



Legend Power Systems Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended June 30, 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Legend Power Systems Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended June 30, 2017

(Unaudited - Expressed in Canadian Dollars)

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Legend Power Systems Inc.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended June 30, 2017
(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of Legend Power Systems Inc. for the nine months ended June 30, 2017 have been prepared by and are the responsibility of the Company's management.

The auditor of Legend Power Systems Inc. has not performed a review of the unaudited condensed interim consolidated financial statements for the nine month period ended June 30, 2017.

Legend Power Systems Inc.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

| | | June 30, 2017 | September 30, 2016 |
|-------------------------------|-------|---------------------|-----------------------|
| | Notes | \$ | \$ |
| ASSETS | | | |
| Current | | | |
| Cash | | 841,672 | 1,132,547 |
| Receivables | 4 | 2,188,641 | 504,624 |
| Inventory | 5 | 1,008,060 | 469,666 |
| Prepaid expenses and deposits | | 66,753 | 49,416 |
| | | <u>4,105,126</u> | <u>2,156,253</u> |
| Property and equipment | 6 | 73,193 | 40,062 |
| Intangible assets | 7 | <u>243,082</u> | <u>122,939</u> |
| | | 4,421,401 | 2,319,254 |
| LIABILITIES | | | |
| Current | | | |
| Accounts payable | | 484,162 | 401,670 |
| Accrued liabilities | | 361,948 | 221,779 |
| | | <u>846,110</u> | <u>623,449</u> |
| Warranty provision | 8 | <u>289,000</u> | <u>192,000</u> |
| | | <u>1,135,110</u> | <u>815,449</u> |
| Shareholders' equity | | | |
| Share capital | 9 | 36,636,550 | 33,458,288 |
| Contributed surplus | 9 | 8,346,773 | 8,861,305 |
| Deficit | | <u>(41,697,032)</u> | <u>(40,815,788)</u> |
| | | <u>3,286,291</u> | <u>1,503,805</u> |
| | | 4,421,401 | 2,319,254 |

Going concern (Note 2)
Commitments (Note 10)
Subsequent event (Note 12)

APPROVED BY THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON AUGUST 23, 2017

"Michael Atkinson", Director "Randy Buchamer", Director

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

Legend Power Systems Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

| | Notes | For the three months ended June 30, | | For the nine months ended June 30, | |
|---|-------|--|------------------|---------------------------------------|--------------------|
| | | 2017 | 2016 | 2017 | 2016 |
| | | \$ | \$ | \$ | \$ |
| Revenue | | 1,516,813 | 588,982 | 3,163,042 | 2,036,782 |
| Cost of sales | | 799,219 | 284,262 | 1,658,365 | 1,234,109 |
| Gross margin | | <u>717,594</u> | <u>304,720</u> | <u>1,504,677</u> | <u>802,673</u> |
| Expenses | | | | | |
| Amortization and depreciation | 6,7 | 51,432 | 47,491 | 149,750 | 141,167 |
| General and overhead | | 156,231 | 166,115 | 479,452 | 400,638 |
| Professional fees | | 25,000 | 22,325 | 99,265 | 65,272 |
| Product development | 7 | - | 14,803 | - | 36,494 |
| Salaries and consulting fees | | 497,275 | 432,197 | 1,359,933 | 1,219,663 |
| Share-based compensation | 9 | 95,573 | 152,309 | 210,180 | 307,981 |
| Warranty provision | 8 | 61,000 | 44,000 | 97,000 | 94,000 |
| | | <u>886,511</u> | <u>879,240</u> | <u>2,395,580</u> | <u>2,265,215</u> |
| Loss before others items | | <u>(168,917)</u> | <u>(574,520)</u> | <u>(890,903)</u> | <u>(1,462,542)</u> |
| Other income (expense) | | <u>7,407</u> | <u>150</u> | <u>9,659</u> | <u>762</u> |
| Loss and comprehensive loss for the period | | <u>(161,510)</u> | <u>(574,370)</u> | <u>(881,244)</u> | <u>(1,461,780)</u> |
| Basic and diluted loss per share | | <u>(0.002)</u> | <u>(0.008)</u> | <u>(0.011)</u> | <u>(0.022)</u> |
| Weighted average number of common shares outstanding | | 78,451,890 | 68,270,213 | 77,930,762 | 65,287,914 |

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

Legend Power Systems Inc.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

| | <u>Number of Shares Issued</u> | <u>Capital Stock</u> \$ | <u>Contributed Surplus</u> \$ | <u>Deficit</u> \$ | <u>Total Shareholders' Equity</u> \$ |
|---|------------------------------------|----------------------------|--------------------------------------|----------------------|---|
| Balance at September 30, 2015 | 59,397,389 | 32,008,782 | 7,640,496 | (38,378,425) | 1,270,853 |
| Common shares and warrants issued for cash | 8,300,000 | 1,660,000 | - | - | 1,660,000 |
| Common shares and warrants issued for finder's fees | 498,750 | 46,914 | 52,835 | - | 99,749 |
| Common shares issued for warrants exercised | 111,111 | 33,333 | - | - | 33,333 |
| Share issue costs for financing | - | (125,405) | - | - | (125,405) |
| Fair value reversed for warrants issued | - | (879,272) | 879,272 | - | - |
| Fair value reversed for warrants exercised | - | 10,199 | (10,199) | - | - |
| Share-based compensation | - | - | 307,981 | - | 307,981 |
| Loss for the period | - | - | - | (1,461,780) | (1,461,780) |
| Balance at June 30, 2016 | 68,307,250 | 32,754,552 | 8,870,385 | (39,840,205) | 1,784,732 |
| Balance at September 30, 2016 | 70,443,946 | 33,458,288 | 8,861,305 | (40,815,788) | 1,503,805 |
| Common shares issued for warrant exercise | 8,307,944 | 2,453,549 | - | - | 2,453,549 |
| Fair value reversed for warrants exercised | - | 724,713 | (724,713) | - | - |
| Share based compensation | - | - | 210,181 | - | 210,181 |
| Net loss for the period | - | - | - | (881,244) | (881,244) |
| Balance at June 30, 2017 | 78,751,890 | 36,636,550 | 8,346,773 | (41,697,032) | 3,286,291 |

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

Legend Power Systems Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - Expressed in Canadian Dollars)

| | | For the nine months ended June 30, | |
|--|--------------|---------------------------------------|--------------------|
| | | 2017 | 2016 |
| | Notes | \$ | \$ |
| Cash flows used in operating activities | | | |
| Loss for the period | | (881,244) | (1,461,780) |
| Items not affecting cash: | | | |
| Amortization and depreciation | 6,7 | 149,750 | 141,167 |
| Share-based compensation | 9 | 210,181 | 307,981 |
| Warranty provision | 8 | 97,000 | 94,000 |
| Changes in non-cash working capital items: | | | |
| Receivables, prepaids and deposits | | (1,700,682) | (1,517,672) |
| Inventory | | (538,394) | 217,041 |
| Accounts payable and accrued liabilities | | 221,989 | 426,428 |
| | | <u>(2,441,400)</u> | <u>(1,792,835)</u> |
| Cash flows used in investing activities | | | |
| Purchase of property and equipment | 6 | (59,942) | (31,789) |
| Product Development | 7 | (243,082) | - |
| | | <u>(303,024)</u> | <u>(31,789)</u> |
| Cash flows from financing activities | | | |
| Warrant exercise proceeds | 9 | 2,453,549 | 33,333 |
| Issue of common shares | 9 | - | 1,660,000 |
| Share issue costs | | - | (25,654) |
| | | <u>2,453,549</u> | <u>1,667,679</u> |
| Net change in cash | | (290,875) | (156,945) |
| Cash, beginning of period | | 1,132,547 | 536,116 |
| Cash, end of period | | 841,672 | 379,171 |

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

Legend Power Systems Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2017

(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF BUSINESS

Legend Power Systems Inc. (hereafter referred to as the "Company" or "Legend") is incorporated under the laws of the Province of British Columbia and was established as a legal entity on May 31, 2001. The Company's principal business activities are the marketing of a patented device, the Electrical Harmonizer, designed to provide energy savings through voltage optimization to commercial and industrial customers. The Company's common shares are listed on the TSX Venture Exchange.

The Company's principal office is located at 1480 Frances Street, Vancouver, BC, V5L 1Y9, Canada

2. BASIS OF PREPARATION, STATEMENT OF COMPLIANCE AND GOING CONCERN

These condensed interim consolidated financial statements have been prepared in accordance with *IAS 34 – Interim financial reporting* (International Account Standard) which is in accordance with International Financial Reporting Standards ("IFRS"). They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company for the year ended September 30, 2016. These condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial assets and financial liabilities which are measured at fair value.

The Company's consolidated financial statements have been prepared on the historical cost basis.

The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the consolidated financial statements. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or to continue operations.

As at June 30, 2017, the Company had working capital of \$3,259,016 (September 30, 2016 - \$1,532,804) and an accumulated deficit of \$41,697,032 (September 30, 2016 - \$40,815,788). During the nine months ended June 30, 2017 the Company incurred a net loss of \$881,244 (2016 - \$1,461,780). Based on working capital as at June 30, 2017 and estimated cash requirements and sources in fiscal 2017, management believes the Company has sufficient capital to continue business operations over the next twelve months. In the long term, the continued business operations of the Company are dependent upon economic and market factors which involve uncertainties including profitable commercialization of its products and/or the Company's ability to obtain adequate financing. There can be no assurance that the Company can achieve profitable commercialization of its products and/or obtain additional capital.

There have been no significant changes to the Company's accounting policies, judgments or estimates from those disclosed in the consolidated financial statements for the year ended September 30, 2016.

NEW ACCOUNTING STANDARDS

New standards not yet adopted

The following is an overview of new accounting standards that the Company will be required to adopt in future years. The Company does not expect to adopt any of these standards before their effective dates.

Legend Power Systems Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended June 30, 2017
(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PREPARATION, STATEMENT OF COMPLIANCE AND GOING CONCERN - continued

The Company continues to evaluate the impact of these standards on its consolidated financial statements.

- (i) IFRS 9 - *Financial Instruments*. This standard partially replaces IAS 39 - *Financial Instruments: Recognition and Measurement*. IFRS 9 measures financial assets, after initial recognition, at either amortized cost or fair value. Existing IAS 39 classifies financial assets into four measurement categories. The standard is effective for annual periods beginning on or after January 1, 2018. In the year of adoption, the Company is required to provide additional disclosures relating to the reclassified financial assets and liabilities.
- (ii) IFRS 15 - *Revenue from contracts with customers*. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

3. SEGMENTS

The Company has one reportable segment and operates in two geographical areas, Canada and the United States. As at June 30, 2017, all of the assets related to the Company's operations were located in Canada.

| | Canada | United States | Total |
|--|-----------|---------------|-----------|
| For the nine-months ended June 30, 2017 | \$ | \$ | \$ |
| Revenue | 3,109,394 | 53,648 | 3,163,042 |
| For the nine-months ended June 30, 2016 | | | |
| Revenue | 2,036,782 | - | 2,036,782 |

Product sales and installation services account for 87% and 13% of revenue respectively for the nine months ended June 30, 2017.

4. RECEIVABLES

| Trade Receivables | Total due | 0-30 days | 31-60 days | 61-90 days | 91-120 days | Over 120 days |
|--------------------|-----------|-----------|------------|------------|-------------|---------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| September 30, 2016 | 314,051 | 80,810 | 16,949 | - | 114,761 | 101,531 |
| June 30, 2017 | 2,188,641 | 1,703,076 | 151,861 | - | 123,735 | 209,969 |

| | June 30, 2017 | September 30, 2016 |
|-----------------------------|------------------|--------------------|
| | \$ | \$ |
| Accounts receivable (Trade) | 2,188,641 | 314,051 |
| GST Refundable | - | 190,573 |
| | 2,188,641 | 504,624 |

Legend Power Systems Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended June 30, 2017
(Unaudited - Expressed in Canadian Dollars)

4. RECEIVABLES - continued

Receivables from three of our customers account for 17%, 17%, and 13% respectively of the Company's accounts receivable balance for a total of 47% in aggregate at June 30, 2017.

5. INVENTORY

Inventories consist of the following, as at:

| | June 30, 2017 | September 30, 2016 |
|-----------------------------------|------------------|--------------------|
| | \$ | \$ |
| Finished products ("Harmonizers") | 51,662 | 108,747 |
| Transformers and components | 956,398 | 360,919 |
| | 1,008,060 | 469,666 |

During the nine months ended June 30, 2017, inventories were recognized as cost of sales in the amount of \$834,451 (2016 - \$507,586).

6. PROPERTY AND EQUIPMENT

| | Computer equipment | Computer software | Equipment and furniture | Leasehold Improvements | Total |
|---------------------------------|-----------------------|----------------------|----------------------------|---------------------------|---------------|
| | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | |
| Balance at September 30, 2015 | 72,399 | 91,973 | 277,967 | 12,152 | 454,491 |
| Additions | 3,797 | 8,874 | 19,607 | 8,653 | 40,931 |
| Balance at September 30, 2016 | 76,196 | 100,847 | 297,574 | 20,805 | 495,422 |
| Additions | 20,381 | 2,151 | 37,270 | 140 | 59,942 |
| Balance at June 30, 2017 | 96,577 | 102,998 | 334,844 | 20,945 | 555,364 |
| Accumulated Depreciation | | | | | |
| Balance at September 30, 2015 | 64,817 | 85,039 | 271,793 | 9,889 | 431,538 |
| Additions | 3,945 | 8,502 | 8,291 | 3,084 | 23,822 |
| Balance at September 30, 2016 | 68,762 | 93,541 | 280,084 | 12,973 | 455,360 |
| Additions | 5,874 | 6,863 | 12,609 | 1,465 | 26,811 |
| Balance at June 30, 2017 | 74,636 | 100,404 | 292,693 | 14,438 | 482,171 |
| Net book value | | | | | |
| At September 30, 2016 | 7,434 | 7,306 | 17,490 | 7,832 | 40,062 |
| At June 30, 2017 | 21,941 | 2,594 | 42,151 | 6,507 | 73,193 |

Legend Power Systems Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended June 30, 2017
(Unaudited - Expressed in Canadian Dollars)

7. INTANGIBLE ASSETS

In 2007, the Company purchased the worldwide patents for the Electrical Harmonizer. These patents are now fully amortized which coincides with their expiry that occurred during fiscal 2017.

| | Patents | Product Development | Total |
|-------------------------------|-----------|------------------------|----------------|
| | \$ | \$ | \$ |
| Cost | | | |
| Balance at September 30, 2015 | 1,638,099 | - | 1,638,099 |
| Additions | - | - | - |
| Balance at September 30, 2016 | 1,638,099 | - | 1,638,099 |
| Additions | - | 243,082 | 243,082 |
| Balance at June 30, 2017 | 1,638,099 | 243,082 | 1,881,181 |
| Amortization | | | |
| Balance at September 30, 2015 | 1,351,360 | - | 1,351,360 |
| Additions | 163,800 | - | 163,800 |
| Balance at September 30, 2016 | 1,515,160 | - | 1,515,160 |
| Additions | 122,939 | - | 122,939 |
| Balance at June 30, 2017 | 1,638,099 | - | 1,638,099 |
| Carrying Amount | | | |
| At September 30, 2016 | 122,939 | - | 122,939 |
| At June 30, 2017 | - | 243,082 | 243,082 |

During fiscal 2017, activities associated with development of the Company's next generation technology were classified as having progressed from the research phase, into the development stage, thus related expenditures during the year were capitalized. At such time as the Company's next generation technology reaches the production phase and starts to generate economic benefits, amortization of development costs will commence and continue over the useful economic life of the technology.

8. WARRANTY PROVISION

| | Total |
|---------------------------------|----------------|
| | \$ |
| Balance at September 30, 2015 | 124,000 |
| Warranty fulfillments | (22,970) |
| Additional provision, net | 90,970 |
| Balance at September 30, 2016 | 192,000 |
| Warranty fulfillments | - |
| Additional provision, net | 97,000 |
| Balance at June 30, 2017 | 289,000 |

The Company provides a warranty on its equipment for a period of 10 years. The warranty provision will be used to fulfill warranty claims, should they arise, over the 10-year warranty period provided to customers.

Legend Power Systems Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended June 30, 2017

(Unaudited - Expressed in Canadian Dollars)

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS

The Company's authorized share capital is an unlimited number of common shares without par value. All issued common shares are fully paid. Contributed Surplus consist of the accumulated fair value of common share options recognized as share-based compensation, fair value of warrants and fair value of broker warrants.

Issued Share Capital

- a) During the nine months ended June 30, 2017, the following transactions occurred:
- i. During June 2017, 300,000 warrants were exercised at \$0.40 each for total proceeds of \$120,000; and
 - ii. During October 2016, 7,549,054 warrants were exercised at \$0.30 each for total proceeds of \$2,264,716 and 458,890 warrants were exercised at \$0.15 for proceeds of \$68,834.
- b) During the year ended September 30, 2016, the following transactions occurred:
- i. During September 2016 356,665 warrants were exercised at \$0.15 each for total proceeds of \$53,499.75.
 - ii. During July 2016 1,780,031 warrants were exercised at \$0.30 each for total proceeds of \$534,009.30 and 254,302 warrants with an exercise price of \$0.30 expired unexercised.
 - iii. On May 9, 2016, the Company received \$33,333 from the exercise of 111,111 warrants at \$0.30 each.
 - iv. On December 30, 2015, the Company completed a private placement in which it issued a total of 8,300,000 units at \$0.20 per unit for aggregate gross proceeds of \$1,660,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase one share at a price of \$0.40 per share until December 30, 2017. The Company paid finder's fees on the funds raised, satisfied by the issuance of 498,750 units.

The fair value of the unit warrants, estimated using the Black-Scholes option-pricing model, is \$932,107. The assumptions used were: a risk-free interest rate of 0.48%; an estimated volatility of 107.98%; an expected life of two years; an expected dividend yield of 0%. The residual value of \$780,728 was attributed to the common shares.

Stock Options

The Company has an incentive share option plan (the "Plan"). Under the Plan a total of 10% of the Company's outstanding common shares are reserved for the issuance of share options to directors, officers, employees and consultants. The terms of each option award are fixed by the directors at the time of grant. Share options awarded have a maximum term of five years. Share options vest over various time periods from the grant date to five years at the discretion of the board of directors.

Legend Power Systems Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended June 30, 2017
(Unaudited - Expressed in Canadian Dollars)

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS - continued

A summary of the Company's share options outstanding at June 30, 2017, including the changes during the period, is as follows:

| | Share options | Exercise price |
|------------------------------|------------------|----------------|
| | | \$ |
| Balance, September 30, 2015 | 4,856,160 | 0.41 |
| Granted | 1,941,666 | 0.25 |
| Forfeited | (166,666) | 0.42 |
| Expired | (566,664) | 0.63 |
| Balance, September 30, 2016 | 6,064,496 | 0.34 |
| Forfeited | (440,000) | 0.31 |
| Expired | (183,333) | 0.42 |
| Granted | 2,335,000 | 0.27 |
| Balance June 30, 2017 | 7,776,163 | 0.32 |

The following table summarizes share options outstanding and exercisable at June 30, 2017:

| Options outstanding | Options exercisable | Exercise price | Expiry date |
|---------------------|---------------------|----------------|--------------------|
| | | \$ | |
| 541,667 | 541,667 | 0.30 | May 21, 2018 |
| 557,830 | 557,830 | 0.30 | August 20, 2018 |
| 910,000 | 910,000 | 0.20 | February 23, 2019 |
| 1,480,000 | 986,668 | 0.55 | September 30, 2019 |
| 175,000 | 60,000 | 0.35 | May 31, 2020 |
| 1,606,666 | 535,554 | 0.25 | January 26, 2021 |
| 175,000 | 58,334 | 0.25 | February 9, 2021 |
| 2,335,000 | - | 0.27 | May 2, 2022 |
| 7,776,163 | 3,916,717 | | |

The fair value of share options awarded to employees, directors and consultants was estimated on the dates of award using the Black-Scholes option-pricing model with the following assumptions:

| | Nine months ended June 30, 2017 | Year ended September 30, 2016 |
|-------------------------|------------------------------------|----------------------------------|
| Risk-free interest rate | 1.37% | 1.50% |
| Estimated volatility | 109.18% | 112.84% |
| Expected life (years) | 3.58 | 3.63 |

The Black-Scholes option pricing model was developed for use in estimating the fair value of share options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. The Company uses expected volatility rates which are based upon historical volatility rates. Changes in the underlying assumptions can materially affect the fair value estimates.

Legend Power Systems Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended June 30, 2017
(Unaudited - Expressed in Canadian Dollars)

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS - continued

Warrants

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants is as follows:

| | Number of warrants | Weighted average exercise price |
|-------------------------------|--------------------|---------------------------------|
| | | \$ |
| Balance, September 30, 2015 | 10,510,053 | 0.29 |
| Issued | 8,798,750 | 0.40 |
| Exercised | (2,247,807) | 0.28 |
| Expired | (254,302) | 0.30 |
| Balance, September 30, 2016 | 16,806,694 | 0.35 |
| Exercised | (8,307,944) | 0.30 |
| Balance, June 30, 2017 | 8,498,750 | 0.40 |

The following table summarizes information of the number of common shares reserved pursuant to the warrants outstanding and exercisable at June 30, 2017:

| Number of warrants | Exercise price | Expiry date |
|--------------------|----------------|-------------------|
| | \$ | |
| 8,498,750 | 0.40 | December 30, 2017 |

10. COMMITMENTS

On February 9, 2016 the Company entered into an agreement to lease premises in Vancouver, B.C. which requires the following payments in each of the below fiscal periods:

| | | | |
|------|-----------|------|-----------|
| 2017 | \$121,900 | 2019 | \$128,580 |
| 2018 | \$125,240 | 2020 | \$131,920 |

The lease payments are subject to changes or increases in additional rent, generally described as the Company's portion of the landlord's common area charges and property taxes.

The Company has an employment agreement with the President and CEO of the Company that contains severance provisions whereby termination without cause could result in additional costs to the Company unless re-negotiated or settled otherwise.

Legend Power Systems Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended June 30, 2017
(Unaudited - Expressed in Canadian Dollars)

11. RELATED PARTY DISCLOSURES

The Company entered into the following related party transactions during the nine months ended June 30, 2017 and 2016.

The following amounts were incurred with respect to Key Management Personnel; being the Company's CEO and the CFO:

(i) Transactions with Key Management Personnel:

| | Nine months ended | |
|---|-------------------|---------------|
| | June 30, 2017 | June 30, 2016 |
| | \$ | \$ |
| Salaries and fees to key management employees | 250,479 | 218,703 |
| Share based compensation | 112,172 | 170,019 |
| | 239,382 | 388,722 |

(ii) Transactions with Directors:

The following amounts were incurred with respect to non-executive directors of the Company:

| | Nine months ended | |
|--------------------------|-------------------|---------------|
| | June 30, 2017 | June 30, 2016 |
| | \$ | \$ |
| Share based compensation | 47,413 | 55,541 |

12. SUBSEQUENT EVENT

Subsequent to June 30, 2017 a total of 3,534,368 warrants with an exercise price of \$0.40 each were exercised for total proceeds of \$1,413,747.