b>
Net loss and total comprehensive loss	-	-	-	-	(132)	-	(132)	-	(132)
<b>Balance, September 30, 2017</b>	<b>18,012,257</b>	<b>2,085,813</b>	<b>-</b>	<b>152,687</b>	<b>(1,224,145)</b>	<b>-</b>	<b>1,014,355</b>	<b>-</b>	<b>1,014,355</b>
Shares issued for cash	19,000,000	2,503,630	-	-	-	2,503,630	-	2,503,630	
Shares issued to acquire Braille Battery Inc.	10,000,000	995,942	-	-	-	995,942	-	995,942	
Share issuance costs	-	(143,444)	-	-	-	(143,444)	-	(143,444)	
Transactions with owners	29,000,000	3,356,128	-	-	-	3,356,128	-	3,356,128	
Acquisition of subsidiaries	-	-	-	-	-	-	131,746	131,746	
Net loss and total comprehensive loss	-	-	-	-	(226,800)	-	(226,800)	(2,172)	(228,972)
Exchange differences on translating foreign operations	-	-	-	-	-	5,081	5,081	568	5,649
<b>Balance, June 30, 2018</b>	<b>47,012,257</b>	<b>5,441,941</b>	<b>-</b>	<b>152,687</b>	<b>(1,450,945)</b>	<b>5,081</b>	<b>4,148,764</b>	<b>130,142</b>	<b>4,278,906</b>

**Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)

*(in Canadian dollars)*

	Three months ended June 30,		Nine months ended June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net loss	<b>(116,548)</b>	(183,062)	<b>(228,973)</b>	(325,613)
Adjustments for:				
Interest income	-	-	-	-
Interest received	-	-	-	-
Changes in working capital items	<b>193,616</b>	178,584	<b>277,436</b>	219,512
Cash flows from (used in) in operating activities	<b>77,068</b>	(4,478)	<b>48,463</b>	(106,101)
<b>INVESTING ACTIVITIES</b>				
Acquisition of subsidiaries	<b>48,997</b>		<b>48,997</b>	
Exploration and evaluation costs	<b>(66,769)</b>	-	<b>(69,464)</b>	(60)
Cash used in from investing activities	<b>(17,772)</b>	-	<b>(20,467)</b>	(60)
<b>FINANCING ACTIVITIES</b>				
Common shares issued	<b>2,503,630</b>		<b>2,503,630</b>	-
Amounts due to related parties	<b>40,000</b>	-	<b>99,584</b>	-
Share issuance costs	<b>(143,444)</b>		<b>(143,444)</b>	-
Cash flows from financing activities	<b>2,400,186</b>	-	<b>2,459,770</b>	-
Increase (Decrease) in cash	<b>2,459,482</b>	(4,478)	<b>2,487,766</b>	(106,161)
Cash, beginning of the period	<b>30,741</b>	5,562	<b>2,457</b>	107,245
Exchange differences on cash	<b>69,804</b>	-	<b>69,804</b>	
Cash, end of the period	<b>2,560,027</b>	1,084	<b>2,560,027</b>	1,084

*Supplemental information:*

Changes in working capital items consist of the following:

Amounts receivable	<b>(9,255)</b>	(8,375)	<b>(4,641)</b>	(18,601)
Amounts due from related parties	<b>(33,346)</b>	-	<b>93,212</b>	-
Prepaid expenses	<b>24,592</b>	2,176	<b>14,083</b>	(46,509)
Accounts payable and accrued liabilities	<b>211,625</b>	98,627	<b>174,782</b>	198,466
Other current liabilities	-	86,156	-	86,156
	<b>193,616</b>	178,584	<b>277,436</b>	219,512

## **Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

### **1. NATURE OF OPERATIONS**

Braille Energy Systems Inc. (formerly Mincom Capital Inc) (the “Company” or “BESI”) was incorporated on May 24, 2011 under the Canada Business Corporations Act. The Company’s shares are listed on the TSX Venture Exchange under the symbol BES (formerly MOI). The head office of the Company is located at 945 Princess Street, Kingston, Ontario.

Further to the closing of the acquisition and change of business transaction on June 21, 2018 (Note 4), whereby the Company acquired an 89.95% ownership interest in Braille Holdings Inc., the Company is now a Tier 2 Technology Issuer. Braille Battery Inc. (“Braille Battery”), a wholly-owned subsidiary of Braille Holdings Inc., is an established battery-manufacturing and energy storage company supplying batteries to the professional motor sports industry. BESI plans to expand its market penetration into a wider range of market segments that require light weight, high-performing energy solutions, using scientifically advanced materials.

The Company does not intend to continue exploration activities on its Romer Property. Management is considering different options, including but limited to, selling its interest in the property.

### **2. GOING CONCERN ASSUMPTION**

These condensed consolidated interim financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the nine months ended June 30, 2018, the Company incurred a net loss of \$228,973 and positive cash flows from operating activities of \$48,068. In addition, the Company has a deficit of \$1,450,945.

The above factors indicate material uncertainties, which may cast significant doubt about the Company’s ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company’s own resources and external market conditions.

The Company’s ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business and meet its corporate administrative expenses is dependent upon the Company’s ability to increase sales and reduce costs. No assurance can be given that the Company will be successful in meeting sales targets and reducing costs. Failure to meet operational goals could result in material uncertainties that cast significant doubt as to the Company’s ability to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying amount of assets and liabilities, the reported expenses, and the statement of financial position classifications used.

### **3. BASIS OF PRESENTATION**

These condensed consolidated interim financial statements have been prepared on a historical cost basis and are expressed in Canadian dollars, which is also the functional currency of the parent company.

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company’s audited annual statements for the years ended September 30, 2017 and 2016, however, as a result of the acquisition of Braille Holdings Inc. (Note 4), the Company has adopted a number of new accounting policies, which have been included in Note 4 of these financial statements.

## **Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

### **a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the years ended September 30, 2017 and 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These condensed interim financial statements were authorized for issue by the Board of Directors on August 29, 2018.

## **4. SIGNIFICANT ACCOUNTING POLICIES**

### **b) Judgments, estimates and assumptions**

When preparing the financial statements, Management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

#### Significant Management judgment

The following are significant Management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

#### *Recognition of deferred income tax assets and measurement of income tax expense*

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires Management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, Management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

#### *Functional currency*

The functional currency for each entity in the consolidated group is the currency of the primary economic environment in which it operates. Determination of functional currency involves significant judgment. Management considers various factors, including but not limited to whether the activities of the entity are carried out as an extension of the Company and/or whether cash flows from the activities of the entity are sufficient to service existing and normally expected obligations without funds being made available by the Company. The Company reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment.

#### *Contingencies*

Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

#### *Going concern risk assessment*

The assessment of the Company's ability to continue as a going concern involves significant judgment based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

## **Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

### Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

### *Business combinations*

Management uses valuation techniques in determining the fair values of the various elements of a business combination. The determination of fair value of identifiable intangible assets, in particular, requires the use of significant estimates and assumptions.

### *Useful lives of intangible assets*

Management reviews its estimates of the useful lives of intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to the amortization period of intangible assets, specifically trademarks, customer relationships and intellectual property.

### *Allowance for Doubtful Accounts*

The Company makes an assessment of whether accounts receivable is collectible from customers. Accordingly, an allowance for estimated losses arising from non-payment and other sales adjustments, taking into consideration customer credit-worthiness, current economic trends and past experience may be determined depending on the circumstances. If future collections differ from estimates, future earnings would be affected

### *Valuation adjustments for inventory*

The Company records valuation adjustments for inventory by comparing the inventory cost to its net realizable value. This process requires the use of estimates and assumptions related to future market demand, costs and prices. These adjustments are reviewed on an ongoing basis and may have a significant impact on any valuation adjustment for inventory.

### *Contingencies*

When contingencies exist, Management estimates the related financial impact to the Company of the possible outcomes of one or more future events.

### *Warranty provision*

Management makes estimates in determining an appropriate warranty provision, based on past history of warranty claims.

### *Impairment of mineral exploration properties and exploration and evaluation assets*

Determining if there are any facts and circumstances indicating impairment or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of mineral exploration properties and exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the

## Braille Energy Systems Inc. (formerly Mincom Capital Inc.)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment or a reversal of an impairment loss exists, the recoverable amount of the individual asset or cash-generating units must be estimated.

### Share based payments

The estimation of stock-based compensation and warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the estimated life of stock options and warrants granted and the time of exercise of those stock options and warrants. The valuation model used by the Company is the Black-Scholes model.

The Company allocates values to share capital and to warrants on the residual basis when the two are issued together as a unit. As this allocation is based upon the share price at the time of issuance and the stock is thinly-traded, the actual value of the components may differ from this allocation.

### c) Basis of consolidation

These condensed consolidated interim financial statements consolidate those of the parent company and all of its subsidiaries as at and for the period ended June 30, 2018. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of June 30, 2018.

All intercompany transactions and balances between the companies are eliminated on consolidation, including unrealized gains and losses on transactions. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive loss of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of deficiency, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Company. The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interest based on the respective ownership interests.

#### Composition of the Company:

The subsidiaries of the Company and their principal activities as at June 30, 2018 and September 30, 2017 were as follows:

Name of subsidiary	Place of incorporation	Ownership interest as at		Principal activity
		June 30, 2018	September 30, 2017	
Braille Holdings Inc.	United States	89.95%	-	Holding company
Braille Battery Inc.	United States	89.95%	-	Production and sale of Li-Ion batteries

### d) Business combinations

Business combinations are accounted for using the acquisition method. For each business combination at the acquisition date, the Company recognizes at fair value all of the identifiable assets acquired, the liabilities assumed, the non-controlling interest in the acquiree and the aggregate of the consideration transferred,

## **Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

including any contingent consideration to be transferred. When the fair value of the consideration transferred and the amount recognized for non-controlling interest and the acquisition-date fair value of any existing equity interest in the acquiree exceeds the net amount of the identifiable assets acquired and the liabilities assumed measured at fair value (the “net identifiable assets”), the difference is treated as goodwill. After initial recognition, goodwill is measured at its initial cost from the acquisition date, less any accumulated impairment losses. Goodwill is reviewed at least annually for impairment or when there is an indication of potential impairment. If the fair value of the Company’s share of the net identifiable assets exceeds the sum calculated above, the difference (i.e. gain on a bargain purchase) is immediately recognized in profit or loss. If the business combination is achieved in stages, the acquisition date fair value of the previously held interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss.

### **e) Foreign currency translation**

#### *Functional and presentation currency*

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company.

#### *Foreign currency transactions and balances*

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at reporting date exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at the reporting date and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

#### *Foreign operations*

In the consolidated financial statements, all assets, liabilities and transactions of subsidiaries with a functional currency other than Canadian dollars are translated into Canadian dollars upon consolidation. The functional currency of the parent company and subsidiaries has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Canadian dollars at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Canadian dollars at the closing rate. Income and expenses have been translated into Canadian dollars at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive loss and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

### **f) Inventory**

Inventory is stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the assembly process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of parts are assigned using the average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

### **g) Property, plant and equipment**

Property, plant and equipment (“PP&E”) are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PP&E consists of the purchase price, any costs directly attributable

## Braille Energy Systems Inc. (formerly Mincom Capital Inc.)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of property, plant and equipment, less its estimated residual value, on a straight-line basis over the estimated useful life of the asset.

Detail	Useful life	Method
Solar panels	18 years	Straight line
Moulds	5 years	Straight line
Equipment	5 years	Straight line

Depreciation on all items of property, plant and equipment is recognized in profit or loss.

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis. No adjustments were made in the current year.

An item of PP&E is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

There have been no impairment losses with respect to PP&E recognized in any of the periods presented in these consolidated financial statements.

### h) Intangible assets

Intangible assets consist of multiple patent licenses, trademarks, customer relationships and various items of intellectual property, all of which were recognized further to a business combination or asset acquisition. They are recognized at historical cost, which corresponds to the acquisition-date fair value, less accumulated amortization. In addition, they are subject to impairment testing. Amortization is recognized on a straight-line basis over the estimated useful life of the asset.

Detail	Amortization period	Method
Patent licenses	Term of license	Straight line
Trademarks	3 - 15 years	Straight line
Customer relationships	5 - 10 years	Straight line
Intellectual property	10 - 15 years	Straight line

An asset's useful life and amortization method are reviewed, and adjusted if appropriate, on an annual basis.

### i) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of a subsidiary over the fair value of the net tangible and intangible assets acquired. Following the initial recognition, goodwill is recognized at cost less any accumulated impairment losses.

### j) Revenue recognition

Revenue arises from the sale of goods. It is measured at the fair value of the consideration received or receivable, excluding sales taxes, rebates and trade discounts. Sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

## **Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

### **4. BUSINESS COMBINATION**

#### Braille Holdings Inc.

On June 21, 2018, the Company acquired an 89.95% ownership interest in Braille Holdings Inc. ("Braille") including its wholly-owned subsidiary Braille Battery Inc. ("Braille Battery"), an established battery-manufacturing and energy storage company supplying batteries to the professional motor sports industry, based out of Sarasota, Florida. The acquisition signifies a change of business for the Company, with Braille Battery's operations now being the core business of BESl. In consideration for the 89.95% ownership interest in Braille, the Purchase Price for the Braille Securities is US\$2,000,000 of which US\$500,000 was paid in cash on closing, US\$500,000 will be paid by way of interest free promissory note (the "Note"), and US\$1,000,000 will be paid by the issuance of 10,000,000 Common Shares to Grafoid from the treasury of Mincom at the Closing. The promissory note and the shares issued to acquire Braille Battery have been discounted to reflect the liabilities fair value. The deemed issue price per Common Share is US\$0.10. The Note will be interest-free and payable by January 1, 2020 (the "Maturity Date"). Mincom will have the right to repay the Note at any time on or prior to the Maturity Date without penalty.

#### Acquired amounts receivable

Amounts receivable acquired as part of the business combination amounted to \$63,081. The carrying value of these amounts receivable approximates the fair value and all amounts are expected to be collectible.

#### Goodwill

Goodwill of \$985,894 is primarily related to growth expectations and other intangible assets that do not qualify for separate recognition, such as Braille's assembled workforce. The goodwill is not expected to be deductible for tax purposes.

#### Non-controlling interest

Non-controlling interest of \$131,746 was recognized as part of the business combination. The amount represents 10.05% of the identifiable net assets and excludes any portion of goodwill.

#### Contributions to the Company's results

Braille incurred a loss of \$21,608 for the 9 day period from June 22, 2018 to June 30, 2018.

**Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

*(in Canadian dollars)*Acquisition-date fair values

The acquisition-date fair values assigned to assets acquired and liabilities assumed in the Braille acquisition are as set out in the following table:

	Braille
	\$
<b>ASSETS</b>	
Current assets	
Cash	29,187
Amounts receivable	63,081
Inventories	337,380
Prepaid expenses	63,805
	<u>493,453</u>
Property, plant and equipment	226,795
Intangible assets	
Trademarks	885,000
Technologies	532,000
Customer relationships	180,000
	<u>1,597,048</u>
<b>Total identifiable assets acquired</b>	<b>2,317,248</b>
<b>LIABILITIES</b>	
Current liabilities	
Trade liabilities	372,086
Customer deposits	71,695
Other current liabilities	8862
	<u>452,643</u>
FAA payable	312,785
Long-term debt	240,911
	<u>1,006,339</u>
<b>Total liabilities assumed</b>	<b>1,006,339</b>
<b>Non-controlling interest</b>	<b>131,746</b>
<b>Net identifiable assets acquired</b>	<b>1,179,163</b>
Goodwill	985,894
<b>Net assets acquired</b>	<b>2,165,057</b>
Components of acquisition cost	
Cash	1,169,115
Shares issued	995,942
	<u>2,165,057</u>
<b>Total acquisition cost</b>	<b>2,165,057</b>

Acquisition-related costs are not included as part of the acquisition cost. \$232,524 have been included in professional fees in the consolidated statements of comprehensive loss.

## Braille Energy Systems Inc. (formerly Mincom Capital Inc.)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

### 5. TRADE RECEIVABLE AND OTHER

Trade receivables consist of the following:

	June 30, 2018	September 30, 2017
	\$	\$
Tax credits receivable	40,570	
Trade receivables	72,336	-
<b>Total amounts receivable</b>	<b>112,906</b>	<b>-</b>

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. The Company did not recognize an allowance for either reporting date presented.

All trade receivables have been reviewed for indicators of impairment.

### 6. INVENTORY

Inventory consists of the following:

	June 30, 2018	September 30, 2017
	\$	\$
Parts	197,660	-
Finished goods	75,515	-
<b>Total inventory</b>	<b>273,175</b>	<b>-</b>

During the period ended June 30, 2018, a total of \$91,287 (2017 - \$Nil) of inventories was included in cost of sales as an expense. This includes \$NIL (2017 - \$Nil) resulting from write-down of inventories.

### 7. PROPERTY, PLANT AND EQUIPMENT

	Solar panels	Moulds	Equipment
	\$	\$	\$
<b>Cost</b>			
Balance, September 30, 2017	-	-	-
Additions arising from business combination	199,650	53,236	88,245
<b>Cost, June 30, 2018</b>	<b>199,650</b>	<b>53,236</b>	<b>88,245</b>
<b>Accumulated depreciation</b>			
Balance, September 30, 2017	-	-	-
Additions arising from business combination	43,436	1,775	69,124
<b>Accumulated depreciation, June 30, 2018</b>	<b>43,436</b>	<b>1,775</b>	<b>69,124</b>
<b>Net Book Value, June 30, 2018</b>	<b>156,214</b>	<b>51,461</b>	<b>19,121</b>

The Company did not have any property, plant and equipment during the 2017 fiscal year.

## Braille Energy Systems Inc. (formerly Mincom Capital Inc.)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

### 8. INTANGIBLE ASSETS AND GOODWILL

	Trademarks	Technologies	Customer Relationships	Total intangible assets	Goodwill
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance, September 30, 2017	-	-	-	-	-
Additions arising from business combination (Note X)	885,000	532,000	180,000	1,597,000	985,894
<b>Cost, June 30, 2018</b>	<b>885,000</b>	<b>532,000</b>	<b>180,000</b>	<b>1,597,000</b>	<b>985,894</b>
<b>Accumulated depreciation</b>					
Balance, September 30, 2017	-	-	-	-	-
Amortization	-	-	-	-	-
<b>Accumulated amortization, June 30, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value, June 30, 2018</b>	<b>885,000</b>	<b>532,000</b>	<b>180,000</b>	<b>1,597,000</b>	<b>985,894</b>

The Company did not have any intangible assets during the 2017 fiscal year.

### 9. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	June 30, 2018		September 30, 2017	
	Mineral exploration properties	Exploration and evaluation assets	Mineral exploration properties	Exploration and evaluation assets
	\$	\$	\$	\$
a) Romer	1,000,000	275,918	1,000,000	206,454
<b>TOTAL</b>	<b>1,000,000</b>	<b>275,918</b>	<b>1,000,000</b>	<b>206,454</b>

#### a) Romer

On May 8, 2014, the Company acquired a 100% interest in the Romer property from Focus Graphite Inc. ("Focus") in consideration for a cash payment of \$250,000 and the issuance of 2,500,000 common shares. The property was recorded at a value of \$1,000,000 upon initial recognition, based on the fair value of the property received, which was supported by an independent valuation. The Romer property is comprised of a series of 149 contiguous and 2 isolated map-designated mining claims located in the Labrador Trough sector of Nunavik in Northern Quebec.

**Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

*(in Canadian dollars)*

The following table reflects changes to mineral exploration properties between October 1, 2017 and June 30, 2018:

	Nine months ended June 30, 2018	Year ended September 30, 2017
	\$	\$
Balance, beginning and end of the period	<b>1,000,000</b>	1,000,000

The following table reflects changes to exploration and evaluation assets between October 1, 2017 and June 30, 2018:

	Nine months ended June 30, 2018	Year ended September 30, 2017
	\$	\$
Balance, beginning of the period	<b>206,454</b>	205,952
Additions		
Geochemical survey	<b>69,763</b>	-
Property maintenance	<b>24,834</b>	502
	<b>94,598</b>	502
Tax credits and credit on duties	<b>(25,134)</b>	-
Balance, end of the period	<b>275,918</b>	206,454

**10. SHARE CAPITAL**

Unlimited number of common shares, voting, participating and without par value

**Issued and fully paid**

Common shares

	Number of shares	
		\$
<b>Balance, September 30, 2016 and September 30, 2017</b>	<b>18,012,257</b>	<b>2,085,813</b>
Shares issued for cash (1)	19,000,000	2,503,630
Shares issued to acquire Braille Holdings Inc. (Note 4)	10,000,000	995,942
Share issuance costs	-	143,444
<b>Balance, June 30, 2018</b>	<b>47,012,257</b>	<b>5,441,941</b>

## Braille Energy Systems Inc. (formerly Mincom Capital Inc.)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

- (1) On June 21, 2018, the Company completed a private placement for gross proceeds of \$2,503,630 (US\$1,900,000). The private placement was comprised of 19,000,000 units at a price of \$0.13 (US\$0.10) per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.18 until June 21, 2022. The proceeds from the financing (\$2,503,630) were allocated solely to share capital, leaving warrants with a \$NIL valuation using the residual method.

### 11. WARRANTS

Outstanding warrants entitle the holders thereof to subscribe to an equivalent number of common shares.

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price
		\$
Balance, September 30, 2016 and September 30, 2017	-	-
Issued	19,000,000	0.18
Balance, June 30, 2018	19,000,000	0.18

As at June 30, 2018, the following warrants were issued and outstanding:

Number of warrants	Issue date fair value	Exercise price	Expiry date
	\$	\$	
19,000,000	-	0.18	June 22, 2022

As at September 30, 2017, there were no warrants issued and outstanding:

### 12. STOCK OPTIONS

On November 7, 2011, the Company adopted an incentive stock option plan in accordance with the policies of the TSX Venture Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares, which are exercisable for a period to be determined by the Board at the time the option is granted. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

The following table reflects the continuity of stock options:

	Number of options	Weighted average exercise price
		\$
Balance, September 30, 2016, September 30, 2017 and June 30, 2018	1,028,451	0.10

## Braille Energy Systems Inc. (formerly Mincom Capital Inc.)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

As at June 30, 2018, the following stock options were outstanding and exercisable:

Exercise prices	Outstanding			Exercisable	
	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
\$0.10	1,028,451	3.61	\$0.10	1,028,451	\$0.10

As at September 30, 2017, the following stock options were outstanding and exercisable:

Exercise prices	Outstanding			Exercisable	
	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
\$0.10	1,028,451	4.36	\$0.10	1,028,451	\$0.10

### 13. FINANCIAL INSTRUMENTS

The Company's financial instruments at June 30, 2018 consist of cash, amounts due from related parties, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of these financial instruments approximates their carrying value due to their short-term nature.

*Carrying amounts of financial assets and liabilities*

	<u>June 30, 2018</u>	<u>September 30, 2017</u>
	\$	\$
<b>Financial assets</b>		
Loans and receivables		
Cash	2,560,027	2,457
Accounts receivable (net of sales tax receivable)	72,336	-
Amounts due from related parties	52,167	145,379
<b>Financial liabilities</b>		
Measured at amortized cost		
Accounts payable and accrued liabilities	743,747	327,894
Amounts due to related parties	1,890,335	81,403

### 14. RISK MANAGEMENT AND CAPITAL MANAGEMENT

#### Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 14. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimizing exposure to financial markets. Long-term investments are managed to generate lasting returns.

## **Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

### Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and other price risk, which result from its operating activities.

#### *Foreign currency sensitivity*

Most of the Company's transactions are carried out in Canadian dollars. Exposures to currency exchange rates arise from the Company's international operations, which are primarily denominated in US dollars ("USD"). Where material, these risks are reviewed and monitored by the board of directors. As of the reporting date, the Company has not entered into any derivative contracts to manage this risk.

Exposures to foreign exchange rates vary during the period depending on the volume of international transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

### Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at each reporting date.

The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

It is management's opinion that the Company is not exposed to significant credit risk. Credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. In respect of trade receivables, the Company is not exposed to significant credit risk to any single counterparty. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates Management considers the credit quality of trade receivables that are not past due or impaired to be good.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

### Liquidity risk analysis

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring cash inflows and outflows due in day-to-day business. The Company considers expected cash flows from financial assets in assessing and managing liquidity risk. The Company had a working capital surplus of \$1,192,513 as at June 30, 2018 (\$110,696 as at September 30, 2017), including \$2,560,027 in cash. The Company will require additional financing, through various means including but not limited to equity financing, to support its operations. There is no assurance that the Company will be successful in raising the additional required funds.

The Company has current liabilities of \$1,944,315 (\$327,894 as at September 30, 2017) due within twelve months.

## **Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

### Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. The Company monitors capital on the basis of the carrying amount of equity, less cash as presented on the face of the statement of financial position. Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets.

## **15. RELATED PARTY TRANSACTIONS**

Related party transactions not disclosed elsewhere in these financial statements are as follows:

### Amounts due from related parties

#### Grafoid

During the quarter ended June 30, 2018, the Company charged Grafoid Inc. ("Grafoid"), which shares common management, \$78,399 for Grafoid's portion of shared professional services incurred in connection with the Company's pending acquisition of Braille Battery Inc. (Note 4). As at March 31, 2018, \$50,940 (including HST), is included in amounts due from related parties (\$145,379 as at September 30, 2017).

#### Mistura Beauty Products Ltd.

During the quarter ended March 31, 2018, the Company charged Mistura Beauty Solutions Inc., a private beauty solutions company partially-owned by an Officer and Director of Mincom, \$1,086 for shipping expenses incurred. As at June 30, 2018 an amount of \$1,227 (including HST), is included in accounts payable and accrued liabilities (\$Nil as at September 30, 2017).

### Shared costs

#### Focus Graphite Inc.

During the year ended September 30, 2017, the Company was charged \$15,000 by Focus Graphite Inc. ("Focus"), which shares common management, for accounting and administrative services and other administrative expenses. During the quarter ended March 31, 2018, the company was charged \$1,035 by Focus for a portion of a consultant's travel expenses. As at June 30, 2018, an amount of \$18,119 (including HST) is included in accounts payable and accrued liabilities (\$16,950 as at September 30, 2017).

#### Grafoid Inc.

During the quarter ended March 31, 2018, the Company was charged \$967 by Grafoid Inc. ("Grafoid"), which shares common management, for accounting and administrative services and other administrative expenses. As at June 30, 2018, an amount of \$2,444 is included in accounts payable and accrued liabilities (\$457 as at September 30, 2017).

### Other

#### Loan from Officer

As at June 30, 2018, included in amounts due to related parties is an amount of \$92,072 due to an Officer of the Company (\$81,403 as at September 30, 2017). The amount relates to a loan of US\$63,000 and accrued interest of US\$6,921. The loan was given to the Company to provide working capital and is repayable on May 31, 2019. The loan bears interest at a rate of 10% per annum.

## Braille Energy Systems Inc. (formerly Mincom Capital Inc.)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

(in Canadian dollars)

As at June 30, 2018, included in amounts due to related parties is an amount of \$54,081 due to an Officer of the Company (\$Nil as at September 30, 2017). The amount relates to a loan of \$50,992 and accrued interest of \$3,089. The loan agreement entered by the Company and the Officer on February 1, 2018 from converting an outstanding balance of consulting fees of \$50,992 as at Jan 31, 2018 in consulting fees due to the Officer. The loan is repayable on Feb 1, 2023. The loan bears interest at a rate of 10% per annum and one time 2% setup fee due on the inception of the loan agreement.

### Grafoid Inc.

During the quarter ended June 30, 2018, the Company acquired Braille Battery. As a part of consideration, \$658,850 (US\$500,000) was due on closing. As at June 30, 2018, an amount of \$658,850 is included in accounts payable and accrued liabilities (\$NIL as at September 30, 2017).

### JAG Sky Inc.

As at June 30, 2018, the Company has prepaid \$33,000 to JAG Sky Inc., a private air charter services company wholly-owned by an Officer and Director of the company, for air travel to be used at a later date. The entire amount is included in prepaid expenses (\$33,000 as at September 30, 2017).

### JAG Equipment Leasing Inc. (formerly 2395141 Ontario Inc.)

The Company used to lease equipment on a monthly basis from JAG Equipment Leasing Inc. (formerly 2395141 Ontario Inc). ("JAG Equipment"), a privately-held company owned by two Directors of BESl. As at June 30, 2018, included in amounts due to related parties was an amount of \$46,088 (2017 - \$NIL) due to JAG Equipment.

### Key management compensation

The following table reflects compensation of key management personnel (Directors and Officers of the Company):

	Three months ended June 30,		Nine months ended March 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Consulting fees (1)	<b>34,010</b>	9,000	<b>52,020</b>	18,010
	<b>34,010</b>	9,000	<b>52,020</b>	18,010

(1) As at June 30, 2018, \$236,725 is included in accounts payable and accrued liabilities (\$37,395 as at September 30, 2017).

The shared costs noted above include an allocation of salaries and short-term benefit compensation paid to key management personnel.

**Braille Energy Systems Inc. (formerly Mincom Capital Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2018

*(in Canadian dollars)***16. LEASES**

The Company's future minimum operating lease payments are as follows:

	Minimum lease payments due			<b>Total</b>
	Within 1 year	1 to 5 years	After 5 years	
	\$	\$	\$	\$
June 30, 2018	88,912	-	-	<b>88,912</b>
September 30, 2017	-	-	-	-

Lease payments recognized as an expense during the nine months ended June 30, 2018 amount to \$NIL (2017 - \$NIL).