

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

Condensed Consolidated Interim Financial Statements

For the three and nine months ended June 30, 2021

(Expressed in Canadian dollars)
(Unaudited)

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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.)Unaudited Condensed Consolidated Interim Statements of Financial Position *(in Canadian dollars)*

As at		June 30, 2021	September 30, 2020
		\$	\$
ASSETS			
Current assets			
Cash		4,161,313	124,681
Trade and other receivables	Note 5	259,823	150,190
Amounts due from related parties	Note 14	14,967	14,866
Inventory	Note 6	325,401	279,224
Other assets		6,022	-
Prepaid expenses		441,572	92,076
		5,209,098	661,037
Property and equipment	Note 7	123,221	103,595
Right of use asset	Note 8	648,733	148,575
		5,981,052	913,207
LIABILITIES			
Current liabilities			
Line of credit	Note 9	36,238	30,000
Accounts payable and accrued liabilities		593,227	482,867
Contract liability		-	80,050
Deferred government grant	Note 10	-	103,198
Lease obligation		-	94,650
Warranty provision		37,579	40,496
Current tax payable		54,924	59,186
Amounts due to related parties	Note 14	334,395	1,122,868
Penalty payable	Note 16	41,826	175,325
		1,098,189	2,188,640
Long term debt		32,981	24,205
Deferred government grant	Note 10	27,293	16,028
Amounts due to related parties	Note 14	83,439	83,439
Lease obligation		652,254	60,255
		1,894,156	2,372,567
SHAREHOLDERS' EQUITY			
Share capital	Note 11	11,102,688	4,715,438
Warrants	Note 12	-	600,000
Contributed surplus		254,820	219,036
Deficit		(7,237,747)	(6,879,163)
Accumulated other comprehensive loss		(9,684)	(19,354)
Equity attributable to owners of the parent		4,110,077	(1,364,043)
Non-controlling interest		(23,181)	(95,317)
		4,086,896	(1,459,360)
		5,981,052	913,207
Going concern COVID-19	Note 2 Note 15		

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

On behalf of the Board

(signed) "Lindsay Weatherdon"

Lindsay Weatherdon, Director

(signed) "Jeffrey York"

Jeffrey York, Director

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

Unaudited Condensed Consolidated Interim Statements of Comprehensive Loss (in Canadian dollars)

	Three months ended,		Nine months ended,	
	June 30		June 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Revenue	990,752	657,277	2,646,315	2,129,116
Cost of goods sold	(512,735)	(402,405)	(1,471,803)	(1,229,492)
	478,017	254,872	1,174,512	899,624
Operating expenses				
Consulting fees	106,012	78,431	467,762	200,252
Salaries and benefits	106,153	89,424	328,746	292,120
Stock-based compensation	64,824	1,605	132,516	1,605
Bank charges and interest	13,651	16,071	45,629	57,696
Professional fees	6,925	14,355	195,109	179,415
Insurance	11,641	59,175	96,468	125,616
Travel and promotion	35,229	28,554	117,934	60,710
Filing fees	2,655	10,584	16,133	19,932
Agent fees	3,331	5,580	21,658	15,372
Depreciation of property and equipment	5,211	2,354	13,063	6,899
Depreciation of right of use asset	13,380	43,014	42,280	128,044
Other expenses	66,178	61,914	68,967	277,230
	(435,190)	(411,061)	(1,546,266)	(1,364,891)
Other expenses				
Financing fees	-	-	(589)	24,241
Other Income	-	-	101,030	-
Net Profit/(Loss)	42,827	(156,189)	(271,313)	(489,508)
Other comprehensive income				
Exchange differences on translation	12,936	-	12,936	2,067
Total comprehensive Profit/(loss)	55,763	(156,189)	(258,377)	(487,441)
Net Profit/(loss) attributable to:				
Owners of parent	12,751	(160,114)	(341,743)	(510,246)
Non-controlling interest	30,076	3,925	70,430	20,736
	42,827	(156,189)	(271,313)	(489,510)
Total comprehensive Profit/(loss) attributable to:				
Owner of the parent	24,388	(160,114)	(330,107)	(507,970)
Non-controlling interest	31,375	(3,925)	71,730	20,529
	55,763	(156,189)	(258,377)	(487,441)
Basic and diluted Profit/(loss) per common share	0.001	(0.003)	(0.005)	(0.010)
Basic and diluted weighted average number of common shares outstanding	66,219,892	47,012,257	60,086,272	47,012,257

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

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

Unaudited Condensed Consolidated Interim Statements of Changes in Equity *(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	\$	\$	\$	\$	\$	\$	\$	\$
Balance, September 30, 2019	47,012,257	4,612,438	608,000	203,099	(6,415,476)	(10,971)	(1,002,910)	(134,353)	(1,137,263)
Net loss	-	-	-	-	(510,246)	-	(510,246)	20,736	(489,510)
Share-based compensation (Note 13)	-	-	-	735	-	-	735	-	735
Exchange differences on translating foreign operations	-	-	-	-	-	(2,067)	(2,067)	-	(2,067)
Balance, June 30, 2020	47,012,257	4,612,438	608,000	203,834	(6,925,722)	(13,038)	(1,514,488)	(113,617)	(1,628,105)
Net income	-	-	-	-	46,559	-	46,559	31,446	78,005
Share-based compensation (Note 13)	-	-	-	15,202	-	-	15,202	-	15,202
Warrant exercised (Note 12)	750,000	103,000	(8,000)	-	-	-	95,000	-	95,000
Exchange differences on translating foreign operations	-	-	-	-	-	(6,316)	(6,316)	(13,146)	(19,462)
Balance, September 30, 2020	47,762,257	4,715,438	600,000	219,036	(6,879,163)	(19,354)	(1,364,043)	(95,317)	(1,459,360)
Net loss	-	-	-	-	(341,743)	-	(341,743)	70,430	(271,313)
Shares issued for cash	4,687,500	1,500,000	-	-	-	-	1,500,000	-	1,500,000
Shares issued in settlement of amounts due to related parties	5,131,313	635,000	-	-	-	-	635,000	-	635,000
Warrants exercised (Note 12)	18,750,000	3,975,000	(600,000)	-	-	-	3,375,000	-	3,375,000
Options exercised	2,996,177	277,250	-	(96,733)	-	-	180,517	-	180,517
Share-based compensation (Note 13)	-	-	-	132,517	-	-	132,517	-	132,517
Exchange differences on translating foreign operations	-	-	-	-	(16,841)	9,670	(7,171)	1,706	(5,465)
Balance, June 30, 2021	79,327,247	11,102,688	-	254,820	(7,237,747)	(9,684)	4,110,077	(23,181)	4,086,896

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

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

Unaudited Condensed Consolidated Interim Statements of Cash Flow (in Canadian dollars)

	Nine months ended, June 30	
	2021 \$	2020 \$
OPERATING ACTIVITIES		
Net income (loss)	(271,313)	(489,510)
Adjustment for:		
Interest accretion	-	50,714
Share-based compensation	Note 13 132,516	735
Depreciation of property and equipment	Note 7 13,063	6,899
Depreciation right of use asset	Note 8 42,280	128,043
Lease obligation	-	19,500
Unpaid interest	-	(21,357)
Change in amounts due to related parties	-	59,226
Changes in working capital items	(588,084)	33,939
Net cash flows from operating activities	(772,568)	(211,811)
INVESTING ACTIVITIES		
Additions to property and equipment	Note 7 (41,939)	-
Net cash flows from investing activities	(41,939)	-
FINANCING ACTIVITIES		
Line of credit	6,238	32,500
Loan proceeds	-	104,859
Proceeds from issuance of units	Note 11 1,500,000	-
Proceeds from exercise of warrants	Note 12 3,375,000	-
Proceeds from exercise of options	Note 13 180,517	-
Change in amounts due to related parties	(184,269)	213,554
Net cash flows from financing activities	4,877,486	350,913
Increase in cash	4,062,979	139,103
Cash, beginning of the period	124,681	15,263
Exchange differences on cash	(26,347)	(80,064)
Cash, end of the period	4,161,313	74,302
<i>Supplemental information</i>		
Changes in working capital items consist of the following:		
Trade and other receivables	(109,633)	126,662
Amounts due from related parties	(101)	-
Inventory	(46,177)	(7,580)
Prepaid expenses	(349,496)	(7,055)
Other assets	(6,022)	-
Accounts payable and accrued liabilities	110,360	65,859
Contract liability	(80,050)	(94,306)
Penalty payable	(133,499)	(49,640)
Current tax payables	(4,262)	-
Amounts due to related parties	(30,796)	-
	(588,084)	33,940

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

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, 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 does 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, 2021, the Company had cash of \$4,161,313 and working capital of \$4,110,909. The Company has negative cash flows from operating activities for the nine months ended June 30, 2021 of \$772,568, net loss of \$271,313 and as of that date had an accumulated deficit of \$7,237,747.

Certain of 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 continued financial support through equity and/or debt financing until the Company is able to achieve profitable operations. No assurance can be given that the Company will be successful in achieving profitable operations or obtaining the required additional financing in order support its operations and to proceed with its plans to expand. 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 consolidated financial statements, then adjustments would be necessary to the carrying amount of assets and liabilities, the reported expenses, and the consolidated statement of financial position classifications used.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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, 2020 and 2019, which have been prepared in accordance with Internal Financial Reporting Standards ('IFRS').

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 30, 2021.

(b) 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 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 financial statements for the years ended September 30, 2020 and 2019.

(c) 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 consolidated 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.

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.

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

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 consolidated 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 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 comprehensive loss.

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. Estimation uncertainty relates to the fact that the Company is relatively thinly traded for the period. This may reduce the reliability of market data.

(d) 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, 2021. 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.

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.

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, 2021 and September 30, 2020:

Name of subsidiary	Ownership interests as at				
	Functional Currency	Place of incorporation	June 30, 2021	September 30, 2020	Principal activity
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. 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, 2021	September 30, 2020
	\$	\$
Assets - based on amortized cost (1)	4,436,103	289,737
Liabilities - based on amortized cost (2)	1,774,360	1,918,704

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

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

The carrying values of cash, trade and other receivables, amounts due from related parties, accounts payable and accrued liabilities, 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 only significant financial asset exposed to credit risk is cash and maximum exposure 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.

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 has working capital of \$4,110,909 at June 30, 2021 including \$4,161,313 in cash and current liabilities totaling \$1,098,189 due within the next twelve months. Liquidity risk has gone down based on Management's assessment of liquidity risk as 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.

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

	June 30, 2021	September 30, 2020
	\$	\$
Trade receivables	272,299	136,114
Allowance for expected credit loss	(28,215)	(11,727)
Net trade receivables	244,084	124,387
Sales tax receivable	15,739	25,803
Trade and other receivables	259,823	150,190

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

Allowance for expected credit loss

	June 30, 2021	September 30, 2020
	\$	\$
Opening credit loss provision at beginning of period	11,727	2,246
Expected credit loss recognized during the period	16,488	(1,180)
Receivables written off during the year net of recoveries	-	10,661
Allowance for expected credit loss end of period	28,215	11,727

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

Estimated credit loss on trade receivables

June 30, 2021	Trade receivables past due days					Total
	Current	< 30 days	31 - 60	61 - 90	> 90 days	
Expected credit loss %	0%	0.50%	1%	26%	50%	
Gross carrying amount	10,899	97,919	84,198	53,158	26,125	272,299
Lifetime expected credit loss	-	490	842	13,821	13,063	28,215

As at June 30, 2021, no customer accounted for more than 10% (September 30, 2020 – no customer, 10%) of total trade receivables. The credit risk rating related to the amounts due from related parties have not changed for these past due balances and do not require a provision.

6. INVENTORY

Inventory consists of the following:

	June 30, 2021	September 30, 2020
	\$	\$
Parts	229,627	197,041
Finished goods	95,774	82,183
Total inventory	325,401	279,224

During the nine months ended June 30, 2021, a total of \$1,471,803 of inventories was included in cost of sales as an expense.

7. PROPERTY AND EQUIPMENT

	Solar panels Modules	Solar panels Electronics	Moulds	Equipment	Total
	\$	\$	\$	\$	\$
Cost					
Balance, September 30, 2020	32,689	16,362	65,360	39,600	154,012
Adjustment	-	-	-	55,402	55,402
Additions	-	-		41,939	41,939
Net exchange differences	(2,372)	(1,165)	(3,024)	4,066	(2,450)
Cost, June 30, 2021	30,362	15,197	62,336	141,007	248,903
Accumulated depreciation					
Balance, September 30, 2020	4,698	3,299	12,679	29,741	50,417
Adjustment	-	-	-	55,402	55,402
Depreciation	1,444	978	4,853	5,788	13,063
Net exchange differences	(316)	(331)	3,460	3,986	6,799
Accumulated depreciation, June 30, 2021	5,826	3,946	20,992	94,917	125,681
Net book value, June 30, 2021	24,537	11,251	41,344	46,090	123,221

	Solar panels Modules	Solar panels Electronics	Moulds	Equipment	Total
	\$	\$	\$	\$	\$
Cost					
Balance, September 30, 2019	32,445	16,223	51,201	26,896	126,765
Additions	-	-	13,741	12,704	26,445
Net exchange differences	244	139	418	-	802
Cost, September 30, 2020	32,689	16,362	65,360	39,600	154,012
Accumulated depreciation					
Balance, September 30, 2019	1,823	2,797	6,621	26,896	38,137
Depreciation	2,861	478	6,004	2,845	12,188
Net exchange differences	14	24	54	-	92
Accumulated depreciation, September 30, 2020	4,698	3,299	12,679	29,741	50,417
Net book value, September 30, 2020	27,991	13,063	52,681	9,859	103,595

8. RIGHT OF USE ASSETS

	Office (BESI)	Office (Braille Battery)	Office Equipment	Total
	\$	\$		\$
Cost				
Balance, September 30, 2020	54,247	162,380	28,038	244,665
Additions (1)	-	579,153	-	579,153
Net exchange differences	-	(18,993)	(2,357)	(21,350)
Cost, June 30, 2021	54,247	722,540	25,681	802,468
Accumulated depreciation				
Balance, September 30, 2020	27,123	62,967	6,000	96,090
Depreciation	20,343	40,043	3,832	64,218
Net exchange differences	-	(6,021)	(552)	(6,573)
Accumulated depreciation, June 30, 2021	47,466	96,989	9,280	153,735
Net book value, June 30, 2021	6,781	625,551	16,401	648,733

(1) The existing lease was extended for 5 more years till April 30, 2027 and additional space was also acquired for operations and battery assembly.

	Office (BESI)	Office (Braille Battery)	Office Equipment	Total
	\$	\$		\$
Cost				
Balance, September 30, 2019	-	-	-	-
Additions	54,247	162,380	28,038	244,665
Cost, September 30, 2020	54,247	162,380	28,038	244,666
Accumulated depreciation				
Balance, September 30, 2019	-	-	-	-
Depreciation	27,123	62,967	6,000	96,090
Accumulated depreciation, September 30, 2020	27,123	68,967	-	96,090
Net book value, September 30, 2020	27,124	99,413	22,038	148,575

9. LINE OF CREDIT

The company has a line of credit with the Royal Bank of Canada. The credit limit on the line of credit is \$75,000. The line of credit bears interest at the rate of 5.73% and does not have an expiry date. At June 30, 2021, \$36,238 was drawn on the line of credit. The line of credit is secured with a general security agreement over the Company's property.

10. DEFERRED GOVERNMENT GRANT

On May 7, 2020, the Company received a loan under the Paycheck Protection Program ("PPP Loan") for USD \$77,250 equivalent to CAD \$103,198. The purpose of this loan was to provide payroll support to companies due to the economic difficulties caused by COVID-19. On March 9, 2021, the entire loan was forgiven.

On January 7, 2021, the Company received additional \$20,000 loan from the Canada Emergency Business Account ("CEBA Loan"). The Company had earlier received \$40,000 CEBA loan on April 29, 2020. The CEBA Loan bears 0% interest until December 31, 2022. If the balance is not paid by December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest paid monthly, effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025. No principal payments required until December 31, 2022. Principal repayments can be voluntarily made at any time without fees or penalties. \$20,000 loan forgiveness is available, provided the outstanding balance is \$60,000 and \$40,000 is paid back between January 1, 2021 and December 31, 2022. The loan was recognized at the fair value based on an estimated market interest rate of 10% and expected repayment of \$40,000 on December 31, 2022. The Company made no interest payments for the period ended June 30, 2021. The difference between the loan amount of \$60,000 and the fair value of the loan of \$31,083 has been recognized as a deferred government grant to be recognized over the term of the loan. As at June 30, 2021, grant revenue in the amount of \$548 (2020 – 1,076) has been recorded in other income which represents the benefit of receiving an interest free-grant. An accretion interest expense of \$589 was recorded till June 30, 2021.

11. SHARE CAPITAL

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

Issued and fully paid

	Number of shares	Share capital
Balance, September 30, 2019	47,012,257	4,612,438
Warrants exercised	750,000	103,000
Balance, September 30, 2020	47,762,257	4,715,438
Shares issued for cash (2)	4,687,500	1,500,000
Shares issued in settlement of amounts due to related parties (1)	5,131,313	635,000
Warrants exercised	18,750,000	3,975,000
Stock options exercised	2,996,177	277,250
Balance, June 30, 2021	79,327,247	11,102,688

- (1) On February 3, 2021, the Company entered into a debt settlement agreement with Grafoid Inc and issued an aggregate of 5,131,313 common shares in the capital of the Company at a deemed price of \$0.12375 per common share to settle US\$500,000 (CAD\$635,000) of outstanding debt.
- (2) On June 11, 2021, the Company completed a non-brokered private placement for gross proceeds of \$1,500,000. The private placement was comprised of 4,687,500 units at a price of \$0.32 per unit. Each unit consists of one common share and one-half of a common share purchase warrant. Each whole warrant shall entitle the holder thereof to purchase one additional common share at a price of \$0.50 for a period of 24 months from the date of issue. The proceeds from the financing (\$1,500,000) were allocated to share capital, after which there was nothing left to allocate to warrants.

12. 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, 2021		September 30, 2020	
	Number of warrants	Weighted Average Exercise price	Number of warrants	Weighted Average Exercise price
Outstanding, beginning of the period	18,750,000	\$0.18	19,000,000	\$0.18
Issued	2,343,750	\$0.50	500,000	\$0.10
Exercised	(18,750,000)	\$0.18	(750,000)	\$0.13
Outstanding, end of the period	2,343,750	\$0.50	18,750,000	\$0.18

As at June 30, 2021 and September 30, 2020, the following warrants were issued and outstanding:

As at June 30, 2021				
Number of Warrants	Issue Date	Fair Value	Exercise Price	Expiry Date
2,343,750		-	\$0.50	June 10, 2023

As at September 30, 2020				
Number of Warrants	Issue Date	Fair Value	Exercise Price	Expiry Date
18,750,000		\$600,000	\$0.18	June 22, 2022

13. SHARE-BASED COMPENSATION

The Company's incentive stock option plan is 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. Options are subject to a vesting schedule at the discretion of the Board of Directors at the time of grant.

The following table reflects the continuity of stock options:

	June 30,		September 30,	
	2021		2020	
	Number	Weighted	Number	Weighted
	of options	average	of options	average
		exercise price		exercise price
Outstanding, beginning of the period	8,663,451	\$0.05	4,028,451	\$0.06
Granted (1)	3,000,000	\$0.24	4,695,000	\$0.05
Exercised	(2,996,178)	\$0.06	-	-
Expired	-	-	(60,000)	\$0.06
Outstanding, end of the period	8,667,273		8,663,451	\$0.05

(1) On February 8, 2021, BESI granted 3,000,000 incentive stock options to its directors, officers, and consultants (the "New Grant"). The options are to purchase up to 3,000,000 common shares of the Company at an exercise price of \$0.23625 per share and expire on February 8, 2026.

Outstanding and Exercisable

June 30, 2021			September 30, 2020		
Exercise prices	Number outstanding	Weighted average remaining contractual life	Exercise prices	Number outstanding	Weighted average remaining contractual life
\$0.10	352,273	0.61	\$0.10	1,028,451	1.35
\$0.05	870,000	2.82	\$0.05	2,940,000	3.56
\$0.05	4,445,500	4.00	\$0.05	4,695,000	4.75
\$0.24	3,000,000	4.93	-	-	-
8,667,273			8,663,451		

Share-based compensation is recorded as an increase to contributed surplus and is transferred to share capital when the underlying options are exercised. Total share-based compensation expense during the nine months ended June 30, 2021 was \$132,516 (2020 - \$1,605).

14. RELATED PARTY TRANSACTIONS

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

Amount Due from related parties	June 30, 2021	September 30, 2020
	\$	\$
Focus Graphite	2,500	2,500
JAG Equipment	10,000	10,000
Officer of the company	2,467	2,366
	14,967	14,866

Amount Due to related parties	June 30, 2021	September 30, 2020
	\$	\$
Current		
Grafoid Inc.	6,510	683,641
9174893 Canada Inc	129,274	125,875
Focus Graphite	37,732	36,737
Fabracor Inc	151	151
GGTC Inc.	123,366	88,018
JAGAL	27,628	31,640
Director of the Company	1,284	-
Muanalysis	1,356	1,356
Officer of the company	-	2,819
Thombeth Holding Inc	7,094	152,631
	334,395	1,122,868

Long Term		
9174893 Canada Inc.	40,000	40,000
9174893 Canada Inc.	43,439	43,439
	83,439	83,439

Other Officers of the Company

As at June 30, 2021, included in amounts due from related party is a corporate travel advance of \$2,467 (2020 - \$2,366) made to an Officer of the Company.

9174893 Canada Inc.

As at June 30, 2021, included in amounts due to related parties is an amount of \$129,274 (2020 - \$125,875) due to an Officer of the Company. The amount relates to a loan of \$85,327 (2020 - \$85,327), accrued interest of \$43,946 (2020 - \$37,532) and loss on foreign exchange of \$Nil (2020 - \$Nil). 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 has been extended to a maturity date of May 31, 2020. During the quarter ended June 30, 2021, the Officer charged the Company interest \$Nil (2020 - \$18,371). During the period ended June 30, 2021, the Company made \$Nil loan repayments (2020 - \$Nil).

As at June 30, 2021, included in amounts due to related parties is an amount of \$40,000 (2020 - \$40,000) 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 one time 10% setup fee due on the inception of the loan agreement. During the period ended June 30, 2021, the officer charged the Company interest of \$Nil (2020 - \$Nil).

As at June 30, 2021, included in amounts due to related parties is an amount of \$43,439 (2020 - \$43,439) 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 period ended June 30, 2021, the Officer charged the Company interest of \$Nil (2020 - \$3,736). During the period ended June 30, 2021, the Company made loan repayments of \$Nil (2020 - \$Nil).

Focus Graphite Inc.

During the period ended June 30, 2021, the Company was charged \$Nil (2020 - \$3,469) by Focus Graphite Inc. ("Focus"), which shares common management, for accounting and administrative services and other administrative expenses. During the period ended June 30, 2021, the Company was charged \$Nil (2020 - \$Nil) by Focus for a portion of a salary expenses in relation to time spent by Focus employee on the Braille Battery purchase by the Company. As at June 30, 2021, an amount of \$37,732 (2020 - \$36,737) 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 \$2,483 per month (net of taxes) as effective from October 01, 2019. During the period ended June 30, 2021, GGTC charged the Company \$8,412 (2020 - \$22,035) in rent expenses. As at June 30, 2021, included in amounts due to related parties was an amount of \$123,366 (2020 - \$ 88,018).

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. During the quarter Grafoid has participated \$1,000,000 in BESl's equity financing at \$0.32 per unit and purchased 3,125,000 units which consist of 3,125,000 shares and 1,562,500 warrants at \$0.50 per share over 2 years.

As at June 30, 2021, an amount of \$6,510 (2020 - \$683,641) is included in the amounts due to related parties.

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, 2021, included in amounts due from related parties was an amount of \$10,000 (2020 – \$10,000) due to JAG Equipment.

JAGAL

During the period ended June 30, 2021, the Company was charged \$0 (including HST) (2020 - \$13,560) for equipment rental fees. As at June 30, 2021, included in accounts payable and accrued liabilities is \$27,628 (2020 - \$31,640).

Muanalysis

As at June 30, 2021, included in amounts due to related parties is an amount of \$1,356 (2020 - \$1,356) which shares common management with the Company. During the period ended June 30, 2021, Muanalysis charged the Company \$Nil (2020 - \$Nil) in rent expenses.

Thombeth Holdings Inc.

During the period ended June 30, 2021, the Company was charged \$18,415.5 (2020 - \$39,691) by Thombeth Holdings Inc. ("Thombeth"), a privately held company owned by a Director of the Company, for consulting fees. As at June 30, 2021, an amount of \$7,094 (2020 - \$152,631) is included in amounts due to related parties.

15. COVID

On January 30, 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact they will have on the Company's financial position or on its ability to continue as a going concern.

16. PENALTY PAYABLE

Braille Battery was under Federal Aviation Administration ("FAA") order 2016-9156 restricting certain shipments. Braille has complied with the order and has completely updated its shipping procedures and materials and has participated in further testing as required. The order and restrictions were lifted July 23, 2018, allowing the Company to resume full shipping. Upon lifting the order and restrictions, the FAA assessed a civil penalty of \$286,651 (US \$235,000), which will be interest-free, and payable in instalments. As a result of COVID-19, the FAA granted the Company relief by staggering the payments.

As at June 30, 2021 the amount of \$41,826 is due by September 30, 2021. The above transportation penalty is payable over time and bears no interest. Accordingly, the Company has discounted the payments in order to calculate the fair value on the date the penalty was determined. In the event of late payment, the transportation penalty bears interest at rate of 6%, and therefore the Company has used 6%, net of tax, as the discount rate.

17. SUBSEQUENT EVENTS

On July 13, 2021, the Company closed the final tranche of the previously-announced non-brokered private placement for gross proceeds of \$516,000, of which \$100,000 has closed conditionally, subject to TSX Venture Exchange approval of the creation of Grafoid Inc. as a new Insider of the Company. These amounts are in addition to the gross proceeds of \$1,500,000 raised in the first tranche of the Offering as disclosed in the on June 11, 2021. The Company issued 1,612,500 units (the "Units") at a price of \$0.32 per Unit. Each Unit consists of one common share in the capital of the Company (a "Common Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant") of the Company. Each whole Warrant shall entitle the holder thereof to purchase one Common Share (a "Warrant Share") at a price of \$0.50 per Warrant Share for a period of 24 months from the date of issue.

In connection with the closing of the Offering, the Company paid cash finder's fees totaling \$15,120 and issued 47,250 non-transferable finder's warrants. Each Finders Warrant entitles the holder to acquire one (1) common share of the Company at a price of \$0.50 per common share until July 12, 2023.