

BRAILLE ENERGY SYSTEMS INC.

(formerly Mincom Capital Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine month periods ended June 30, 2022

BRILLE ENERGY SYSTEMS INC.

(formerly Mincom Capital Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2022

The following Management Discussion and Analysis (“MD&A”) reviews the operating results, financial condition and future prospects of Braille Energy Systems Inc. (formerly Mincom Capital Inc.), (“BESI” or the “Company”), current as of August 26, 2022. It should be read in conjunction with the Company’s interim unaudited consolidated financial statements and notes thereto for the three and nine month periods ended June 30, 2022, and the audited financial statements and notes thereto for the year ended September 30, 2021 which were prepared in accordance with International Financial Reporting Standards (“IFRS”). The reporting currency is in Canadian dollars. All currency amounts herein are expressed in Canadian Dollars unless otherwise indicated.

This MD&A contains or may refer to certain statements that may be deemed “forward-looking statements”. Forward-looking statements include estimates and statements that describe the Company’s future development plans, objectives or goals, including words to the effect that the Company expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as “anticipates”, “believes”, “could”, “estimates”, “predict”, “seek”, “potential”, “continue”, “intend”, “plan”, “expects”, “may”, “shall”, “will”, or “would” and similar expressions. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for lithium ion batteries, AGM batteries ; supply of inventory; new opportunities; continued availability of capital and financing; general economic, market or business conditions, foreign currency exchange rate; and litigation, legislative, environmental or other judicial, regulatory, political and competitive developments. These and other factors should be considered carefully and readers should not place undue reliance on the Company’s forward-looking statements. BESI does not undertake to update any forward-looking statement that may be made from time to time by Management or on its behalf, except in accordance with applicable public disclosure rules and regulations

Nature of Business

BESI was incorporated on May 24, 2011 as Mincom Capital Inc., under the Canada Business Corporations Act. The Company was a Capital Pool Company (“CPC”), as defined in Policy 2.4 of the TSX-V Corporate Finance Manual (“Policy 2.4”) from incorporation to May 9, 2014, following the issuance of the TSX Venture Exchange’s Final Bulletin approving the Company’s acquisition of the Romer property, in Québec, as its Qualifying Transaction (“QT”). Subsequent to the completion of the QT in accordance with Policy 2.4, BESI commenced operations as a Tier 2 mining issuer.

On June 21, 2018, and pursuant to the Final Bulletin issued by the Exchange dated July 25, 2018, the Company closed the acquisition and change of business transaction (Note 4 to the annual audited consolidated financial statements for the year ended September 30, 2018), whereby it acquired an 89.95% ownership interest in Braille Holdings Inc. (“Braille Holdings”). Braille Holdings is a holding company that wholly owns a 100% equity interest in Braille Battery Inc. (“Braille Battery”). Braille Battery is a battery-manufacturing and energy storage company supplying batteries to the professional motor sports industry and has developed a line of lightweight high powered battery systems for the transportation market.

Braille Holdings was incorporated on May 6, 2010, under the laws of the State of Florida. Braille Battery was incorporated on January 1, 2009, under the laws of the State of Florida. The principal place of business for both entities is located at 6935 15th Street East, Building 115, Sarasota, FL 34243.

Following the close of BESI’s acquisition of its interest in Braille Holdings, the Company subsequently changed its name from Mincom Capital Inc. to Braille Energy Systems Inc. and is now a Tier 2 Technology Issuer and the majority shareholder of Braille Holdings. Braille Holdings is a holding

company and does not carry on business other than to hold all the issued and outstanding shares of Braille Battery.

The principal business of BESI is now Braille Battery's battery-manufacturing and energy storage operations. BESI's future development plans includes to expand its market penetration into a wider range of market segments that require light weight, high-performing energy solutions, using scientifically advanced materials.

The head office of the Company is located at 945 Princess St., Box 117, Kingston, Ontario, K7L 0E9.

Corporate Development Highlights

Braille Energy to Participate and Showcase Products at the 2019 SEMA Show

On November 4, 2019 the Company announced it is scheduled to participate and showcase its product portfolio of lightweight, high-powered battery systems for the transportation market at the 2019 Specialty Equipment Market Association (SEMA) Show in Las Vegas, Nevada from November 5-8, 2019 at the Las Vegas Convention Center.

The Company showcased and provided product demonstrations at Booth Number 25029 in the Racing and Performance section in the Central Hall of the Convention Center. Customers, media, investors and other interested parties were invited to meet with Company Representatives at the Braille Battery Booth.

Braille Energy Systems Inc. Launches G30H GreenLite Lithium Battery for the Large Harley Davidson Touring Motorcycle

On January 30, 2020, the Company announced the launch and availability of the G30H lithium battery for large, Harley touring bikes. The GreenLite G30H was designed specifically for bikes with upgraded audio systems, LED lights, and other components and applications that require more capacity than current battery offerings.

The benefits of the G30H include quicker starting, one additional volt higher than lead offerings and decreased voltage drop during cranking. Improved engine management characteristics and data logging, due to improvements in voltage stability. Ability to last 3-5 times longer than current products, with increased reliability and significant weight reduction.

Additionally, BESI is now offering to customers and distributors the GreenLite G30HC "Combo" battery that encompasses all of the features of the G30H, coupled with a 6-amp lithium charger and is a direct drop-in upgrade to the standard G30H. This new product has garnered interest from a variety of top custom motorcycle builders, stereo installers and even Harley Davidson dealerships looking to become new Braille dealers in order to add Braille lithium and high-performance AGM batteries as an upgrade to their customers' bikes. Several recent competitions have been won with bikes powered by the Braille GreenLite G30H lithium battery and is personally endorsed by renowned bike builders.

Braille Energy Systems Inc. Adopts New Stock Option Plan and Announces Stock Option Grants

On June 29, 2020 the Company announced that the Board of Directors has adopted a new 20% fixed incentive stock option plan to replace the previous rolling stock option plan. The Company also announced the grant of incentive stock options under the new plan as an incentive to its directors, officers, employees and consultants.

Pursuant to the new plan, options entitling the purchase of an aggregate 9,402,451 common shares in the capital of the Company may be granted to directors, officers, employees and consultants of the Company from time to time. The Stock Option Plan was amended in November 2020.

The Company also announced an option grant to its directors, officers, employees and consultants to purchase up to 4,695,000. Shares at an exercise price of \$0.05 per share. The options expire 29 June 2025.

The new stock option plan and the subsequent grant of options are subject to the approval of the TSX Venture Exchange and of the Disinterested Shareholders of the Corporation (as such term is defined in the policies of the TSXV), and will be presented for approval at the Company's upcoming annual shareholders' meeting to be held before fiscal year-end.

Braille Energy Systems Inc. Announces Retirement of CEO and Appointment of Current President Lindsay Weatherdon as New CEO

On August 25, 2020, the Company announced that Gary Economo, Chief Executive Officer, has advised the Company that he will retire as the CEO effective August 31, 2020 and as Director of the Company effective August 31, 2020. Mr. Lindsay Weatherdon, a Director and the current President of BESl, has been appointed CEO and will assume the roles of President and CEO effective September 1, 2020.

Braille Energy Systems Inc. Launches F34 Fleet and Marine Group Lithium Battery For The Automotive, Truck, and Marine Markets

On September 9, 2020, the Company, announced the launch and availability of the F34 fleet and marine group lithium battery for the automotive, truck and marine markets. The F34 lithium battery is designed for use in fleet, marine, truck and auto applications that utilize a Group 34 (or similar sized) battery.

The F34 battery contains the same benefits as the F31 battery and is also the replacement/upgrade product for the common Group 24 size used in the marine industry. Additional key features of the F34 include improved engine management characteristics and data logging, due to improvements in voltage stability. Ability to last 3-5 times longer than current products, with increased reliability and significant weight reduction, longer battery life (15-year service life) and simple maintenance are key benefits in marine use. For automotive & truck applications, higher capacity and significantly longer life is ideal for vehicles with audio systems and high electrical demands (off road trucks), etc.

The F34 delivers a full volt higher capacity, additional cranking power, 20-35 pounds lighter and may last up to eight times longer than traditional lead-acid batteries. A three-year service warranty with first-year free replacement is included. Sealed Safe technology allows for positioning in any orientation with no acid or hazardous chemicals spilling. The F34 and all Braille Battery products are designed, built and shipped in the USA, with performance certified and tested and is green-friendly, RoHS-compliant and lead-free.

For additional product and pricing information about the F34 battery and the entire Braille Battery family of products and solutions, please visit our website at: www.braillebattery.com or contact Mr. Gary Savage, General Manager at savage@braillebattery.com or 941-312-5047 x 401.

Braille Energy Systems Inc. Awarded U.S. General Services Administration (GSA) Schedule To Officially Become Approved Federal Contractor

On September 14, 2020, the Company announced it has received U.S. General Services Administration (GSA) approval under the Federal Government's Multiple Award Schedule (MAS) for Industrial Products and Services (MAS Category 335911: Batteries Includes, but not limited to, batteries, chargers, monitoring systems, battery spill containment systems, and all options, parts, and accessories related to these products. Products can be used for rental, emergency, or disaster recovery efforts). Accordingly, BESl is now recognized by the GSA as an approved federal contractor for industrial products and services.

The GSA serves as the acquisition and procurement arm of the federal government, helping public agencies at the federal, state, and local levels access products and services from pre-approved vendors

without the lengthy procurement process. Through GSA's MAS, federal government agencies can now contract directly with BESI and Braille Battery for various battery professional services and solutions.

Braille Energy Systems Inc. Announces Its Replacement Lithium Batteries Now Available At Advance Auto Parts

On November 9, 2020, the Company announced it has been designated as a supplier of replacement lithium batteries to Advance Auto Parts through Advance's website. Advance customers will now be able to purchase Braille Battery ultra-lightweight, lithium-ion, high performance batteries thru Advance's e-commerce store front and by special orders thru any of Advance's Store Fronts.

Braille Energy Systems Inc. Announced That It is Unaware of Any Material Change In Its Business

On December 30, 2020, the Company, at the request of IIROC, confirmed that its management is unaware of any material change in the Company's operations that would account for the recent increase in market activity.

Braille Energy Systems Inc. Announces Share For Debt Settlement

On February 3, 2021, the Company announced that it has entered into debt settlement agreement with Grafoid Inc. and agreed to issue an aggregate of 5,131,313 common shares at a deemed price of \$0.12375 per Common Share to settle US\$500,000 (CAD\$635,000) of outstanding debt.

The completion of the Shares for Debt Transactions is subject to the approval of the TSX Venture Exchange. All securities issued pursuant to the Shares for Debt Transactions will be subject to a hold

period of four months and one day from the date of issuance, in accordance with applicable securities legislation. Management of the Company is aware that Grafoid continues to sell its current shareholdings in BESI.

Braille Energy Systems Inc. Announces Grant of Options

On February 8, 2021 the Company announced the grant of 3,000,000 incentive stock options to its directors, officers, and consultants. 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. To the extent that the number of options granted under the New Grant exceeds the number of options permitted under the company's stock option plan, the New Grant is subject to the approval of the TSX Venture Exchange and of the Disinterested Shareholders of the Corporation (as such term is defined in the policies of the TSXV) and will be presented for approval at the Company's next annual meeting of shareholders.

Braille Energy Systems Announces Lithium-Ion Battery Solution As Replacement For Lead Acid Batteries in Most Electronic Vehicles

On February 10, 2021, the Company announced the availability of the G20 and G30 lithium-ion battery product line as a replacement "plug and play" solution to current 12-volt lead acid batteries being utilized in most electric vehicles (EVs). This announcement coincides with news reports that a major electric vehicle manufacturer has discussed plans to transition to lithium-ion based accessory batteries in their current and future vehicles.

BESI's G20 replacement lithium battery was designed as a replacement alternative to lead acid batteries for standard automotive applications as well as in total loss applications where an alternator is not available.

The benefits of the Braille Battery lithium-ion replacement battery solution include:

- Reduced power consumption from the main battery bank compared to the current 12-volt lead acid solutions.
- Extended battery life compared to the current 12-volt lead acid batteries [more than ~2000 cycles

(100% depth of discharge) in comparison to 12-volt lead acid batteries at ~300 cycles (80% depth of discharge)].

- Lower self-discharge rate (5X less than lead acid batteries) and ability to recharge much more efficiently than current electric vehicle batteries.
- Ability to last 5 times longer than current lead acid products, with increased reliability and significant weight reduction.
- Improved engine management characteristics and data logging, due to improvements in voltage stability.

Braille Energy Systems Inc. Announces Supply And Marketing Partnership With World Leading Tesla Performance Upgrade Company Unplugged Performance Inc.

On March 1, 2021, the Company announced that it has entered into a supply agreement with Unplugged Performance Inc. to exclusively supply 12V Lithium Batteries as part of its performance upgrade program on Tesla vehicles. The marketing agreement was finalized on February 16, 2021. Additionally, Braille Battery announces that it will be a key sponsor with Unplugged Performance in the Pikes Peak International Hill Climb (PPIHC) scheduled to take place on June 27, 2021 in Pikes Peak, Colorado.

About Unplugged Performance

Founded in 2013, Unplugged Performance is the world leader in premium performance upgrades for Tesla vehicles with its USA made line of stylish and high-performance parts. Unplugged performance was founded and incubated by the team behind the world-renowned automotive customizer Bulletproof Automotive. Unplugged Performance is the world's leading technology focused on customization and sports performance of Tesla Motors vehicles. All our products are professionally designed, prototyped and manufactured in house in Hawthorne, California next to Tesla's design centre.

For additional product information from Unplugged Performance please visit their website at www.unpluggedperformance.com or contact Ben Schaffer, President at 213-493-6323 or email at SALES@UNPLUGGEDPERFORMANCE.COM.

Braille Energy Systems Overcomes Major Cold Weather Hurdle Common In Lithium -Ion Batteries for Its Fleet-Lite Group 31 Fleet Battery

On March 8, 2021, the Company announced that it has completed its Cold Weather Testing Program on its F31 FLEET-LITE Commercial Fleet Battery.

As previously communicated in a Company press release dated August 2, 2018, the F31 Lithium Battery was designed as a replacement alternative to Group 31 Lead Acid and AGM batteries primarily for Commercial Trucking applications. The main attributes of the Braille Battery F31 lithium-ion replacement battery solution include:

- 1/3 the weight of a Traditional Group 31 Lead resulting which can result in an increase in payload and reduce work-related injuries
- "All in one" solution can be used for starting applications or deep cycle power supply
- Double the cranking amps of leading Group 31 AGM Batteries
- Longer lasting than traditional Lead Acid and AGM Batteries....6000+ Life Cycle
- Charges 5X faster than Lead Acid and AGM
- Can be connected to Solar Charger
- Maintenance free in comparison with lead-acid
- Manufactured in the USA
- Length of time it takes for F31's internal temperature to drop to -4°F (-20°C) from 104°F (40°C) under -22°F (-30°C) environment = 17 Hours
- Length of time it takes about for F31's internal temperature to drop to -4°F (-20°C) from 104°F (40°C) under -40°F (-40°C) environment = 11 Hours

The testing report was performed by Eurofins E&E North America, a leading global service for product safety approvals and regulatory certification of electrical products. Eurofins has facilities, accreditations, and 60 years of experience getting products approved and to market faster. Eurofins is qualified to NRTL certify products in over 200 UL Standard categories and can test up to an additional 230+ standards for the U.S. market. For Canada, Eurofins maintains a wide scope of SCC accreditations and

also offers expert third-party testing to almost any product safety standard for the European Union or Asia Pacific.

Qualified Person

Dr. Joseph Doninger, BESI's Technical Consultant, is the Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects - has reviewed and approved the technical content of this news release. Dr. Doninger is an internationally recognized graphite processing expert and himself, the inventor of a number of patents and an author of over 27 technical papers and presentations related to graphite processing and the use of graphite in energy storage systems. Dr. Doninger is a co-editor on the NATO Science Series book titled "New Carbon Based Materials for Electrochemical Energy Storage Systems". Dr. Doninger is also an Honorary Professor at the Department of Chemistry from the Kiev National University of Technologies and Design.

Braille Energy Systems Inc. Announces Distribution Agreement With Leading North American Distributor

On March 30, 2021, the Company announced that it has secured an ongoing distribution agreement across its portfolio of Lithium Batteries with Magnacharge Battery Corporation. Based out of New Westminster, BC, Canada. Magnacharge has distribution facilities in all major centers across Canada from Coast-to-Coast as well as in the US with location in Michigan and Minneapolis.

For additional product and pricing information about the entire Braille Battery family of products and solutions, please visit our website at: www.braillebattery.com or please email the Company at info@braillebattery.com.

About Magnacharge Battery Corporation

Magnacharge Battery Corporation is a leading battery supplier throughout Canada and US Midwest, with an extensive product line to power any and every application! From its Head Office and distribution facility in New Westminster, BC. Magnacharge is proud to be a "coast to coast" supplier with strategic distribution locations in Edmonton, Mississauga, Sudbury, London, Kingston, Montréal, Moncton as well as US branches in Minneapolis and Michigan.

Braille Energy Systems Inc. Signs MOU With Australian Battery Casing Technology Company Vaulta

On May 10, 2021, the Company announced it has signed a Memorandum of Understanding ("MOU") with Australian battery casing company Vaulta (Battery Graphene Corp Pty Ltd). Vaulta uses a unique graphene technology in its cases which provides thermal benefits and allows for a more efficient assembly process. Braille plans to utilize this technology as a differentiator while it continues to expand into additional new markets.

Under the terms of the MOU, both companies will work together to co-develop new battery products to bring to the market. Heat can be damaging to batteries and by using Vaulta's graphene case solution, heat will spread evenly throughout the pack which will enhance safety and extend cycle life of the battery. Through Braille's extensive network in automotive starter batteries, Vaulta's cases can be put to test immediately in harsh conditions that batteries are regularly exposed to, thus helping expedite bringing the technology to market.

The execution of this MOU creates a framework by which both parties can work collaboratively to establish viable projects and marketing activities to achieve increased market penetration and revenue potential. Additionally, both entities will explore and identify cost effective domestic (North America) manufacturing.

About Vaulta

Vaulta is a battery casing technology company based in Brisbane, Australia. Its world-first design allows those building batteries to save money, time, weight, and space to utilize in a range of vehicles, while greatly increasing efficiencies in safety and work force deployment.

Braille Energy Systems Inc. Announces Non-Brokered Private Placement

On May 28, 2021, the Company announced it plans to complete a non-brokered private placement of up to 7,812,500 units (the "Units") of the Company at a price of \$0.32 per Unit (the "Offering Price") for aggregate gross proceeds to the Company of up to \$2,500,000 (the "Offering"). Each Unit will consist 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.

The Offering is expected to close in tranches, with the first tranche to close as soon as possible subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX Venture Exchange (the "Exchange"). The Units will be sold on a private placement basis to accredited investors pursuant to the "accredited investor" exemption or other available and agreed upon exemptions from prospectus requirements. The Common Shares, Warrants, and Warrant Shares will have a hold period of four months and one day from the date of issue.

The Company may pay finder's fees equal to 7% of the gross proceeds from a portion of the financing in cash, and 7% finders warrants equal to the number of Units issued as part of the Offering (the "Finder Warrants") in accordance with the policies of the Exchange. Each Finder Warrant entitles the finder to purchase one Unit at the Offering Price for a period of 24 months from closing of the Offering.

On June 11, 2021, the Company announced the closing of the first tranche of the financing for gross proceeds of \$1,500,000 of which \$1,000,000 closed conditionally, subject to TSXV approval of the creation of a new insider of the Company. The Company issued 4,687,500 Units at a price of \$0.32 per unit. The Common Shares, Warrants, and Warrant Shares will have a hold period of four months and one day until October 11, 2021.

On July 13, 2021, the company announced the closing of the final tranche of the equity financing for additional gross proceeds of \$516,000 of which of which \$100,000 closed conditionally, subject to TSXV approval of the creation of a new insider of the Company. The Company issued 1,612,500 Units at a price of \$0.32 per unit. The Common Shares, Warrants, and Warrant Shares will have a hold period of four months and one day until November 13, 2021. The Company raised total proceeds of \$2,016,000 by issuing a total of 6,300,000 Units at \$0.32 per Unit.

Braille Energy Systems Inc. Announces Appointment of Ivan Gissing to Management Team

On August 4, 2021, the Company announced it has engaged the services of Ivan Gissing (P. Eng.). Mr. Gissing will assume the role of General Manager of BESl responsible for all operations at both the Sarasota, Florida and Kingston, Ontario R&D facilities. Ivan is a seasoned General Manager with thirty years of experience successfully leading companies in product development and commercialization of disruptive technologies for the industrial power market. Mr. Gissing earned a degree in Electrical Engineering from Queen's University in Kingston, Canada, followed by a P. Eng. designation. He has decades of experience overseeing the successful development and commercialization of multiple new products. His interest in product/technology development was lit by his early career experience as an approval engineer with Canadian Standards Association (CSA) where he had the opportunity to work closely with development teams at major companies such as GE and Westinghouse to learn their development processes, witness the successes and see the opportunities for improvement in their development activities. Mr. Gissing has led innovative product development/market strategies for companies such as Melcher, BAE, Varta and Harper Detroit Diesel. He has driven product developments utilising technologies such as tubular plate lead-selenium battery cells for utility switchgear back-up power, aqueous supercapacitors for data centre back-up power, high power density AGM batteries for data centre back-up power, multielement antenna arrays for positive train control and ultra-wide input range DC-DC Converters for mission critical railroad power systems.

On January 11, 2022 the Company announced the appointment of Ivan Gissing (P. Eng.) to the newly developed role of Chief Technology Officer. Mr. Gissing will also continue in his current role of General Manager.

Braille Energy Systems Inc. Reports First Ever Quarterly Profit For The Three Months Ending June 30 2021

On September 8, 2021, the Company reported the financial results for the three months ended June 30, 2021. The Company reported revenue of \$990,752 for the three months ending June 30 2021, an increase of 51% compared to the three months ending June 30 2020 and a net profit for the quarter was \$55,763, or \$0.001 per share. This compares to a net loss of \$156,189, or \$0.003 per share for the three months ending June 30, 2020.

The financial highlights were as follows:

- Revenue increased 51% versus the same year-ago period
- Company achieves first ever quarterly profit of \$55,763 versus a loss of \$156,189 versus the same year-ago period
- Operating margin increased to 48.2% from 38.7% versus the same year-ago period

Braille Energy Systems Inc. Provides Operational Update

On November 2, 2021, the Company, announced the following operational updates:

Sarasota Facility Expansion Complete: The expansion of Braille Battery's Sarasota facility, announced in a press release on July 13, 2021, has now been completed. The expansion will allow Braille to augment its production capabilities and increase its finished goods inventory and on-hand supply of critical materials.

New Centre of Excellence for Battery Technology: Braille Energy Systems Inc (BESI) will establish a Centre of Excellence for Battery Technology in Kingston, Ontario, Canada, in Q2 of 2022. The new BESI facility's mandate is to perform engineering research into mechanical and materials properties to enhance the efficiency of energy conversion and energy storage in energy storage systems (ESS). This new BESI R&D facility also has a mandate to develop technologies that improve the environmental impact of ESS with respect to raw material consumption, production methods and end of life streams.

Kingston Manufacturing Facility: BESI plans to open a manufacturing facility in Kingston, where it will leverage its core competence in the manufacture of high density/high reliability battery packs and expand its manufacturing scope into system solution for Mission Critical energy storage. BESI is applying its high-reliability battery pack designs to create scalable and modular solutions for challenging applications such as:

- Backup power systems for data centres and commercial/industrial facilities such as hospitals and air traffic control towers;
- Low voltage DC backup for wireless communications infrastructure;
- Low voltage 120VDC backups for DC-driven industrial loads

Additionally, Braille Battery Inc. announced it completed the terms of the Federal Aviation Administration (FAA) Civil Penalty issued in 2018 by executing the final payment on September 30, 2021.

The Company updated its Fixed Stock Option Plan. At the shareholders meeting held May 21, 2021, shareholders of the Company approved a fixed 20% incentive stock option plan to replace the previous fixed stock option plan. Pursuant to the Amended Plan, the number of options available under the plan is 14,877,949 common shares in the capital of the Company which may be granted to directors, officers, employees, and consultants of the Company from time to time. The Amended Plan also permits options granted under the Amended Plan to be exercised at a price not less than the Discounted Market Price (as such term is defined in the policies of the TSXV), subject to a minimum exercise price of \$0.05.

Braille Energy Systems Inc. Announces Appointment of Ivan Gissing to role of Chief Technology Officer

On January 11, 2022 the Company announced the appointment of Ivan Gissing (P. Eng.) to the newly developed role of Chief Technology Officer. Mr. Gissing will also continue in his current role of General Manager.

Braille Energy Systems Inc. Announces Grant of Options

On February 17, 2022, the Company announced the grant of 6,300,000 incentive stock options to its directors, officers, employees, and consultants. The options are to purchase up to 6,300,000 common shares of the Company at an exercise price of \$0.18 per share and expire on February 17, 2027.

Braille Energy Systems Inc. Retains Refined Substance to Provide IR Services

On February 17, 2022, the Company announced that it has retained Refined Substance Inc. ("Refined Substance") to provide investor relations consulting services. Refined Substance is a Montreal-based communications and marketing firm providing investor relations services for the mining industry. Under the terms of the agreement, Refined Substance will provide investor relations services, including press release drafting and dissemination, responding to investor inquiries, and communications. Compensation payable in cash to Refined Substance will be based on an hourly rate invoiced monthly. There are no performance factors contained in the agreement. The agreement is effective as of September 30, 2021 and may be terminated upon 30 days' notice. The anticipated cost to the Company related to the agreement is \$1,000 per month. Refined Substance and the Company are arm's length parties. Refined Substance is principally owned by Kimberly Darlington.

Braille Energy Systems Inc. Announces Grant of Options

On February 22, 2022, the Company announced the resignation of board member James J. Greenberger. The resignation was effective February 17, 2022.

Braille Energy Systems Provides Update on Proposed Sale of Romer Property

During the quarter ended June 30, 2022, on April 5, 2022 the Company provided an update to the proposed sale of its Romer Property to Stria Lithium Inc. ("Stria") previously announced in its March 4, 2022 news release.

Braille received conditional approval of the Proposed Transaction from the TSX- V on March 16, 2022. Conditions necessary for the Exchange's final approval include delivery to the Exchange of an independent Geological Report of the Property, evidence of disinterested shareholder approval of the Proposed Transaction and a copy of the final executed acquisition agreement.

At the scheduled annual and special meeting of shareholders of May 19, 2022, Braille shareholders approved the Proposed Transaction. Braille and Stria completed and executed a definitive agreement of purchase and sale of the Property as announced on April 6, 2022. IOS Services Géoscientifiques has been engaged to complete an independent Geological Report.

Subsequent to the quarter ended June 30, 2022, on June 21, 2022, the Company updated to the proposed sale of the Romer Property (the "Property") to Stria Lithium Inc. previously announced in news releases dated March 4, 2022, April 5, 2022, and April 7, 2022 (the "Proposed Transaction").

Braille Energy Systems Inc. Enters Into Product Certification Phase of Energy Storage System (ESS)

During the quarter ended June 30, 2022, on May 5, 2022, the Company, announced that its initial suite of energy storage system (ESS) products is moving from the development phase into the commercialization stage.

A key element of market launch is product certification to UL9540 standard; this commercialization step will commence in the coming weeks with an RFQ issued to several NRTL (Nationally Recognized Testing Laboratory) accredited agencies for the certification project for BESI ESS products.

Braille Energy Systems Inc. Provides Operational and Business Update

Subsequent to the quarter ended June 30, 2022, on July 27, 2022, the Company announced the following operational and business updates:

- The Company is now moving to the UL9540 certification phase of its ESS (Energy Storage System) product, bringing it closer to launching its GEN1 system in early Q1 '23. Further to the previously announced RFQ review process, we have chosen CSA Group as our NRTL (Nationally Recognized Testing Laboratory) partner to certify our Energy Storage System products.
- Braille Battery expands its business reach into European Motorsports Market with the hiring of Oliver Fall as its Director of Motorsports Business Development, EMEAA.

Exploration Activities

Romer Polymetallic (PGE-Au-Cu-Ni) Property

The Romer Polymetallic property (the "Property") originally consisted of 51 contiguous and two isolated map-designated mining claims for a total of 53 claims (total surface area: 6,870.6 ha or 69 km²). In 2021, The Company let 100 claims lapse for lack of insufficient assessment work credits to renew the claims so that the Property currently comprises 51 contiguous and two isolated map-designated mining claims for a total of 53 claims (total surface area: 2,409.81 ha or 24.1 km²) all located within the limits of NTS 1:50,000-scale topographic sheet 24K-04 (Lac Thévenet),

The Romer property is located in the Labrador Trough sector of Nunavik, the northern division of the Nord-du-Québec administrative region. The Property is an early-stage exploration project strategically located in the Northern part of the Labrador Trough which is currently considered an emerging region of Québec for economic base (Cu-Zn-Ni) and precious (Au-PGE) metal mineralization.

In 2018 the Company wrote down the Romer property to \$Nil (\$1,000,000 in acquisition costs and \$278,724 exploration and evaluation assets), following the change of BESI's business activity after purchasing Braille Battery Inc in June 2018. No work has been conducted on the Romer property since the quarter ended March 31, 2019. Management continues to maintain the claims on the Romer property while it seeks a partner or buyer for the project.

On March 4, 2022, the Company announced that it had entered into a letter of intent to sell its interest in the Romer property to Stria Lithium Inc. (Stria). Braille executed the definitive acquisition agreement with Stria on April 6, 2022. The terms of the executed agreement may be found in the Company's news releases dated March 4 and April 5, 2022, available at www.brailleenergysystemsinc.com/ or at www.sedar.com, under Braille Energy Systems Inc.

Subject to the quarter ended June 30, 2022, on August 11, 2022, the Company announced the closing of the transaction, following receipt of final approval from the TSX Venture Exchange.

On June 6, 2022, following a request from regulatory authorities in support of the transaction with the Company, Stria commissioned IOS Services Géoscientifiques Inc. (IOS) of Saguenay, Québec, to prepare a National Instrument (NI) 43-101 compliant geological report on the Romer polymetallic property. The Company received IOS's final NI 43-101 geological report on July 26, 2022. The technical report was approved by the TSX-V.

Romer Property Claims Status

All 53 claims of the Romer property are in good standing on GESTIM (<https://gestim.mines.gouv.qc.ca/>), with the next biennial claims to be completed by May 8, 2023, at the latest. Additional exploration work

will have to be conducted on the claims and declared on GESTIM by then to ensure sufficient assessment work credits to renew the claims for another 24-month period.

Subsequent to the quarter ended June 30, 2022, on July 15, 2022, Stria Lithium Inc. commissioned IOS Géoscientifiques Inc. (IOS) to design and carry out a surficial glacial sediment survey of the Romer property, per the main recommendation of IOS's NI 43-101 geological report. The survey is intended to meet the Company's minimum assessment work expenditure obligation per claim in preparation for the next biennial CDC claims renewal to be performed by May 8, 2023, at the latest. The helicopter-supported surficial glacial sediment survey of the Romer property started on July 24, 2022, and was completed on July 29, 2022.

Qualified Person

The above scientific and technical information regarding exploration activities as defined in National Instrument (NI) 43-101 s. 1.1, was reviewed and approved by Marc-André Bernier, M.Sc., géo., (Québec) and P.Geo. (Ontario), a consultant for the Company and a Qualified Person under NI 43-101 guidelines.

Battery Manufacturing and Energy Storage Operations

Principal Products, Services, and Operations

BESI's core business is Braille Battery's battery manufacturing and energy storage solutions operations. This Florida-based company is the pioneer of a complete line of lightweight high-powered battery systems for the professional motor sports industry and transportation market. Braille Battery developed the world's first commercially available automotive lithium starting battery and has grown to become the highest volume producer of automotive lithium starting batteries.

Braille Battery's technological achievements include battery containment using composite technologies; thermal management, high amperage solutions, high vibration designs, novel battery chemistries, battery controls and dual use chemistries. Braille Battery's manufacturing facility houses management offices, design and engineering, research and development, manufacturing, logistics and fulfillment. Braille is an FDA manufacturer and is GSA / CCR registered.

Braille Battery's achievements include numerous firsts in the industry, among them: development of the first carbon fiber battery; first Lithium-Ion automotive original equipment starting battery; first carbon Li-Ion battery; first European Community RoHS environmentally approved automotive battery; first lithium battery to win a Formula 1 Championship; first lithium battery to win Daytona 500, NASCAR and Le Mans Championships.

Principal Products and Services

Braille Battery manufactures its own lithium-ion battery line and distributes a full multi-level line of batteries and accessories pre-assembled by a network of suppliers. Braille Battery's products are sold through distributors and on-line, to individuals and companies for the automotive racing industry. Prior to the Company's purchase of its interest in Braille Battery, Braille Battery's revenues were approximately US\$2 million in 2014 and decreased to US\$1.86 million in 2015 and remaining at the same level in 2016 and 2017 at approximately US\$1.86 million. Revenue for the 2018 fiscal year was approximately \$2.5M of which \$691,201 was recognized in the 101 days after BESI acquired its interest in Braille and the year ended September 30, 2018. Revenue for the 2021 fiscal year was \$3,466,601 (compared to \$2,928,730 in 2020).

Operations

Braille Battery assembles its products at its facility in Sarasota, Florida by combining prefabricated components delivered by third-party suppliers and in-house fabricated components. Braille Battery

offers custom designed battery application solutions. Customers can input their specific requirements for a custom battery and Braille Battery will assemble the product to the customers' specifications.

Braille Battery's manufacturing and assembly operations are located in Sarasota Florida, its current sole manufacturing and assembly location. Machinery and equipment required to operate the business are owned and leased by Braille Battery. Raw materials and component parts are widely available. Battery cells and parts are purchased from a network of approximately twenty-two different suppliers.

Braille Battery is the battery provider for a number of professional auto racing series, including Indycar, DTM, SuperGT and Australian V8 Supercars, along with many of the prototypes and GT cars in the IMSA TUDOR sports car series. Braille Battery is also a supplier to teams in Open Wheel, Drag Racing, Rally, and SCCA. Braille Battery's brand names include Micro-lite, Green-lite, Super 16 Volt Lithium, Intensity, Intensity Carbon, and Fleet-lite. Its AGM brands include: Endurance Series, Carbon AGM and Lightweight AGM.

Braille Battery has seven employees in administrative, marketing, sales, and manufacturing departments all located in Sarasota.

Market

Braille Battery manufactures, markets and sells Lithium and AGM battery and charging solutions to industries requiring light-weight, fast-charging, high-capacity, long runtime, safe, dependable energy systems. The main market segment to which Braille Battery sells its principal products is the automotive racing industry. This includes professional racing series, individual professional racing teams, and amateurs and hobbyists.

Braille Battery Marketing and Strategies

Braille Battery products are marketed through direct sales, participation in industry events and trade shows, including the SEMA and PRI Shows. Braille Battery has adopted a tiered pricing policy. Market prices are offered to retail customers, and discounts are provided on volume orders by wholesalers, distributors, and dealers. Braille Battery batteries are designed, intended, promoted, sold and warranted in street and race vehicles, where many companies void warranty when used in racing applications. Braille Battery is also expanding into other verticals including Marine and Commercial Trucking Applications

Competitive Conditions

Braille Battery's direct competitors are other light weight lithium ion battery producers: Smart Battery, Optima (Johnson Controls), Odyssey (Energysys), XS Power, Super B, Lithium Pros. Braille Battery also competes, indirectly lead acid battery companies such as East Penn and Crown.

Braille Battery products are priced as premium products. In the lightweight AGM line, Braille Battery offers more power (pound for pound) compared to competitors. In the lithium market, Braille Battery's lithium batteries are used in more original equipment manufacturer (OEM) factory race cars and professional race series. Political conditions which embrace non-traditional energy storage devices, such as lithium ion batteries will encourage new competitors into the marketplace specifically in Europe and China.

Braille Battery Future Developments

BESI plans to expand Braille Battery's market penetration into a wider range of market segments that require light weight, high-performing energy solutions, using scientifically advanced materials. To this end;

- the Company is currently working on portable battery solutions in partnership with a clean water technology company.
- developing a range of back-up energy storage batteries for both industrial and in-home use

Financial Information

The following selected financial data is derived from the unaudited interim financial statements of the Company for the three and nine month periods ended June 30, 2022 and 2021 that were prepared in accordance with IFRS.

Selected Financial Information

	Three months ended June 30, 2022	Three months ended June 30, 2021	Nine months ended June 30, 2022	Nine months ended June 30, 2021
	\$	\$	\$	\$
Statement of Comprehensive Loss				
Revenue	1,147,569	990,752	3,107,161	2,646,315
Cost of Goods Sold	(653,624)	(512,735)	(1,896,374)	(1,471,803)
Gross Profit	493,945	478,017	1,210,787	1,174,512
Operations Expenses	(748,372)	(435,190)	(3,416,625)	(1,546,266)
Net Profit (Loss) Before Tax	(227,581)	42,827	(2,178,992)	(271,313)
Other Comprehensive Income	37,623	12,936	15,180	12,936
Total Comprehensive Profit (Loss)	(189,958)	55,763	(2,163,812)	(258,377)
Basic and Diluted Loss per Common Share	(0.003)	0.001	(0.028)	(0.005)
Basic and Diluted Weighted-Average				
Number of Common Shares Outstanding	80,939,748	66,219,892	80,939,748	60,086,272
	Nine months ended June 30, 2022	Nine months ended June 30, 2021		
Statement of Cash Flows				
Cash Flows Used in Operating Activities	(1,484,326)	(722,568)		
Cash Flows From Investing Activities	(22,513)	(41,939)		
Cash Flows From Financing Activities	(114,408)	4,877,486		
(Decrease) Increase in Cash	(1,621,247)	4,062,979		
As at	June 30, 2022	June 30, 2021	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Statement of Financial Position				
Cash	2,583,148	4,161,313	4,207,099	124,681
Trade and Other Receivables	280,813	259,823	175,948	150,759
Inventory	1,032,718	325,401	577,574	279,224
Prepaid Expenses	515,918	441,572	294,760	92,076
Property Plant and Equipment	129,764	123,221	121,571	103,595
Right of Use Assets	581,915	648,733	667,354	148,575
Total Assets	5,126,418	5,981,052	6,044,675	913,207
Current Liabilities	1,001,009	1,098,189	1,047,850	2,188,640
Total Liabilities	1,540,755	1,894,156	1,648,684	2,372,567
Shareholders' Equity	3,585,663	4,086,896	4,395,991	(1,459,360)

Dividend Payment

Since its incorporation, the Company has not paid any dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its battery manufacturing and energy storage operations and exploration and development programs, future growth, and any other factors the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

Results of Operations for the Three and Nine Month Period Ended June 30, 2022

Revenue and Other Income

During the three and nine month periods ended June 30, 2022, the Company recognized revenues totalling \$1,147,569 and \$3,107,161 respectively (compared to \$990,752 and \$2,646,315 in the three and nine month periods ended June 30, 2021). This represents a 16% increase in revenue from the three month period ended June 30, 2021 to June 30, 2022 and a 17% increase in revenue from the nine month period ended June 30, 2021 to the nine month period ended June 30, 2022.

The Company continues to increase inventory on hand to mitigate the impact of delays with manufacturing and shipping and support the projected increasing growth in sales. Inventory increased to \$1,032,718 at June 30, 2022 from \$325,401 at June 30, 2021, representing a 217% increase.

The COVID-19 pandemic continues to impact the global economy, so its full impact remains to be determined. As a result, the exact effects of the pandemic maybe difficult to assess or predict with meaningful precision both generally and for the Company.

Results of Operations for the Three and Nine Month Period Ended June 30, 2021

During the three and nine month period ended June 30, 2022, the Company realized a net loss of \$227,581 and \$2,178,992 respectively (compared to net profit of \$42,827 and a net loss of \$271,313 in the three and nine month period ended June 30, 2021). During the three and nine month period ended June 30, 2022, the Company's operating expenses were \$748,372 and \$3,416,625 respectively (compared to \$435,190 and \$1,445,824 in the three and nine month period ended June 30, 2021).

The increased operating expenses in the three and nine month period ended June 30, 2022 are attributed to;

- Salaries and benefits for the three and nine month periods ended June 30, 2022 were \$190,051 and \$493,043 (compared to \$106,153 and \$328,746 for the three and nine month periods ended June 30, 2021). The increase is attributed to the Company increasing the size of its team to support the projected growth.
- Stock based compensation for the three and nine month periods ended June 30, 2022 was \$70,256 and \$1,353,484 (compared to \$64,824 and \$132,516 for the three and nine month periods ended June 30, 2021). The increase is attributed to the Company granting 6,300,000 options to directors, officers, employees, and consultants at an exercise price of \$0.18 per share expiring February 17, 2027.
- Research expense recognised for the three and nine month periods ended June 30, 2022 was \$29,942 and \$29,942 (compared to \$Nil and \$Nil for the three and nine month periods ended June 30, 2021). The research expense was related to the development of the UL9540 certification phase of its ESS (Energy Storage System).

The Company recognised a total comprehensive loss of \$189,958 for the three month period ended June 30, 2022, representing a loss of \$0.003 per share and a total comprehensive loss of \$2,163,812 for the nine month period ended June 30, 2022, representing a loss of \$0.028 per share. This is compared to a total comprehensive income of \$55,763 and total comprehensive loss of \$258,376 recognized in the three and nine month period ended June 30, 2021 representing an income of \$0.0002 and loss of \$0.006 per share respectively.

Cost of Goods Sold and Operating Expenses and Other Expenses

During the three and nine month periods ended June 30, 2022, the Company's cost of goods sold were \$653,624 and \$1,896,374 with gross profits of \$493,945 and \$1,210,787 respectively. This represents gross profit margins of 43% and 39% respectively for the three and nine month periods ended June 30, 2022. .

This is compared to cost of goods sold of \$512,735 and \$1,471,803 recognized in the three and nine month periods ended June 30, 2021, with gross profits of \$478,017 and \$1,174,512 respectively representing gross profit margins of 48.2% and 44.4%. The Company's gross profit margin is forecasted to continue to increase as it incorporates more automation processes into its battery assembly system in the next few quarters.

Quarterly Information

The following selected financial data is derived from the unaudited interim financial statements of the Company, which were prepared in accordance with IFRS.

Period Ended	Other Income	Net Income (Loss)	Loss per share
	\$	\$	\$
30/06/22	26,846	(227,581)	(0.003)
30/03/22	(880)	(1,614,901)	(0.020)
30/12/21	(5,998)	(336,509)	(0.004)
30/09/21	(88,543)	(456,140)	(0.01)
30/06/21	-	42,827	0.001
31/03/21	97,850	(248,709)	(0.004)
31/12/20	(9,307)	(67,544)	(0.001)
30/09/20	(4,596)	65,788	0.001
30/06/20	-	(156,189)	(0.0033)

- During the quarter ended March 31, 2021, the Company recognized other income of \$97,850 attributed to the forgiveness of a US\$77,250 loan the Company secured under the Payment Protection Program. The purpose of this loan was for the federal government to provide payroll support to companies in response to the economic difficulties caused by COVID-19.
- During the quarter ended September 30, 2021, the Company represented amounts previously reported as Other Income as Government Assistance on the consolidated statements of loss and comprehensive loss. This accounts for the negative Other Income in the quarter ended September 30, 2021 presented in the above table.
- During the quarter ended March 31, 2022, the Company recognized stock based compensation of \$1,353,484 following the grant of 6,300,000 options to directors, officers, employees, and consultants at an exercise price of \$0.18 per share expiring February 17, 2027.

Liquidity and Capital Resources

The Company has a working capital of \$3,413,730 at June 30, 2022 (working capital of \$4,207,900 at September 30, 2021), including \$2,583,148 in cash and current liabilities totalling \$1,001,009 due within the next 12 months, as compared to a working capital of \$4,110,909 at June 30, 2021.

BESI's budget, on a consolidated basis with Braille Holdings (following the close of the transaction whereby the Company purchased 89.95% interest in Braille Holdings from Grafoid as announced during the quarter ended June 30, 2020) for the next fiscal year will be \$4.4M. The budget covers the operation expenditures of Braille Battery, Braille Holdings' wholly owned subsidiary. The Company's ability to continue as a going concern is dependent on Braille Battery's revenues generated from the battery sales, as well as additional financing, through various means including but not limited to equity financing and the exercise of convertible securities, to operate its battery company, discharge its current liabilities, meet its corporate administrative expenses.

During the year ended September 30, 2021, the Company had options and warrants exercised, raising total proceeds of \$3,558,618 attributed to;

- \$183,618 generated from the exercise of options held by directors, officer, employees and consultants
- \$3,375,000 generated from the exercise of warrants held by various parties following the trigger of the forced exercise provision

During the year the Company completed two private placements raising total gross proceeds of \$2,016,000 as follows;

- On June 10, 2021, the Company completed a 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 is comprised of one common share and one half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.50 until June 10, 2023.

- On July 12, 2021, the Company completed a private placement for gross proceeds of \$516,000. The private placement was comprised of 1,612,500 units at a price of \$0.32 per unit. Each unit is comprised of one common share and one half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.50 until July 12, 2023.

Contractual Obligations and Off-Balance Sheet Arrangements

As of June 30, 2022, the Company has no off balance sheet arrangements and no contractual obligations.

Commitment and Proposed Transactions

As of June 30, 2022, and as of the date of this report the Company did not have any commitments outstanding. There are no undisclosed pending proposed transactions that would materially affect the performance or operation of the Company.

Related Party Transactions

Amounts Due From Related Parties

As at	June 30, 2022	September 30, 2021
	\$	\$
Grafoid Inc.	2,142	369

Amounts Due To Related Parties

As at	June 30, 2022	September 30, 2021
	\$	\$
9174893 Canada Inc.	208,460	209,314
9176055 Canada Inc.	-	9,233
Focus Graphite Inc.	-	2,703
GGTC Inc.	-	126,170
Grafoid Inc.	52,614	54,194
2608861 Ontario Inc.	36,668	36,668
	297,742	438,282

9174893 Canada Inc.

As at June 30, 2022, included in amounts due to related parties is an amount of \$208,460 (\$209,314 as at September 30, 2021) due to 9174893 Canada Inc., a company owned by a former officer of the Company, who resigned in August 2020. The amount relates to loans made to the Company (\$123,384), accrued interest and fees on the loans (\$41,637) and unpaid consulting fees (\$43,439). The amount is non-interest bearing and is considered to be due on demand.

9176055 Canada Inc.

During the three and nine month periods ended June 30, 2022, the Company was charged \$19,062 and \$50,832 (2021 - \$12,708 and \$52,832) by 9176055 Canada Inc. ("9176055"), a company owned by an officer of the Company, for consulting fees. As at June 30, 2022, included in amounts due to related parties is an amount of \$Nil (\$9,233 as at September 30, 2021) due to 9176055 Canada Inc.

Focus Graphite Inc.

As at June 30, 2022, included in amounts due to related parties is an amount of \$Nil (\$2,703 as at September 30, 2021) due to Focus Graphite Inc. ("Focus"), which shares common management. The amount relates to shared office expenses.

GGTC Inc.

The Company leased space on a monthly basis from GGTC Inc. ("GGTC"), a company owned by a director and a former officer of the Company. During the three and nine month periods ended June 30, 2022, GGTC charged the Company rent in the amount of \$Nil and \$Nil (2021 - \$7,445 and \$22,335). As at June 30, 2022, included in amounts due to related parties is an amount of \$Nil (\$126,170 as at September 30, 2021).

Grafoid Inc.

On June 21, 2018, the Company purchased Braille Holdings Inc. ("Braille Holdings") from Grafoid Inc. ("Grafoid"), which shares common management. As part of the purchase price, the Company issued to Grafoid an interest-free promissory note in the amount of US\$500,000 (\$499,157 CAD at the date of acquisition), which was initially due on January 1, 2020 but was extended to January 1, 2021 and then again to January 1, 2022. On February 3, 2021, BESI issued 5,131,313 common shares of the Company, at a deemed price and approximate fair value of \$0.12375 per share, in settlement of the US\$500,000 promissory note, which had a carrying amount of \$635,000 CAD at the time. As at June 30, 2022, included in amounts due to related parties is an amount of \$Nil (\$Nil as at September 30, 2021) in respect of the promissory note.

As at June 30, 2022, included in amounts due to related parties is an amount of \$52,614 (\$54,194 as at September 30, 2021) due to Grafoid. The amounts relate to shared professional and consulting services incurred in connection with the acquisition of Braille Holdings and other office expenses.

2608861 Ontario Inc.

As at June 30, 2022, included in amounts due to related parties is an amount of \$36,668 (\$36,668 as at September 30, 2021) due to 2608861 Ontario Inc., a company owned by a director and a former officer of the company, related to equipment rental fees charged in years prior to fiscal 2021.

Thombeth Holdings Inc.

During the three and nine month periods ended June 30, 2022, the Company was charged \$56,910 and \$300,100 (2021 - \$39,826 and \$317,802) by Thombeth Holdings Inc. ("Thombeth"), a company owned by an officer/director of the Company, for consulting fees. As at June 30, 2022, included in amounts due to related parties is an amount of \$Nil (\$Nil as at September 30, 2021).

Key management compensation

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

	Three months ended June 30,		Nine months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Consulting fees	75,972	52,534	350,932	368,634
Stock-based compensation	49,268	44,080	1,029,983	90,111
	125,240	96,614	1,380,915	458,745

Financial Instruments

The Company's financial instruments consist of cash, trade and other receivables (net of sales taxes receivable), amounts due from related parties, accounts payable and accrued liabilities, lease obligation, amounts due to related parties and long-term debt. The fair value of these financial instruments approximates their carrying value due to their short-term nature except for lease obligation and long-term debt where the fair value approximates their carrying value due to being subject to market rate interest.

The classification of financial instruments is as follows:

As at	June 30, 2022	September 30, 2021
	\$	\$
Financial assets		
Amortized cost		
Cash	2,583,148	4,207,099
Trade and other receivables (net of sales taxes receivable)	210,565	153,928
Amounts due from related parties	2,142	369
Total financial assets	2,795,855	4,361,396
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	(392,535)	(370,812)
Lease obligation	(633,092)	(692,522)
Amounts due to related parties	(297,742)	(438,282)
Long-term debt	(38,153)	(35,501)
Total financial liabilities	(1,361,522)	(1,537,117)

Outstanding Share Data

Common shares and convertible securities outstanding at August 26, 2022 consist of the following:

Securities	Expiry Date	Exercise Price	Number of Securities Outstanding
Common shares	-	-	80,939,747
Warrants	12 July 2023	\$0.50	3,197,250
Options	February 17, 2027	\$0.05 to \$0.24	12,895,000

Subsequent Events

Braille Energy Systems Inc. Provides Operational and Business Update

Refer to the "Corporate Development Highlights"

Risk Management Objectives and Policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 16. The main types of risks are interest rate risk, market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimizing exposure to financial markets. Long-term investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial assets exposed to interest rate risk include cash held in investment savings accounts bearing variable interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments with maturities of 360 days or less from the original date of acquisition. As at June 30, 2022, the Company had cash balances of \$2,583,148 and interest income derived from these investments during the nine month period ended June 30, 2022 was \$513 (2021 - \$Nil). The Company has limited exposure to financial risk arising from fluctuations in variable interest rates earned on cash given the low interest rates currently in effect and the low volatility of these rates.

The \$60,000 loan received under the Government of Canada's CEBA program (Note 10) is interest free if repaid by December 31, 2023 and is subject to a fixed interest rate thereafter, so there is no associated interest rate risk.

Currency Risk

Through its subsidiary, Braille Battery Inc., the Company operates internationally and is therefore subject to foreign currency risk. The Company reports its financial results in Canadian dollars, however most of the Company's revenue is transacted in US dollars. The Company incurs expenses in both Canadian and US dollars. To date, the Company has not used foreign currency forward contracts or other hedging strategies to manage its foreign currency exposure.

Credit Risk

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

The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. A customer is considered to be in default when the trade receivable ages beyond 30 days. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

It is management's opinion that the Company is not exposed to significant credit risk. Credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. In respect of trade receivables, the Company is not exposed to significant credit risk to any single counterparty. Trade receivables consist of amounts due from a large number of customers in the automotive industry and from various geographical areas. Credit risk is mitigated by requiring new customers to either prepay their sales orders in advance or apply for short term credit by going through the Company's credit evaluation and monitoring system.

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

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. The Company's financial assets exposed to credit risk are cash, trade and other receivables (net of sales taxes receivable) and amounts due from related parties and maximum exposure is equal to the carrying values of these assets, totalling \$2,795,855 at June 30, 2022 (\$4,361,396 at September 30, 2021).

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 inflows and outflows in day-to-day business. The Company considers expected cash flows from financial assets in assessing and managing liquidity risk. As at June 30, 2022, the Company had working capital of \$3,413,730, including cash of \$2,583,148 and current liabilities of \$1,001,009 due within the next 12 months. During the nine month period ended June 30, 2022, the Company had negative net cash flows from operations of \$1,484,326. There has been no change to management's assessment of liquidity risk compared with the prior period.

The Company has financial liabilities of \$1,361,522 of which \$843,682 are due within twelve months and \$517,840 are due in 1 to 5 years.

Capital Management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. The Company manages its 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 its capital structure, the Company may issue new shares through equity offerings or acquire/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.

Management reviews its capital management approach on an ongoing basis. There have been no changes to the Company's capital management approach during the nine month period ended June 30, 2022.

Contingent Liability

During the year ended September 30, 2021, a legal claim was brought against the Company by a former officer of the Company. Pleadings are closed but productions have not been exchanged nor have examinations for discovery been completed. As such, it is too early to evaluate this claim.

Risk Factors for Braille Battery Business

Risk factors for Braille Battery include, but are not limited to; the reliance on intellectual property, costs of production, production capacity and supply chain risks, regulatory burdens and compliance with law regulating the manufacture or transportation of batteries, dependence on a single assembly facility for the near-term, risks related to international sales, warranty claims and product liability, adverse business or financial conditions affecting the automobile and energy storage industries, unprofitable operating history, regulatory investigations and reliance on key personnel.

Reliance on Patent License

The products made by Braille Battery rely on intellectual property. The terms of the license may change or be subject to expiry or termination challenged by a third party at any time. The ownership of intellectual property licensed under a license agreement may be challenged or disputed by a third party at any time. Grafoid holds the patents on which Braille Battery relies.

Commodities Markets and Production Cost

The Company may face rising prices of raw materials necessary to produce the products it sells. The result could include higher cost of production, inability to produce its products in sufficient quantity and quality, inability to sell its technology and products, inability to produce in large enough quantities, and the possibility of technology obsolescence such that licensing interests disappear. BESI depends on certain raw materials for the manufacture of anodes, cathode and separators. Such raw materials, especially lithium salts may be in short supply. As Lithium-ion battery demands escalates there could be significant raw material shortage and BESI may be unable to produce or deliver products to its customers or meet its cost targets due to escalation of prices of its raw materials.

Production Capacity

The Company may not be able to meet its targets which includes the inability to convert pipeline to purchase orders or if such purchase orders are received, the inability to deliver on those purchase orders or the inability to collect on those purchase orders, even if the product is delivered. BESI may not be able to establish anticipated levels of high-volume production on a timely, cost-effective basis or at all. It has never assembled batteries in substantially large quantities and it may not be able to maintain future commercial production at planned levels.

Laws Regulating the Manufacture or Transportation of Batteries

Laws regulating the manufacture or transportation of batteries may be enacted which could result in a delay in the production of batteries or the imposition of additional costs that could harm BESI's ability to be profitable. Laws and regulations exist today, and additional laws and regulations may be enacted in the future, which impose environmental, health and safety controls on the storage, use and disposal of certain chemicals and metals used in the manufacturing and assembly of lithium-ion batteries. Complying with any laws or regulations could require significant time and resources from its technical staff and possible redesign of one or more of Braille Battery's products, which may result in substantial expenditures and delays in the production of one or more of its products, all of which could harm the Resulting Issuer's business and reduce its future profitability. The transportation of lithium and lithium-ion batteries is regulated both domestically and internationally. Compliance with these regulations, when applicable, increases the cost of producing and delivering products.

Supply Chain Risks

The Company may be exposed to supply chain risks. If the supply chain cannot deliver the amount of products required or fails to deliver the products with sufficient quality, BESI will not be able to assemble and deliver its products.

Risks of Industry That Produces Devices Or Products Containing Energy

BESI may be exposed to certain risks as a result of being in an industry that produces devices or products containing energy. Lithium-ion polymer batteries can become hazardous under some circumstances. In the event of a short circuit or other physical, electrical or thermal damage to these batteries, chemical reactions may occur that release excess heat or gases, which could create dangerous situations, including fire, explosions and releases of toxic fumes. The Company's batteries may emit smoke, catch fire or emit gas, any of which may expose the Company to product liability litigation. In addition, these batteries incorporate potentially hazardous materials, which may require special handling, and safety problems may develop in the future. Product failure or improper use of lithium-ion polymer battery products, such as the improper management of the charging/discharging system, may also result in dangerous situations. The raising of any health or safety concerns could affect BESI's reputation and sales. Moreover, changes in environmental or other regulations affecting the assembly, transportation or sale of the Company's products could adversely affect its ability to assemble or sell its products or result in increased costs or liability.

Resources to Process and Remedy Warranty Claims

BESI may be required to devote significant financial and management resources to processing and remedying warranty claims. If product liability issues arise, the Company could incur significant expenses and suffer damage to its reputation and the market acceptance of its products.

Pandemic Risk

The outbreak and spread of COVID-19, declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. COVID-19 is still evolving, and its full impact remains to be determined. However, its effects include financial market volatility, interest rate cuts, disrupted movement of people and diminished consumer confidence. The effects of the coronavirus may be difficult to assess or predict with meaningful precision both generally and as an industry- or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control of the Company.

International Operations and Sales Subject To Certain Risks

The Company's international operations and sales subject the entity to a number of risks, including unfavorable political, regulatory, labor and tax conditions. Risks inherent to international operations and sales, include, but are not limited to, the following:

- difficulty in enforcing agreements, judgments and arbitration awards in foreign legal systems;
- fluctuations in exchange rates may affect product demand and may adversely affect our profitability in U.S. dollars to the extent the cost of raw materials and labor is denominated in a foreign currency;
- impediments to the flow of foreign exchange capital payments and receipts due to exchange controls instituted by certain foreign governments and the fact that the local currencies of these countries are not freely convertible;
- inability to obtain, maintain or enforce intellectual property rights;
- changes in general economic and political conditions;

Additional Information and Continuous Disclosure

This Management's Discussion and Analysis has been prepared as of August 26, 2022. Additional information on the Company is available through regular filings on SEDAR (www.sedar.com).

(s) Lindsay Weatherdon

Chief Executive Officer

(s) Judith T. Mazvihwa-MacLean

Chief Financial Officer