

BRAILLE ENERGY SYSTEMS INC.

Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended June 30, 2024

(Expressed in Canadian Dollars)

Condensed Consolidated Interim Financial Statements

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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.

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

(Expressed in Canadian dollars)

As at	June 30, 2024	September 30, 2023
	\$	\$
ASSETS		
Current assets		
Cash	60,341	140,278
Trade and other receivables (Note 4)	151,957	252,484
Marketable securities (Note 5)	32,550	109,250
Amounts due from related parties (Note 18)	33,035	16,091
Inventory (Note 6)	1,383,954	1,833,228
Other assets	77,621	-
Prepaid expenses	101,726	317,791
	1,841,184	2,669,122
Property and equipment (Note 7)	136,009	166,944
Right of use assets (Note 8)	355,612	447,859
Total assets	2,332,805	3,283,925
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,282,786	1,279,286
Customer deposits (Note 11)	691	4,485
Lease obligation (Note 20)	171,041	165,254
Current portion of long-term debt (Note 10)	-	40,000
Deferred government grant (Note 10)	-	20,000
Warranty provision (Note 21)	56,066	55,382
Current tax payable	21,115	20,857
Amounts due to related parties (Note 18)	270,018	121,680
	1,801,717	1,706,944
Long-term debt (Note 10)	37,435	-
Lease obligation (Note 20)	263,869	357,071
Total liabilities	2,103,021	2,064,015
EQUITY		
Share capital (Note 12)	12,399,247	12,268,685
Warrants (Note 13)	166,918	166,918
Contributed surplus (Note 14)	2,121,545	2,100,146
Accumulated other comprehensive income	72,777	60,699
Deficit	(14,382,833)	(13,257,922)
Equity attributable to owners of the parent	377,654	1,338,526
Non-controlling interest	(147,870)	(118,616)
Total equity	229,784	1,219,910
Total liabilities and equity	2,332,805	3,283,925
Going concern (Note 2)		
On behalf of the Board		
(signed) "Lindsay Weatherdon"	(signed) "Jeffrey York"	
Lindsay Weatherdon, Director	Jeffrey York, Director	

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

Braille Energy Systems Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Unaudited)

(Expressed in Canadian dollars)

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue	922,637	1,141,233	2,699,547	3,123,361
Cost of goods sold	(596,957)	(908,222)	(1,857,292)	(2,325,718)
	325,680	233,011	842,255	797,643
Operating expenses				
Consulting fees	171,946	186,319	522,628	501,616
Salaries and benefits	125,173	261,801	492,226	769,506
Stock-based compensation (Note 14)	10,524	36,211	50,211	135,544
Bank charges and interest	11,621	18,311	30,833	58,423
Professional fees	7,955	31,270	79,237	272,343
Insurance	47,498	70,433	141,067	121,864
Travel and promotion	17,941	63,092	65,727	190,836
Research	85,551	136,197	150,418	338,825
Office	73,576	192,478	254,829	630,615
Depreciation of property and equipment (Note 7)	10,867	10,702	32,420	28,423
Depreciation of right of use assets (Note 8)	31,916	32,316	97,144	97,540
Interest on lease obligation	11,059	13,832	35,280	43,805
	(605,627)	(1,052,962)	(1,952,020)	(3,189,340)
Other income (expense)				
Interest income	-	3,104	-	19,572
Forgiveness of long-term debt (Note 10)	-	-	20,000	-
Change in fair value of financial assets at FVTPL	(28,375)	-	(65,750)	3,750
Net loss	(308,322)	(816,847)	(1,155,515)	(2,368,375)
Other comprehensive income (loss)				
Exchange difference on translation	8,376	(32,379)	13,428	(42,998)
Other comprehensive income (loss)	8,376	(32,379)	13,428	(42,998)
Total comprehensive loss	(299,946)	(849,226)	(1,142,087)	(2,411,373)
Net loss attributable to:				
Owners of the parent	(307,999)	(784,338)	(1,124,911)	(2,272,116)
Non-controlling interest	(323)	(32,509)	(30,604)	(96,259)
	(308,322)	(816,847)	(1,155,515)	(2,368,375)
Total comprehensive loss attributable to:				
Owners of the parent	(300,465)	(813,463)	(1,112,833)	(2,310,793)
Non-controlling interest	519	(35,763)	(29,254)	(100,580)
	(299,946)	(849,226)	(1,142,087)	(2,411,373)
Basic and diluted net loss per common share	(0.003)	(0.01)	(0.01)	(0.03)
Basic and diluted weighted average number of common shares outstanding	93,701,576	90,495,336	92,428,377	84,124,944

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

Braille Energy Systems Inc.

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)
(Expressed in Canadian dollars)

	Share capital		Warrants	Contributed surplus	Deficit	Accumulated other comprehensive income	Equity attributable to owners of the parent	Non-controlling interest	Total
	# of shares	\$	\$	\$	\$	\$	\$	\$	\$
Balance, September 30, 2022	80,939,748	11,562,946	16,558	1,915,836	(10,459,051)	74,384	3,110,673	(8,625)	3,102,048
Shares issued for cash	10,735,290	751,470	161,030	-	-	-	912,500	-	912,500
Stock-based compensation	-	-	-	135,544	-	-	135,544	-	135,544
Share issuance costs	-	(45,731)	5,888	-	-	-	(39,843)	-	(39,843)
Net loss	-	-	-	-	(2,272,116)	-	(2,272,116)	(96,259)	(2,368,375)
Exchange differences on translation of foreign operations	-	-	-	-	-	(38,677)	(38,677)	(4,321)	(42,998)
Balance, June 30, 2023	91,675,038	12,268,685	183,476	2,051,380	(12,731,167)	35,707	1,808,081	(109,205)	1,698,876
Expiry of warrants	-	-	(16,558)	16,558	-	-	-	-	-
Stock-based compensation	-	-	-	32,208	-	-	32,208	-	32,208
Net loss	-	-	-	-	(526,755)	-	(526,755)	(12,203)	(538,958)
Exchange differences on translation of foreign operations	-	-	-	-	-	24,992	24,992	2,792	27,784
Balance, September 30, 2023	91,675,038	12,268,685	166,918	2,100,146	(13,257,922)	60,699	1,338,526	(118,616)	1,219,910
Shares issued on exercise of options	2,035,000	130,562	-	(28,812)	-	-	101,750	-	101,750
Stock-based compensation	-	-	-	50,211	-	-	50,211	-	50,211
Net loss	-	-	-	-	(1,124,911)	-	(1,124,911)	(30,604)	(1,155,515)
Exchange differences on translation of foreign operations	-	-	-	-	-	12,078	12,078	1,350	13,428
Balance, June 30, 2024	93,710,038	12,399,247	166,918	2,121,545	(14,382,833)	72,777	377,654	(147,870)	229,784

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

Braille Energy Systems Inc.

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)

(Expressed in Canadian dollars)

	Nine months ended June 30,	
	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Net loss	(1,155,515)	(2,368,375)
Adjustments for:		
Stock-based compensation (Note 14)	50,211	135,544
Depreciation of property and equipment (Note 7)	32,420	28,423
Depreciation of right of use assets (Note 8)	97,144	97,540
Interest on lease obligation (Note 20)	35,280	43,805
Change in fair value of financial assets at FVTPL	65,750	(3,750)
Forgiveness of long-term debt	(20,000)	-
Changes in non-cash working capital items (Note 15)	832,595	(646,643)
Net cash flows from operating activities	(62,115)	(2,713,456)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	10,950	-
Additions to property and equipment	-	(75,742)
Net cash flows from investing activities	10,950	(75,742)
FINANCING ACTIVITIES		
Proceeds from issuance of shares/units	-	912,500
Proceeds from exercise of options	101,750	-
Share issuance costs	-	(39,843)
Repayment of long-term debt	(42,565)	-
Long-term debt (Note 10)	40,000	-
Lease payments (Note 20)	(128,536)	(125,408)
Net cash flows from financing activities	(29,351)	747,249
Decrease in cash	(80,516)	(2,041,949)
Cash, beginning of the period	140,278	2,475,869
Exchange differences on cash	579	(2,848)
Cash, end of the period	60,341	431,072

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

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2024

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Braille Energy Systems 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. The head office of the Company is located at 945 Princess Street, Kingston, Ontario.

Following a change of business transaction on June 21, 2018, whereby the Company acquired an 89.95% ownership interest in Braille Holdings Inc., the Company became 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 power sport industry.

Prior to the acquisition of Braille Battery, the Company engaged in the acquisition, exploration, and development of mineral properties in Quebec, Canada. The Company was in the exploration stage and did not derive any revenue from its properties. On August 11, 2022, the Company completed the sale of its last remaining mineral property (Note 5).

2. GOING CONCERN ASSUMPTION

Going concern

The condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that 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, 2024, the Company had cash of \$60,341 and working capital of \$39,467. During the nine month period ended June 30, 2024, the Company had a net loss of \$1,155,515. In addition, the Company has a deficit of \$14,382,833.

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 over the next twelve months 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 to 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.

The condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for the condensed consolidated interim financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classifications used in the condensed consolidated interim statements of financial position.

3. BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS

The condensed consolidated interim financial statements for the three and nine month periods ended June 30, 2024 are expressed in Canadian dollars, which is the functional currency of the Company. They have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). They do not include all of the information and disclosures required in annual financial statements in accordance

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2024

(Expressed in Canadian dollars)

with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Company’s consolidated financial statements for the years ended September 30, 2023 and 2022.

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies used in the Company’s financial statements for the years ended September 30, 2023 and 2022.

When preparing the condensed consolidated interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management. The judgments, estimates and assumptions applied in the condensed consolidated interim financial statements, including the key sources of estimation uncertainty, were consistent with those applied in the Company’s consolidated financial statements for the years ended September 30, 2023 and 2022.

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on August 27, 2024.

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

	June 30, 2024	September 30, 2023
	\$	\$
Trade receivables	142,438	307,810
Allowance for expected credit loss	(13,423)	(76,575)
Net trade receivables	129,015	231,235
Sales taxes receivable	22,942	21,249
Total trade and other receivables	151,957	252,484

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

Allowance for expected credit loss

	Nine months ended June 30, 2024	Year ended September 30, 2023
	\$	\$
Balance, beginning of the period	(76,575)	(56,513)
Adjustment to expected credit loss	63,152	(20,062)
Balance, end of the period	(13,423)	(76,575)

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2024

(Expressed in Canadian dollars)

5. MARKETABLE SECURITIES

Marketable securities are classified as fair value through profit or loss and are comprised of:

As at	June 30, 2024	September 30, 2023
	\$	\$
Stria Lithium Inc. (1)	32,550	109,250

- (1) In August 2022, following receipt of final approval from the TSX Venture Exchange, the Company completed the sale of its Romer property (the "Property") to Stria Lithium Inc. ("Stria"), a related party which shares common management, for the following consideration: (i) cash in the amount of \$125,000; (ii) 750,000 common shares of Stria with a fair value of \$112,500; and (iii) a net smelter royalty ("NSR") of 1.0%. Stria has the option to purchase 50% of the NSR such that the NSR is reduced from 1.0% to 0.5% (the "Partial NSR Buyout Option"). The Partial NSR Buyout Option may be exercised at any time by Stria for consideration of \$500,000 payable in cash or stock or a combination thereof at Stria's discretion. As the Romer property has no verified resources, the NSR was valued at \$Nil.

During the year ended September 30, 2023, the Company sold 175,000 common shares of Stria for gross proceeds of \$50,198. During the nine month period ended June 30, 2024, the Company sold an additional 110,000 common shares of Stria for gross proceeds of \$10,950.

During the nine month period ended June 30, 2024, the Company recorded a decrease in fair value of financial assets at fair value through profit or loss of \$65,750 (2023 – increase of \$3,750).

6. INVENTORY

Inventory consists of the following:

	June 30, 2024	September 30, 2023
	\$	\$
Parts	1,083,130	1,434,747
Finished goods	300,824	398,481
Total inventory	1,383,954	1,833,228

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2024

(Expressed in Canadian dollars)

7. PROPERTY AND EQUIPMENT

	Solar Panels				Total
	Modules	Electronics	Moulds	Equipment	
	\$	\$	\$	\$	\$
Cost					
Balance, September 30, 2023	33,085	16,559	66,170	184,333	300,147
Net exchange differences	409	205	839	2,664	4,117
Cost, June 30, 2024	33,494	16,764	67,009	186,997	304,264
Accumulated depreciation					
Balance, September 30, 2023	12,598	7,253	33,286	80,066	133,203
Depreciation	2,499	1,250	5,128	23,543	32,420
Net exchange differences	180	90	505	1,857	2,632
Accumulated depreciation, June 30, 2024	15,277	8,593	38,919	105,466	168,255
Net Book Value, June 30, 2024	18,217	8,171	28,090	81,531	136,009

	Solar Panels				Total
	Modules	Electronics	Moulds	Equipment	
	\$	\$	\$	\$	\$
Cost					
Balance, September 30, 2022	33,543	16,788	67,110	110,254	227,695
Additions	-	-	-	76,533	76,533
Net exchange differences	(458)	(229)	(940)	(2,454)	(4,081)
Cost, September 30, 2023	33,085	16,559	66,170	184,333	300,147
Accumulated depreciation					
Balance, September 30, 2022	9,423	5,664	26,922	54,287	96,296
Depreciation	3,304	1,653	6,780	27,370	39,107
Net exchange differences	(129)	(64)	(416)	(1,591)	(2,200)
Accumulated depreciation, September 30, 2023	12,598	7,253	33,286	80,066	133,203
Net Book Value, September 30, 2023	20,487	9,306	32,884	104,267	166,944

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2024

(Expressed in Canadian dollars)

8. RIGHT OF USE ASSETS

	Office (USA)	Office Equipment	Total
	\$	\$	\$
Cost			
Balance, September 30, 2023	825,166	28,420	853,586
Net exchange differences	10,192	351	10,543
Cost, June 30, 2024	835,358	28,771	864,129
Accumulated depreciation			
Balance, September 30, 2023	380,931	24,796	405,727
Depreciation	93,499	3,645	97,144
Net exchange differences	5,316	330	5,646
Accumulated depreciation, June 30, 2024	479,746	28,771	508,517
Net Book Value, June 30, 2024	355,612	-	355,612

	Office (USA)	Office Equipment	Total
	\$	\$	\$
Cost			
Balance, September 30, 2022	836,579	28,813	865,392
Net exchange differences	(11,413)	(393)	(11,806)
Cost, September 30, 2023	825,166	28,420	853,586
Accumulated depreciation			
Balance, September 30, 2022	260,534	18,855	279,389
Depreciation	123,621	6,181	129,802
Net exchange differences	(3,224)	(240)	(3,464)
Accumulated depreciation, September 30, 2023	380,931	24,796	405,727
Net Book Value, September 30, 2023	444,235	3,624	447,859

9. LINE OF CREDIT

The company has a \$75,000 line of credit with the Royal Bank of Canada, with interest payable on any outstanding balance at the rate of prime plus 1.78%. The line of credit does not have a maturity date. As at June 30, 2024, \$74,896 was drawn on the line of credit (\$Nil as at September 30, 2023). The line of credit is secured with a general security agreement over the Company's property.

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

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(Expressed in Canadian dollars)

10. LONG TERM DEBT AND DEFERRED GOVERNMENT GRANTS

Under the Canada Emergency Bank Account (“CEBA”) program, part of the Government of Canada’s economic response plan to help Canadian businesses deal with the COVID-19 pandemic, the Company received loans totaling \$60,000, with \$40,000 received in fiscal 2020 and another \$20,000 received in fiscal 2021.

In January 2024, the Company received a refinancing loan in the amount of \$40,000 from the financial institution that facilitated the CEBA loan (the “Refinancing Loan”) and repaid \$40,000 of the CEBA loan. In doing so, the Company qualified for partial loan forgiveness in the amount of \$20,000, effectively settling the balance of the CEBA loan. The Refinancing Loan bears interest at the rate of prime plus 2.84% and is repayable in monthly instalments of approximately \$850 over 60 months. As at June 30, 2024, the balance of the loan is \$37,435.

11. CUSTOMER DEPOSITS

The Company requires certain customers to prepay upon placing an order. Such prepayments are recognized as customer deposits until the goods are delivered to the customer. Customer deposits are included within current liabilities in the consolidated statement of financial position.

	June 30, 2024	September 30, 2023
	\$	\$
Customer deposits	691	4,485

12. SHARE CAPITAL

Authorized

An unlimited number of common shares (voting, participating and without par value)

Issued and fully paid

	Number of shares	
		\$
Balance, September 30, 2022	80,939,748	11,562,946
Shares issued for cash (1)	10,735,290	751,470
Share issuance costs	-	(45,731)
Balance, September 30, 2023	91,675,038	12,268,685
Shares issued on exercise of stock options	2,035,000	130,562
Balance, June 30, 2024	93,710,038	12,399,247

- (1) On April 11, 2023, the Company completed a private placement for gross proceeds of \$912,500. The private placement was comprised of 10,735,290 units at a price of \$0.085 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 \$0.12 until April 11, 2025. In connection with the financing, the Company paid cash finders’ fees of \$19,250 and issued, as

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Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

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additional consideration, 226,470 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of \$0.12 until April 11, 2025. The proceeds from the financing (\$912,500) were allocated between share capital (\$751,470) and warrants (\$161,030), using the residual method. The warrants issued as commissions have been recorded at a value of \$5,888 based on the Black-Scholes option pricing model, using the following assumptions: stock price of \$0.07, risk-free interest rate of 3.78%, expected life of warrants of 2 years, annualized volatility of 94% and dividend rate of 0%. The stock price is based on the closing price of the Company's shares on the day prior to the closing of the private placement. The underlying expected stock price volatility is based on historical data of the Company's shares over the last two years. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of issuance with an expiry commensurate with the expected life of the warrants. Other share issuance costs total \$20,593 and were presented as a reduction of share capital. A Director and an Officer of the Company participated in the private placement for an aggregate amount of \$100,000.

13. WARRANTS

The following table reflects the continuity of warrants outstanding:

	Number of warrants	Weighted average exercise price \$
Balance, September 30, 2022	3,197,250	0.50
Issued	5,594,115	0.12
Expired	(3,197,250)	0.50
Balance, September 30, 2023 and June 30, 2024	5,594,115	0.12

As at September 30, 2023 and June 30, 2024, the following warrants were issued and outstanding:

Number of warrants	Issue date value \$	Exercise price \$	Expiry date
5,367,645	161,030	0.12	April 11, 2025
226,470	5,888	0.12	April 11, 2025
5,594,115	166,918		

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2024

(Expressed in Canadian dollars)

14. STOCK OPTIONS

The following table reflects the continuity of stock options outstanding:

	Number of stock options	Weighted average exercise price \$
Balance, September 30, 2022	12,651,250	0.16
Forfeited/expired	(2,096,250)	0.12
Balance, September 30, 2023	10,555,000	0.16
Exercised	(2,035,000)	0.05
Expired	(10,000)	0.05
Balance, June 30, 2024	8,510,000	0.19

As at June 30, 2024, the following stock options were outstanding and exercisable:

Range of exercise prices	Outstanding			Exercisable	
	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
\$0.05	250,000	1.00	\$0.05	250,000	\$0.05
\$0.18	5,875,000	2.64	0.18	5,875,000	\$0.18
\$0.23625	2,385,000	1.67	\$0.23625	2,146,500	\$0.23625
	8,510,000	2.33	\$0.19	8,271,500	\$0.19

As at September 30, 2023, the following stock options were outstanding and exercisable:

Range of exercise prices	Outstanding			Exercisable	
	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
\$0.05	2,295,000	1.72	\$0.05	2,070,000	\$0.05
\$0.18	5,875,000	3.39	0.18	5,875,000	\$0.18
\$0.23625	2,385,000	2.42	\$0.23625	1,431,000	\$0.23625
	10,555,000	2.82	\$0.16	9,376,000	\$0.16

Stock-based compensation of \$50,211 (all of which relate to equity-settled stock-based payment transactions) was included in the condensed consolidated interim statements of loss and comprehensive loss for the nine month period ended June 30, 2024 (2023 - \$135,544) and credited to contributed surplus.

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2024

*(Expressed in Canadian dollars)***15. SUPPLEMENTAL CASH FLOW INFORMATION**

	Nine months ended June 30,	
	2024	2023
	\$	\$
Changes in non-cash working capital are as follows:		
Trade and other receivables	102,700	(272,272)
Amounts due from related parties	(16,944)	(16,103)
Inventory	468,850	(306,346)
Other assets	(77,621)	-
Prepaid expenses	208,107	84,099
Accounts payable and accrued liabilities	4,625	(108,326)
Customer deposits	(3,824)	(45,873)
Warranty provision	-	10,476
Amounts due to related parties	146,702	7,702
	832,595	(646,643)

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2024

(Expressed in Canadian dollars)

16. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade receivables, amounts due from related parties, marketable securities, accounts payable and accrued liabilities, current portion of long-term debt, 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 long-term debt where the fair value approximates its carrying value due to being subject to market rate interest. The fair value of the Company's marketable securities is based on quoted prices in an active market (Level 1).

The classification of financial instruments is as follows:

As at	June 30, 2024	September 30, 2023
	\$	\$
Financial assets		
Amortized cost		
Cash	60,341	140,278
Trade receivables	129,015	231,235
Amounts due from related parties	33,035	16,091
Fair value through profit or loss		
Marketable securities	32,550	109,250
Total financial assets	254,941	496,854
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	(1,282,786)	(1,279,286)
Current portion of long-term debt	-	(40,000)
Lease obligation	(434,910)	(522,325)
Amounts due to related parties	(270,018)	(121,680)
Long-term debt	(37,435)	-
Total financial liabilities	(2,025,149)	(1,963,291)

17. RISK MANAGEMENT AND CAPITAL MANAGEMENT

Risk management objectives and policies

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

Braille Energy Systems Inc.

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For the three and nine month periods ended June 30, 2024

(Expressed in Canadian dollars)

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 interest bearing bank accounts with 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, 2024, the Company had cash balances of \$60,341 and interest income derived from these investments during the nine month period ended June 30, 2024 was \$Nil (2023 - \$19,572). The Company has limited exposure to financial risk arising from fluctuations in variable interest rates earned on cash given that the amount of interest earned by the Company is not significant.

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 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. The Company's financial assets exposed to credit risk are cash and trade receivables and maximum exposure is equal to the carrying values of these assets, totalling \$189,356 at June 30, 2024 (\$371,513 at September 30, 2023). Credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. 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 for their purchase or to 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.

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, 2024, the Company had working capital of \$39,467, including cash of \$60,341 and current liabilities of \$1,801,717, due within the next 12 months. During the nine month period ended June 30, 2024, the Company had negative cash flows from operations of \$62,115. There has been no change to management's assessment of liquidity risk compared with the prior period.

The Company has financial liabilities of \$2,025,149 of which \$1,723,845 are due within twelve months and \$301,304 are due in 1 to 5 years.

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2024

(Expressed in Canadian dollars)

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. The Company 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 capital requirements imposed by a lending institution or regulatory body, other than that of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2024, the Company was non-compliant with respect to the above TSXV capital requirement. Any impact of non-compliance is at the discretion of the TSXV.

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, 2024.

18. RELATED PARTY TRANSACTIONS

Transactions with related parties not disclosed elsewhere in these consolidated financial statements are as follows. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Amounts due from related parties

As at	June 30, 2024	September 30, 2023
	\$	\$
Grafoid Inc.	23,057	8,091
Focus Graphite Inc.	4,989	4,000
Stria Lithium Inc.	4,989	4,000
	33,035	16,091

Amounts due to related parties

As at	June 30, 2024	September 30, 2023
	\$	\$
Grafoid Inc.	26,207	-
Thombeth Holdings Inc.	168,485	121,680
JJJY Holdings Inc.	75,326	-
	270,018	121,680

Thombeth Holdings Inc.

As at June 30, 2024, included in amounts due to related parties was \$168,485 due to Thombeth Holdings Inc. ("Thombeth"), a company owned by an officer/director of the Company (\$121,680 as at September 30, 2023).

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

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(Expressed in Canadian dollars)

The amount relates to multiple loans made to the Company for the purpose of providing short-term working capital. The loans bear interest at rates ranging from 0% to 12% and are all payable on demand.

During the three and nine month periods ended June 30, 2024, the Company was charged \$61,547 and \$183,455 (2023 - \$60,706 and \$182,753) by Thombeth for consulting fees. As at June 30, 2024, included in accounts payable and accrued liabilities is an amount of \$88,571 (\$38,714 as at September 30, 2023).

JJY Holdings Inc.

As at June 30, 2024, included in amounts due to related parties was \$75,326 due to JJY Holdings Inc. ("JJY"), a company owned by a director of the Company (\$Nil as at September 30, 2023). The amount relates to a loan made to the Company for the purpose of providing short-term working capital. The loan is non-interest bearing and is payable on demand.

9176055 Canada Inc.

During the three and nine month periods ended June 30, 2024, the Company was charged \$19,062 and \$57,186 (2023 - \$19,062 and \$57,186) by 9176055 Canada Inc. ("9176055"), a company owned by an officer of the Company, for consulting fees.

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,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Consulting fees	80,609	79,768	240,641	239,939
Stock-based compensation	8,649	28,329	41,282	96,961
	89,258	108,097	281,923	336,900

19. COMMITMENTS

Leases

The Company's future minimum lease payments for office rent and equipment rental are as follows:

	Within 1 year	1 to 5 years	After 5 years	Total
	\$	\$	\$	\$
Office (USA)	171,038	326,975	-	498,013
Office Equipment	-	-	-	-
Total	171,038	326,975	-	498,013

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2024

(Expressed in Canadian dollars)

20. LEASE OBLIGATION

	\$
Balance, September 30, 2022	642,234
Interest expense	56,897
Lease payments	(167,748)
Net exchange differences	(9,058)
Balance, September 30, 2023	522,325
Interest expense	35,280
Lease payments	(128,536)
Net exchange differences	5,841
Balance, June 30, 2024	434,910
Current	171,041
Long-term	263,869
	434,910

21. WARRANTY PROVISION

The Company offers a two-year warranty on most of its products. Usually, warranty claims are settled within the first year and are covered entirely by Company. After the first year, the Company offers coverage on a prorated basis, depending on when the claim is made in the second year. The calculation of the warranty provision is based on historical warranty claims by customers. As at June 30, 2024, included within current liabilities on the Company's consolidated statement of financial position is a warranty provision of \$56,066 (\$55,382 as at September 30, 2023), which represents an estimate of expected warranty claims in the future.

22. CONTINGENCIES

The Company is subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the consolidated financial statements of the Company.

As at June 30, 2024, a legal claim brought against the Company in fiscal 2021 by a former officer of the Company remains ongoing. 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.

23. SUBSEQUENT EVENTS

Closing of Private Placement

On August 1, 2024, the Company completed a private placement for gross proceeds of \$400,000. The private placement was comprised of 4,444,443 units at a price of \$0.09 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 until August 1, 2026. A Director and an Officer of the Company participated in the private placement for an aggregate amount of \$200,000.

Braille Energy Systems Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

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(Expressed in Canadian dollars)

Grant of Stock Options

On July 9, 2024, 5,632,949 stock options were granted to Directors, Officers, employees and consultants at an exercise price of \$0.09 per share, expiring on July 9, 2029.