

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

**Condensed Consolidated Interim Financial Statements**

For the three months and nine months ended June 30, 2020  
*(Expressed in Canadian dollars)*  
*(Unaudited)*

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**Condensed Consolidated Interim Financial Statements**

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**NOTICE TO READER**

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, 2020	September 30, 2019
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash	74,302	15,263
Trade and other receivables (Note 6)	71,210	119,384
Amounts due from related parties (Note 15)	45,467	124,882
Inventory (Note 7)	231,665	224,085
Prepaid expenses	86,813	79,759
	<b>509,458</b>	<b>563,373</b>
Property and equipment (Note 8)	83,971	88,628
Right of use asset (Note 9)	141,889	-
	<b>735,318</b>	<b>652,001</b>
<b>LIABILITIES</b>		
Current liabilities		
Line of credit	77,500	45,000
Accounts payable and accrued liabilities	410,370	344,512
Contract liability	-	94,306
Warranty provision	45,553	44,442
Amounts due to related parties (Note 15)	1,145,125	944,676
Penalty payable - short term	115,379	61,328
	<b>1,793,927</b>	<b>1,534,264</b>
Penalty payable - long term	67,870	171,561
Long term debt (Note 10)	104,859	-
Amounts due to related parties (Note 15)	128,124	83,439
Lease obligation (Note 11)	268,642	-
	<b>2,363,422</b>	<b>1,789,264</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 12)	4,612,438	4,612,438
Warrants (Note 13)	608,000	608,000
Contributed surplus	203,834	203,099
Deficit	(6,925,721)	(6,415,476)
Accumulated other comprehensive income (loss)	(13,038)	(10,971)
Equity attributable to owners of the parent	<b>(1,514,487)</b>	<b>(1,002,910)</b>
Non-controlling interest	(113,617)	(134,353)
	<b>(1,628,104)</b>	<b>(1,137,263)</b>
	<b>735,318</b>	<b>652,001</b>
Commitments (Note 16)		
Going concern (Note 2)		

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 Consolidation Interim Statements of Loss and Comprehensive Loss (Unaudited)

*(in Canadian dollars)*

	Three months ended June 30,		Nine months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenue	657,277	628,779	2,129,116	1,930,553
Cost of goods sold (Note 7)	(402,405)	(280,802)	(1,229,492)	(1,060,091)
	254,872	347,977	899,624	870,462
Operating expenses				
Consulting fees	78,431	60,541	200,252	216,146
Salaries and benefits	89,424	89,391	292,120	219,999
Stock-based compensation	1,605	36,935	1,605	36,935
Bank Charges and interest	16,071	36,691	57,696	101,074
Professional fees	14,355	16,417	179,415	233,859
Insurance	59,175	23,986	125,616	9,883
Travel and promotion	28,554	5,648	60,710	80,688
Filing fees	10,584	221	19,932	12,069
Agent fees	5,580	6,898	15,372	11,376
Depreciation of property and equipment	2,354	-	6,899	-
Depreciation right of use asset	43,014	-	128,044	-
Other expenses	61,914	121,875	278,100	354,927
	(411,061)	(398,602)	(1,365,762)	(1,276,955)
Other expense				
Reversal of share-based compensation for expired options	-	-	(870)	-
Financing fees	-	-	24,241	-
Net Loss	(156,190)	(50,625)	(489,509)	(406,493)
Tax recovery				
Deferred tax expense	-	32,231	-	(15,029)
Net Loss	(156,190)	(18,394)	(489,509)	(421,522)
Other comprehensive income				
Exchange differences on translation	-	(68,051)	2,067	(48,950)
Total comprehensive loss	(156,190)	(86,445)	(487,442)	(470,472)
Net loss attributable to:				
Owners of the parent	(160,115)	(16,546)	(510,246)	(446,403)
Non-controlling interest	3,925	(1,849)	20,736	24,881
	(156,190)	(18,394)	(489,510)	(421,522)
Total comprehensive loss attributable to:				
Owner of the parent	(160,115)	(77,757)	(507,970)	(490,432)
Non-controlling interest	3,925	(8,688)	20,528	19,960
	(156,190)	(86,445)	(487,442)	(470,472)
Basic and diluted loss per common share	(0.0033)	(0.0004)	(0.0104)	(0.0090)
Basic and diluted weighted average number of common shares outstanding	47,012,257	47,012,257	47,012,257	47,012,257

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

	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Accumulated other comprehensive income \$	Equity attributable to owners of the parent \$	Non-controlling interest \$	Total \$
<b>Balance, September 30, 2018</b>	<b>47,012,257</b>	<b>4,612,438</b>	<b>608,000</b>	<b>152,687</b>	<b>(3,719,938)</b>	<b>3,638</b>	<b>1,656,825</b>	<b>84,948</b>	<b>1,741,773</b>
Net loss	-	-	-	-	(446,403)	-	(446,403)	(11,842)	(458,245)
Share-based compensation (Note 14)	-	-	-	50,412	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	-	28,015	28,015	3,130	31,145
<b>Balance, June 30, 2019</b>	<b>47,012,257</b>	<b>4,612,438</b>	<b>608,000</b>	<b>203,099</b>	<b>(4,166,341)</b>	<b>31,653</b>	<b>1,238,437</b>	<b>76,236</b>	<b>1,314,673</b>
Net loss	-	-	-	-	(2,249,135)	-	(2,249,135)	(205,826)	(2,454,961)
Share-based compensation (Note 14)	-	-	-	-	-	-	50,412	-	50,412
Exchange differences on translating foreign operations	-	-	-	-	-	(42,625)	(42,625)	(4,762)	(47,387)
<b>Balance, September 30, 2019</b>	<b>47,012,257</b>	<b>4,612,438</b>	<b>608,000</b>	<b>203,099</b>	<b>(6,415,476)</b>	<b>(10,972)</b>	<b>(1,002,911)</b>	<b>(134,352)</b>	<b>(1,137,263)</b>
Net loss	-	-	-	-	(510,246)	-	(510,246)	8,525	(501,721)
Share-based compensation (Note 14)	-	-	-	735	-	-	735	-	735
Exchange differences on translating foreign operations	-	-	-	-	-	(2,067)	(2,067)	12,212	10,145
<b>Balance, June 30, 2020</b>	<b>47,012,257</b>	<b>4,612,438</b>	<b>608,000</b>	<b>203,834</b>	<b>(6,925,721)</b>	<b>(13,038)</b>	<b>(1,514,488)</b>	<b>(113,617)</b>	<b>(1,628,105)</b>

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

**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,	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net loss	(156,190)	(33,039)	(489,510)	(291,811)
Adjustments for:				
Interest accretion	3,029	36,691	50,714	101,074
Share-based compensation	1,605	36,935	735	36,935
Depreciation of tangible assets	2,354	(6,601)	6,899	6,658
Depreciation right of use asset	43,013	-	128,043	-
Amortization of intangible assets	-	(4,812)	-	35,385
Lease Obligation	-	-	19,500	-
Deferred tax recover	-	32,231	-	(15,029)
Unpaid interest	1,883	-	(21,357)	-
Change in amounts due to related parties	59,226	-	59,226	-
Unrealized foreign exchange gain (loss)	-	3,870	-	(217,499)
Changes in working capital items	(104,921)	(107,075)	33,939	(476,556)
Cash flows (used in) from operating activities	(150,001)	(41,800)	(211,811)	(820,843)
<b>INVESTING ACTIVITIES</b>				
Acquisition of property, plant and equipment	-	-	-	8,727
Cash flows used in investing activities	-	-	-	8,727
<b>FINANCING ACTIVITIES</b>				
Proceeds from line of credit	(2,500)	(2,165)	32,500	(67,165)
Loan Proceeds (Note 10)	104,859	-	104,859	-
Penalty paid	-	-	-	(33,243)
Change in amounts due to related parties	85,821	95,698	213,554	322,464
Change in amounts due from related parties	-	(33,437)	-	28,088
Cash flows from financing activities	188,180	60,096	350,913	250,144
Increase (decrease) in cash	38,179	18,296	139,103	(561,972)
Cash, beginning of the period	105,213	41,577	15,263	621,845
Exchange differences on cash	(69,091)	-	(80,064)	-
Cash, end of the period	74,302	59,873	74,302	59,873
<i>Supplemental information:</i>				
Changes in working capital items consist of the following:				
Amounts Receivable	411,074	29,710	126,662	(58,502)
Inventory	(4,992)	(33,316)	(7,580)	(18,493)
Prepaid expenses	(21,993)	17,392	(7,055)	(126,775)
Accounts payable and accrued liabilities	(476,399)	(120,861)	65,859	(322,208)
Contract liability	-	-	(94,306)	-
Penalty Payable	(12,611)	-	(49,640)	-
Warranty provision	-	-	-	49,422
	(104,921)	(107,075)	33,939	(476,556)

The accompanying notes are an integral part of these condensed consolidated Interim 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, 2020

(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, Street, Box # 117, 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.

Prior to the acquisition of Braille Battery, the Company engaged in the acquisition, exploration, and development of mineral properties in Quebec, Canada. The Company was in the exploration stage and did not derive any revenue from its properties. The Company does not intend to continue exploration activities on its Romer Property. Management is considering different options, including but not 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. As at June 30, 2020, the Company had cash of \$74,302 and negative working capital of \$1,284,469. The Company had negative cash flows from operating activities of \$150,001 during the three months ended June 30, 2020, it incurred a net loss of \$156,190 and as of that date had an accumulated deficit of \$6,925,721.

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, reduce costs and obtain the required financing. No assurance can be given that the Company will be successful in meeting sales targets, reducing costs or obtaining the required additional financing in order to proceed with its plans to expand, through various means including equity financing, to support its operations. Failure to meet operational or financing goals could result in material uncertainties that cast significant doubt as to the Company’s ability to continue as a going concern.

These condensed consolidated interim 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.

## **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, 2020

(in Canadian dollars)

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Basis of presentation and statement of compliance with IFRS**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board in Canadian dollars, which is also the Company's reporting currency.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 31, 2020.

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

The Company's condensed consolidated interim financial statements are prepared in accordance with IFRS recognition and measurement principles that often require Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts presented and disclosed in the condensed consolidated interim financial statements. Management reviews these estimates and assumptions on an ongoing basis based on historical experience, changes in business conditions and other relevant factors as management believes to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

##### 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 condensed consolidated interim 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*

An area of judgment that has a significant effect on the amounts recognized in these condensed consolidated interim financial statements is the determination of functional currency. The determination of the Company and its subsidiaries' functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the results of the Company based on the foreign currency translation methods used.

##### *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.

## **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, 2020

(in Canadian dollars)

### *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.

### Estimates and assumptions

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.

### *Expected credit loss*

The Company calculates expected credit loss ("ECLs") for trade receivables and amounts due from related parties based on the historical default rates over the expected life of the trade receivable and adjusts for forward-looking estimates, which is determined through the exercise of judgment. The Company's ECL model relies on forward looking information and economic inputs, such as default rates, industry growth rate, geography etc. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the condensed consolidated interim financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgment. The allowance the Company records, if any, is the sum of these probability weighted outcomes.

There is no history of a default on an amount due from a related party. The Company does not record an allowance for ECL on amounts due from related parties.

### *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. The impact could negatively impact the condensed consolidated interim statement of loss and comprehensive loss.

### *Warranty provision*

Management makes estimates in determining an appropriate warranty provision, based on past history of warranty claims. The impact could negatively impact the condensed consolidated interim statement of loss and 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, 2020

(in Canadian dollars)

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

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

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 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 share-based compensation and warrants require 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 share-based compensation and warrants granted and the time of exercise of those share-based compensation and warrants. The valuation model used by the Company is the Black-Scholes model.

### *Units offered in private placement*

Management uses the Black-Scholes option-pricing model to calculate the fair value of warrants as part of the unit issuance. Use of this method requires management to make assumptions and estimates about the expected life of the warrants, the risk-free rate, share price and the volatility of the Company's share price. In making these assumptions and estimates, management relies on data from comparable public companies because the Company is thinly traded and the trading was halted. Estimation uncertainty relates to the fact that the Company is relatively thinly traded and was halted from trading at the time of the closing of the private placement. These factors may reduce the reliability of market data.

## **c) Basis of consolidation**

The Company's 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, 2020. 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 year-end dates of September 30, 2020.

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 a subsidiary 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.

## 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, 2020

(in Canadian dollars)

Non-controlling interests, presented as part of equity, 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 chart below summarizes the entities included in the condensed consolidated interim financial statements as at June 30, 2020 and 2019:

Name of subsidiary	Functional Currency	Place of incorporation	Ownership interests as at		Principal activity
			June 30, 2020	September 30, 2019	
Braille Energy System Inc.	CAD	Canada	Parent	Parent	Holding company
Braille Holdings Inc.	USD	United States	89.95%	89.95%	Holding company
Braille Battery Inc.	USD	United States	100% (1)	100% (1)	Production and sale of Li-Ion batteries

(1) Braille Battery Inc. is owned 100% by Braille Holdings Inc.

## 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 BES. In consideration for the 89.95% ownership interest in Braille, the purchase price for Braille is \$1,913,826 of which \$665,500 (US\$500,000) was paid in cash on closing, \$665,500 (US\$500,000) will be paid by way of interest free promissory note (the "Note"), and 10,000,000 Common Shares were issued to Grafoid Inc. (a related party that shares the same management and owns approximately 31% of the outstanding shares of the Company) from the treasury of the Company at the Closing with a fair value of \$749,169 (US\$1,000,000). The promissory note and the shares issued to acquire Braille Battery have been discounted to reflect their fair value. The deemed issue price per common share is \$0.13 (US\$0.10). The Note will be interest-free and payable by January 1, 2020 (the "Maturity Date"). The Company will have the right to repay the Note at any time on or prior to the Maturity Date without penalty. The note payable was discounted using a 20.7% rate. The shares issued fair value of \$0.07 has been determined based on the \$0.10 fair value of the common shares issued as part of the private placement and then discounted as a result of the required escrow period. The escrow common shares will be released in a series of instalments. As a result, the shares fair value has been discounted using a 20.7% discount rate. Under the tier two escrow the shares are released as follows: 10% of the shares are released when the exchange bulletin was issued, and the remainder are released based on 15 percent of the initial issuance at six months intervals.

### Acquired trade receivable

Trade receivable acquired as part of the business combination amounted to \$62,435. The carrying value of these trade receivable approximates the fair value and all amounts are expected to be collectible. There was no allowance recorded on the acquired trade receivables.

## **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, 2020

(in Canadian dollars)

### Goodwill

Goodwill of \$860,803 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. It was written off at September 30, 2019.

### Non-controlling interest

Non-controlling interest of \$117,653 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 Battery incurred a loss of \$110,165 for the period from June 21, 2018 to September 30, 2018.

If Braille Battery had been acquired on October 1, 2017, revenue of the Company for 2018 would have been approximately \$2,503,993, and the net loss for the year would have increased by \$389,718

**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, 2020

*(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	54,218
Amounts receivable	62,435
Inventories	580,360
Prepaid expenses	65,614
	<u>762,627</u>
Property, plant and equipment	119,496
Intangible assets	
Trademarks	894,000
Technologies	539,000
Customer relationships	190,000
	<u>1,913,826</u>
<b>Total identifiable assets acquired</b>	<b>2,505,123</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	458,050
Warranty provision	34,776
	<u>492,826</u>
Penalty payable	286,651
Deferred tax liability	314,059
Amounts due to related parties - long term	240,911
	<u>1,334,447</u>
<b>Total liabilities assumed</b>	<b>1,334,447</b>
<b>Non-controlling interest</b>	<b>117,653</b>
<b>Net identifiable assets acquired</b>	<b>1,053,023</b>
Goodwill	860,803
<b>Net assets acquired</b>	<b>1,913,826</b>
Components of acquisition cost	
Cash	665,500
Note payable	499,157
Shares issued	749,169
	<u>1,913,826</u>
<b>Total acquisition cost</b>	<b>1,913,826</b>

Acquisition-related costs are not included as part of the acquisition cost. \$687,600 have been included in professional fees in the consolidated statements of comprehensive loss. The non-controlling interest is calculated based on 10.5% of the net identifiable assets and liabilities upon acquisition.

## 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, 2020

(in Canadian dollars)

### 5. FINANCIAL INSTRUMENTS

#### *Carrying amounts of financial assets and liabilities*

The table below summarizes the carrying values of the Company's financial assets and financial liabilities

	June 30, 2020	September 30, 2019
	\$	\$
Assets - based on amortized cost (1)	190,979	259,529
Liabilities - based on amortized cost (2)	2,049,227	1,650,516

(1) Includes cash, trade receivables, and amounts due from related parties

(2) Includes accounts payable, accrued liabilities, line of credit, long term debt, penalty payable and amounts due to related parties

The carrying values of cash, accounts and other receivables, amounts due from related parties, accounts payable and accrued liabilities, long term debt, penalty payable, amounts due to related parties approximate their fair values due to their relatively short periods to maturity.

#### ***Risk management***

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These main types of risk are market risk, credit risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

#### ***Market risk***

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and other price risks, which result from its operating activities. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss.

#### ***Credit risk***

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's significant financial asset exposed to credit risk are cash and account receivable. The maximum exposure in cash is equal to the carrying value of this asset. The Company's cash is held at a Canadian chartered bank. It is Management's opinion that the Company is not exposed to significant credit risk. There has been no change to Management's assessment of credit risk compared with prior 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, 2020

(in Canadian dollars)

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business as well as any anticipated transactions. The Company's working capital deficit \$1,284,469 at June 30, 2020 including \$74,302 in cash and current liabilities totaling \$1,793,927 due within the next twelve months. There has been no change to Management's assessment of liquidity risk compared with the prior year.

### 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. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. The Company is not subject to any external capital requirements, neither regulatory nor contractual. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

## 6. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

	June 30, 2020	September 30, 2019
	\$	\$
Trade receivables	86,238	81,893
Allowance for expected credit loss	(44,076)	(2,246)
Financial asset	42,161	79,647
Tax receivable	31,494	34,229
Sales tax receivable (payable)	(2,445)	5,508
<b>Total amounts receivable</b>	<b>71,210</b>	<b>119,384</b>

These amounts are collectable within a short-term period and the net carrying value reasonably approximates the fair value of the receivables.

Aging of trade accounts receivable:

Age of receivables and the credit loss assessed and provided for are as shown below:

#### Estimated credit loss on trade receivables

June 30, 2020	Amount receivable past due days					
	Current	< 30 days	31 - 60	61 - 90	> 90 days	Total
Expected credit loss %	0%	0.50%	1%	26%	50%	
Gross carrying amount	0	-5093	6545	-3236	88022	86238
Lifetime expected credit loss	0	0	65	0	44011	44076

**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, 2020

*(in Canadian dollars)***7. INVENTORY**

Inventory consists of the following:

<b>Inventory</b>	<b>June 30, 2020</b>	September 30, 2019
	<b>\$</b>	<b>\$</b>
Parts	<b>163,480</b>	158,131
Finished goods	<b>68,185</b>	65,954
Total inventory	<b>231,665</b>	224,085

During the quarter ended June 30, 2020, a total of \$402,405 (\$280,802 as at September 30, 2019) of inventories was included in cost of sales as an expense. This includes \$Nil resulting from write-down of inventories.

## 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, 2020

(in Canadian dollars)

### 8. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Solar panels Modules	Solar panels Electronics	Moulds	Equipment	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance, March 31, 2020	34,835	17,187	55,411	26,896	134,329
Additions					
Additions	-	-	-	-	-
Net exchange differences	(1,432)	(707)	(2,278)	(1,106)	(5,523)
<b>Cost, June 30, 2020</b>	<b>33,403</b>	<b>16,480</b>	<b>53,133</b>	<b>25,790</b>	<b>128,806</b>
<b>Accumulated depreciation</b>					
Balance, March 31, 2020	3,136	4,040	10,284	26,896	44,356
Depreciation	763	377	1,214	-	2,354
Net exchange differences	(138)	(178)	(453)	(1,106)	(1,875)
<b>Accumulated depreciation, June 30, 2020</b>	<b>3,761</b>	<b>4,239</b>	<b>11,045</b>	<b>25,790</b>	<b>44,835</b>
<b>Net book value, June 30, 2020</b>	<b>29,642</b>	<b>12,242</b>	<b>42,088</b>	<b>-</b>	<b>83,971</b>
	Solar panels Modules	Solar panels Electronics	Moulds	Equipment	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance, September 30, 2019	32,445	16,223	51,201	26,896	126,765
Additions					
Additions	-	-	-	-	-
Net exchange differences	958	257	1,932	(1,106)	2,041
<b>Cost, June 30, 2020</b>	<b>33,403</b>	<b>16,480</b>	<b>53,133</b>	<b>25,790</b>	<b>128,806</b>
<b>Accumulated depreciation</b>					
Balance, September 30, 2019	3,136	4,040	10,284	26,896	44,356
Depreciation	1,239	1,596	4,064	-	6,899
Net exchange differences	(614)	(1,398)	(3,303)	(1,106)	(6,420)
<b>Accumulated depreciation, June 30, 2020</b>	<b>3,761</b>	<b>4,239</b>	<b>11,045</b>	<b>25,790</b>	<b>44,835</b>
<b>Net book value, June 30, 2020</b>	<b>29,642</b>	<b>12,242</b>	<b>42,088</b>	<b>-</b>	<b>83,971</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, 2020

*(in Canadian dollars)***9. RIGHT OF USE ASSET**

Right of use asset consists of the following:

	945 Princess Street	15th East Street	Total
	\$	\$	\$
<b>Cost</b>			
Balance, March 31, 2020	123,731	152,561	276,292
Additions			
Additions	-	-	-
Net exchange differences	-	(6,272)	(6,272)
<b>Cost, June 30, 2020</b>	<b>123,731</b>	<b>146,289</b>	<b>270,020</b>
<b>Accumulated depreciation</b>			
Balance, March 31, 2020	57,107	29,528	86,635
Depreciation	28,553	14,460	43,014
Net exchange differences	-	(1,517)	(1,517)
<b>Accumulated depreciation, June 30, 2020</b>	<b>85,660</b>	<b>42,471</b>	<b>128,131</b>
<b>Net book value, June 30, 2020</b>	<b>38,071</b>	<b>103,818</b>	<b>141,889</b>
	945 Princess Street	15th East Street	Total
	\$	\$	\$
<b>Cost</b>			
Balance, September 30, 2019	-	-	-
Additions			
Additions	123,731	146,289	270,020
Net exchange differences	-	-	-
<b>Cost, June 30, 2020</b>	<b>123,731</b>	<b>146,289</b>	<b>270,020</b>
<b>Accumulated depreciation</b>			
Balance, September 30, 2019	-	-	-
Depreciation	85,660	42,384	128,044
Net exchange differences	-	87	87
<b>Accumulated depreciation, June 30, 2020</b>	<b>85,660</b>	<b>42,471</b>	<b>128,131</b>
<b>Net book value, June 30, 2020</b>	<b>38,071</b>	<b>103,818</b>	<b>141,889</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, 2020

(in Canadian dollars)

### 10. LONG TERM DEBT

Long term debt consists of the following:

	June 30, 2020	September 30, 2019
	\$	\$
USD Loan	104,859	-
<b>Total long term debt</b>	<b>104,859</b>	<b>-</b>

### 11. LEASE OBLIGATION

Lease obligation consists of the following:

	June 30, 2020	September 30, 2019
945 Princess Street	101,896	-
15th East Street	166,746	-
<b>Total lease obligation</b>	<b>268,642</b>	<b>-</b>

### 12. SHARE CAPITAL

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

#### Issued and fully paid

	Number of shares	Share capital \$
<b>Balance, September 30, 2017</b>	<b>18,012,057</b>	<b>2,085,813</b>
Shares issued for cash	19,000,000	1,920,900
Shares issued to acquire Braille Holding	10,000,000	749,169
Share issuance costs	-	(143,444)
<b>Balance, September 30, 2018 and September 30, 2019</b>	<b>47,012,057</b>	<b>4,612,438</b>
Shares issued for cash	-	-
Share issuance costs	-	-
<b>Balance, September 30, 2019 and June 30, 2020</b>	<b>47,012,057</b>	<b>4,612,438</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, 2020

(in Canadian dollars)

### 13. WARRANTS

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

The following table reflects the continuity of warrants:

	June 30, 2020			September 30, 2019		
	Number of warrants	Exercise price	Remaining contractual life	Number of warrants	Exercise price	Remaining contractual life
Outstanding, beginning of year	19,000,000	\$0.18	1.98	19,000,000	\$0.18	2.73
Granted	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Expired	-	-	-	-	-	-
<b>Outstanding</b>	<b>19,000,000</b>	<b>\$0.18</b>	<b>1.98</b>	<b>19,000,000</b>	<b>\$0.18</b>	<b>2.73</b>
<b>Exercisable</b>	<b>19,000,000</b>	<b>\$0.18</b>	<b>1.98</b>	<b>19,000,000</b>	<b>\$0.18</b>	<b>2.73</b>

As at June 30, 2020, the following warrants were issued and outstanding:

Number of warrants	Issue date fair value	Exercise price	Expiry date
19,000,000	\$608,000	\$0.18	June 22, 2022

### 14. SHARE-BASED COMPENSATION

On June 29, 2020, 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 twenty percent (20%) 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. Stock option plan is subject to approval of companies shareholders at next AGM.

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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2020

(in Canadian dollars)

The following table reflects the continuity of stock options:

	Number outstanding	Weighted average outstanding exercise price \$
Balance, September 30, 2019	4,028,451	0.06
Expired	(60,000)	0.06
Granted	-	-
Balance, December 31, 2019	3,968,451	0.06
Expired	-	-
Granted	-	-
Balance, March 31, 2020	3,968,451	0.06
Expired	-	-
Granted	4,695,000	-
Balance, June 30, 2020	8,663,451	0.06

**Outstanding and Exercisable**

June 30, 2020			September 30, 2019		
Exercise prices	Number outstanding	Weighted average Remaining contractual life	Exercise prices	Number outstanding	Remaining contractual life
\$0.10	1,028,451	1.61	\$0.10	1,028,451	2.36
\$0.05	7,635,000	4.54	\$0.05	3,000,000	4.57
<b>\$0.06</b>	<b>8,663,451</b>	<b>4.19</b>	<b>\$0.10</b>	<b>4,028,451</b>	<b>4.01</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, 2020

*(in Canadian dollars)***15. RELATED PARTY TRANSACTIONS**

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

<b>Amount Due from related parties</b>	<b>June 30, 2020</b>	<b>September 30, 2019</b>
	<b>\$</b>	<b>\$</b>
Grafoid Inc.	-	89,415
JAG Sky	33,000	33,000
JAG Equipment	10,000	
Officer of the company	2,467	2,467
	<b>45,467</b>	<b>124,882</b>

<b>Amount Due to related parties</b>	<b>June 30, 2020</b>	<b>September 30, 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Grafoid Inc.	671,527	669,102
9174893 Canada Inc	116,254	107,165
Focus Graphite	30,426	19,667
Fabracor Inc	151	151
GGTC Inc.	126,609	43,442
JAGAL	67,800	-
JAG Equipment	-	36,351
Muanalysis	2,712	1,356
Thombeth Holding Inc	129,647	67,442
	<b>1,145,125</b>	<b>944,676</b>

<b>Long Term</b>		
9174893 Canada Inc.	40,000	40,000
9174893 Canada Inc.	43,439	43,439
Grafoid Inc.	44,684	-
	<b>128,124</b>	<b>83,439</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, 2020

(in Canadian dollars)

### JAG Sky Inc.

As at June 30, 2020, the Company has prepaid \$33,000 (\$33,000 as at September 30, 2019) to JAG Sky Inc for advance flight hours, a private air charter services company wholly-owned by an Officer and Director of the Company, for air travel to be used in the potential sale of the Romer mineral property. Since there is no scheduled flight to be taken at year end, the entire amount has been classified to be included in amounts due from related parties.

### Focus Graphite Inc.

During the three months ended June 30, 2020, the Company was charged \$Nil (2019 - \$3,777) by Focus Graphite Inc. ("Focus"), which shares common management, for accounting and administrative services and other administrative expenses. As at June 30, 2020, an amount of \$30,426 (\$19,667 as at September 30, 2019) is included in amounts due to related parties.

### GGTC Inc. (formerly 9229205 Ontario Inc.)

The Company currently leases space on a monthly basis from GGTC Inc. (formerly 9229205 Ontario Inc.) ("GGTC"), a privately-held company owned by two Directors of the Company. This lease arrangement started in July 2018 for approximately two years, the Company is charged \$6,500 per month (net of taxes). During the three months ended June 30, 2020, GGTC charged the Company \$22,035 (2019 - \$13,000) in rent expenses. As at June 30, 2020, included in amounts due to related parties was an amount of \$126,609 (\$43,442 as at September 30, 2019).

### 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. This lease ended in July 2017. As at June 30, 2020, included in amounts due from related parties was an amount of \$10,000 (\$36,351 as at September 30, 2019) due to JAG Equipment.

### Muanalysis

As at June 30, 2020, included in amounts due to related parties is an amount of \$2,712 (\$1,356 as at September 30, 2019) which shares common management with the Company. During the quarter ended June 30, 2020, Muanalysis charged the Company \$Nil (2019 - \$1,356) in rent expenses.

### Thombeth Holdings Inc.

During the quarter ended June 30, 2020, the Company was charged \$39,691 (2019 - \$22,410) by Thombeth Holdings Inc. ("Thombeth"), a privately-held company owned by a Director of the Company, for consulting fees. As at June 30, 2020, an amount of \$129,647 (\$67,442 as at September 30, 2019) is included in amounts due to related parties.

### JAGAL

During the three months ended June 30, 2020, the Company was charged \$13,560 (2019 - \$4,520) (including HST) for equipment rental fees. As at June 30, 2020, included in accounts payable and accrued liabilities is \$67,800 (NIL as at September 30, 2019).

## 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, 2020

(in Canadian dollars)

### Loan from Officer

#### 9174893 Canada Inc.

As at June 30, 2020, included in amounts due to related parties is an amount of \$116,254 (\$107,165 as at September 30, 2019) due to an Officer of the Company. The amount relates to a loan of \$85,327, accrued interest of \$25,594. The loan provided in US dollars, was given to the Company to provide working capital and was payable on May 31, 2019. The loan bears interest at a rate of 10% per annum. The loan was extended to a maturity date of May 31, 2020. During the three months ended June 30, 2020, the Officer charged the Company interest \$2,150. During the three months ended June 30, 2020, the Company made \$Nil loan repayments.

As at June 30, 2020, included in amounts due to related parties is an amount of \$40,000 (\$40,000 as at September 30, 2019) due to an Officer of the Company. The amount relates to a loan of \$40,000. The loan agreement entered by the Company and the Officer on April 10, 2018. The loan is repayable on Feb 1, 2023. The Company was charged a one time 10% setup fee due on the inception of the loan agreement. During the three months ended June 30, 2020, the officer charged the Company interest of \$Nil.

As at June 30, 2020, included in amounts due to related parties is an amount of \$43,439 (\$43,439 as at September 30, 2019) due to an Officer of the Company. The amount relates to a loan of \$50,992. 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 January 31, 2018 in consulting fees due to the Officer. The loan is repayable on February 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. During the three months ended June 30, 2020, the Officer charged the Company interest of \$879. During the three months ended June 30, 2020, the Company made loan repayments of \$Nil.

### Other Officers of the Company

As at June 30, 2020, included in amounts due from related party is a corporate travel advance of \$2,467 (\$2,467 as at September 30, 2019) made to an Officer of the Company.

### Grafoid Inc.

On June 21, 2018, the Company acquired Braille Battery from Grafoid. As a part of consideration, \$499,157 (US\$500,000) is due in the form of an interest free promissory note due on January 1, 2020. As at June 30, 2020, an amount of \$655,399 is included in the amounts due to related parties. The amount due to related party includes an accretion interest expense of \$137,856. The promissory note is carried at a discount. A discount rate of 20.7% was used. Subsequent to the three months ended March 31, 2020 Grafoid Inc. and the Company agreed to extend the due date of the promissory note to January 1, 2021.

## 16. COMMITMENTS

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

	Minimal lease payments due			Total
	Within 1 year	1 to 5 years	After 5 years	
June 30, 2020	\$99,614	\$46,591	-	\$146,205

Lease payments recognized as an expense during the three months ended June 30, 2020 amount to \$43,014.