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

Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian dollars)

Consolidated Financial Statements

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Independent Auditors’ Report

To the Shareholders of Braille Energy Systems Inc.:

We have audited the accompanying consolidated financial statements of Braille Energy Systems Inc., which comprise the consolidated statements of financial position as at September 30, 2018 and September 30, 2017, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Braille Energy Systems Inc. as at September 30, 2018 and September 30, 2017 and its financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements, which indicated that Braille Energy Systems Inc. incurred a net loss of $2,528,904 during the year ended September 30, 2018 and as of that date has an accumulated deficit of $3,719,938. The Company's continuance as a going concern is dependent on its ability to reach a profitable level of operations through increased sales, reduced costs and obtaining the required additional financing. This condition, as described in Note 2, indicates the existence of material uncertainty that may cast significant doubt about the Company's ability as a going concern.

MNP LLP

Ottawa, Ontario — Chartered Professional Accountants

February 12, 2019 — Licensed Public Accountants

Braille Energy Systems Inc. (formerly Mincom Capital Inc.)
Consolidated Statements of Financial Position
(in Canadian dollars)

As at	**September 30, 2018**	September 30, 2017
	$	$
ASSETS		
Current assets		
Cash	**621,845**	2,457
Trade and other receivables (Note 5)	**150,759**	5,933
Amounts due from related parties (Note 15)	**94,525**	145,379
Inventory (Note 6)	**242,900**	-
Prepaid expenses (Note 15)	**69,132**	63,429
	1,179,161	217,198
Property, plant and equipment (Note 7)	**109,730**	-
Intangible assets (Note 8)	**1,541,925**	-
Goodwill (Note 8)	**839,015**	-
Mineral exploration properties (Note 9)	**-**	1,000,000
Exploration and evaluation assets (Note 9)	**-**	206,454
	3,669,831	1,423,652
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**183,773**	273,092
Warranty Provision (Note 17)	**49,422**	-
Amounts due to related parties (Note 15)	**540,905**	54,802.00
Penalty payable - short term (Note 18)	**31,787**	-
	805,887	327,894
Penalty payable - long term (Note 18)	**218,054**	-
Deferred tax liability (Note 20)	**193,123**	-
Amounts due to related parties (Note 15)	**710,994**	81,403
	1,928,058	409,297
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	**4,612,438**	2,085,813
Warrants (Note 11)	**608,000**	-
Contributed surplus	**152,687**	152,687
Deficit	**(3,719,938)**	(1,224,145)
Accumulated other comprehensive income	**3,638**	-
Equity attributable to owners of the parent	**1,656,825**	1,014,355
Non-controlling interest	**84,948**	-
	1,741,773	1,014,355
	3,669,831	1,423,652

Going concern (Note 2)
Commitments (Note 16)

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

On behalf of the Board

(signed) "Gary Economo"
Gary Economo, Director

(signed) "Jeffrey York"
Jeffrey York, Director

Braille Energy Systems Inc. (formerly Mincom Capital Inc.)
Consolidated Statements Loss and Comprehensive Loss
For the year ended September 30
(Expressed in Canadian dollars)

	2018	2017
	$	$
Revenue	**691,201**	-
Cost of goods sold	**(845,317)**	-
	(154,116)	-
Operating expenses		
Consulting fees (Note 15)	**518,445**	36,019
Salaries and benefits	**159,539**	-
Bank charges & interest	**62,161**	
Professional fees	**96,417**	206,952
Insurance	**69,086**	25,773
Travel and promotion	**64,926**	-
Foreign exchange losses	**51,252**	
Rent & Utilities	**43,863**	
Filing fees	**41,362**	9,215
Amortization of intangible assets (Note 8)	**37,778**	-
Office	**26,132**	35,012
Agent fees	**19,990**	12,774
Telephone and internet	**15,408**	
Depreciation of property, plant and equipment (Note 7)	**6,561**	-
	(1,212,920)	(325,745)
Other expense		
Impairment of mineral exploration property (Note 9)	(1,278,724)	-
Net loss before tax	**(2,645,760)**	**-**
Tax recovery (Note 20)		
Deferred tax recovery (expense)	**116,856**	-
Net loss	**(2,528,904)**	(325,745)
Other comprehensive income		
Exchange differences on translation	**4,044**	-
Total comprehensive loss	**(2,524,860)**	(325,745)
Net loss attributable to:		
Owners of the parent	**(2,495,793)**	(325,745)
Non-controlling interest	**(33,111)**	**-**
	(2,528,904)	(325,745)
Total comprehensive loss attributable to:		
Owners of the parent	**(2,492,155)**	**-**
Non-controlling interest	**(32,705)**	**-**
	(2,524,860)	-
Basic and diluted loss per common share	**(0.10)**	(0.02)
Basic & Diluted weighted average number of common shares outstanding	**26,116,367**	18,012,257

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

Braille Energy Systems Inc. (formerly Mincom Capital Inc.)
Consolidated Statements of Changes in Equity
(in Canadian dollars)

	Share Capital		Warrants	Contributed Surplus	Deficit	Accumulated other comprehensive income	Equity attributable to owners of the parent	Non-controlling interest	Total
	Number of shares	$	$	$	$	$			$
Balance, September 30, 2016	**18,012,257**	**2,085,813**	**-**	**152,687**	**(898,400)**	**-**	**1,340,100**	**-**	**1,340,100**
Net loss and total comprehensive loss	-	-	-	-	(325,745)	-	(325,745)	-	(325,745)
Balance, September 30, 2017	**18,012,257**	**2,085,813**	**-**	**152,687**	**(1,224,145)**	**-**	**1,014,355**	**-**	**1,014,355**
Shares issued for cash (Note 10)	19,000,000	1,920,900	-	-	-	-	1,920,900	-	1,920,900
Shares issued to acquire Braille Battery Inc. (Note 4)	10,000,000	749,169	-	-	-	-	749,169	-	749,169
Warrants issued (Note 11)		-	608,000	-	-	-	608,000	-	608,000
Share issuance costs (Note 10)		(143,444)	-	-	-	-	(143,444)	-	(143,444)
Transactions with owners	29,000,000	2,526,625	608,000	-	-	-	3,134,625	-	3,134,625
Acquisition of subsidiaries								117,653	117,653
Net loss and total comprehensive loss					(2,495,793)		(2,495,793)	(33,111)	(2,528,904)
Exchange differences on translating foreign operations						3,638	3,638	406	4,044
Balance, September 30, 2018	**47,012,257**	**4,612,438**	**608,000**	**152,687**	**(3,719,938)**	**3,638**	**1,656,825**	**84,948**	**1,741,773**

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

Braille Energy Systems Inc. (formerly Mincom Capital Inc.)
Consolidated Statements of Cash Flows
For the years ended September 30
(in Canadian dollars)

	2018	2017
	$	$
OPERATING ACTIVITIES		
Net loss	**(2,528,904)**	(325,745)
Adjustments for:		
Interest accretion	**37,210**	-
Depreciation of Tangible Assets	**6,561**	-
Depreciation of Intangible Assets	**37,778**	-
Deferred tax recovery	**(116,856)**	-
Unpaid interest	**8,097**	-
Unrealized foreign exchange losses	**27,849**	-
Fair value adjustment of inventory at acquisition sold during the year	**298,381**	-
Impairment of mineral exploration properties	**1,278,724**	-
Changes in working capital items	**(227,769)**	140,056
Cash flows used in operating activities	**(1,178,929)**	(185,689)
INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash acquired	**(611,282)**	-
Exploration and evaluation costs	**(72,270)**	(502)
Cash used in from investing activities	**(683,552)**	(502)
FINANCING ACTIVITIES		
Proceeds of issuance of units	**2,528,900**	-
Unit issuance costs	**(143,444)**	-
Amounts received from related parties	**342,493**	81,403
Amounts paid to related parties	**(240,721)**	-
Penalty paid	**(32,720)**	-
Cash flows from financing activities	**2,454,508**	81,403
Increase (Decrease) in cash	**592,027**	(104,788)
Cash, beginning of the period	**56,675**	107,245
Exchange differences on cash	**(26,857)**	-
Cash, end of the period	**621,845**	2,457
Supplemental information:		
Changes in working capital items consist of the following:		
Trade and other receivables	**(84,095)**	(1,893)
Amounts due from related parties	**50,854**	(145,379)
Inventory	**39,188**	-
Prepaid expenses	**58,188**	(25,992)
Accounts payable and accrued liabilities	**(291,905)**	313,320
	(227,769)	140,056

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

1. NATURE OF OPERATIONS

Braille Energy Systems Inc. (formerly Mincom Capital Inc) (the "Company" or "BESI") was incorporated on May 24, 2011 under the Canada Business Corporations Act. The Company's shares are listed on the TSX Venture Exchange under the symbol BES (formerly MOI). The head office of the Company is located at 945 Princess Street, Kingston, Ontario.

Further to the closing of the acquisition and change of business transaction on June 21, 2018 (Note 4), whereby the Company acquired an 89.95% ownership interest in Braille Holdings Inc., the Company is now a Tier 2 Technology Issuer. Braille Battery Inc. ("Braille Battery"), a wholly-owned subsidiary of Braille Holdings Inc., is an established battery-manufacturing and energy storage company supplying batteries to the professional motor sports industry.

Prior to the acquisition of Braille Battery, the Company engaged in the acquisition, exploration, and development of mineral properties in Quebec, Canada. The Company is in the exploration stage and does not derive any revenue from its properties. The Company does not intend to continue exploration activities on its Romer Property. Management is considering different options, including but not limited to, selling its interest in the property

2. GOING CONCERN ASSUMPTION

These consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended September 30, 2018, the Company incurred a net loss of $2,528,904 and negative cash flows from operating activities of $1,178,929. In addition, the Company has a deficit of $3,719,938.

The above factors indicate material uncertainties, which may cast significant doubt about the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

The Company's ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business and meet its corporate administrative expenses is dependent upon the Company's ability to increase sales and reduce costs. No assurance can be given that the Company will be successful in meeting sales targets, reducing costs and obtain the require additional financing in order to proceed with its plans to expand, through various means including equity financing, to support its operations. Failure to meet operational or financing goals could result in material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying amount of assets and liabilities, the reported expenses, and the consolidated statement of financial position classifications used.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation and statement of compliance with IFRS

These consolidated financial statements have been prepared on a historical cost basis using the going concern assumption, which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") in Canadian dollars, which is also the Company's functional currency.

These consolidated financial statements were authorized for issue by the Board of Directors on February 12, 2019.

b) Judgments, estimates and assumptions

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

Significant Management judgment

The following are significant Management judgments in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires Management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, Management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Functional currency

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

Contingencies

Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

Going concern risk assessment

The assessment of the Company's ability to continue as a going concern involves significant judgment based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. The determination of fair value of identifiable intangible assets, in particular, requires the use of significant estimates and assumptions.

Assessment of impairment of goodwill and intangible assets

The Company's impairment tests for goodwill and intangible assets are based on value in use calculations that use a discounted cash flow model. The value-in-use calculations employ the following key assumptions: future cash flows, growth projections, including economic risk assumptions, and estimates of achieving key operating metrics. The cash flows are derived from the Company's budget for the future and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the cash-generating-unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Useful lives of depreciable assets

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

Useful lives of intangible assets

The useful lives of intangible assets have been determined based on management estimated attrition rates related to the associated asset. Any subsequent change in these estimates would affect the amount of amortization recorded over future periods. Uncertainties in these estimates relate to the amortization period of intangible assets, specifically trademarks, customer relationships and intellectual property.

Allowance for Doubtful Accounts

The Company makes an assessment of whether accounts receivable are collectible from customers. Accordingly, an allowance for estimated losses arising from non- payment and other sales adjustments, taking into consideration customer credit-worthiness, current economic trends and past experience may be determined depending on the circumstances. If future collections differ from estimates, future earnings would be affected

Valuation adjustments for inventory

The Company records valuation adjustments for inventory by comparing the inventory cost to its net realizable value. This process requires the use of estimates and assumptions related to future market demand, costs and prices. These adjustments are reviewed on an ongoing basis and may have a significant impact on any valuation adjustment for inventory.

Contingencies

When contingencies exist, Management estimates the related financial impact to the Company of the possible outcomes of one or more future events.

Warranty provision

Management makes estimates in determining an appropriate warranty provision, based on past history of warranty claims.

Impairment of mineral exploration properties and exploration and evaluation assets

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

Determining whether to test for impairment of mineral exploration properties and exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment or a reversal of an impairment loss exists, the recoverable amount of the individual asset or cash-generating units must be estimated.

Share based payments

The estimation of stock-based compensation and warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the estimated life of stock options and warrants granted and the time of exercise of those stock options and warrants. The valuation model used by the Company is the Black-Scholes model.

The Company allocates values to share capital and to warrants on the residual basis when the two are issued together as a unit. As this allocation is based upon the share price at the time of issuance and the stock is thinly-traded, the actual value of the components may differ from this allocation.

Units offered in private placement

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

c) Basis of consolidation

These consolidated financial statements consolidate those of the parent company and its subsidiary as at and for the year ended September 30, 2018. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company's subsidiary has a yearend date of September 30, 2018.

All intercompany transactions and balances between the companies are eliminated on consolidation, including unrealized gains and losses on transactions. Amounts reported in the financial statements of subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive loss of a subsidiary acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of deficiency, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Company. The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interest based on the respective ownership interests.

Composition of the Company:

The subsidiary of the Company and its underlining subsidiary and their principal activities as at September 30, 2018 and September 30, 2017 were as follows:

		Ownership interest as at		
Name of subsidiary	Place of incorporation	September 30, 2018	September 30, 2017	Principal activity
Braille Holdings Inc.	United States	89.95%	-	Holding company
Braille Battery Inc.	United States	100% (1)	-	Production and sale of Li-Ion batteries

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

d) Business combinations

Business combinations are accounted for using the acquisition method. For each business combination at the acquisition date, the Company recognizes at fair value all of the identifiable assets acquired, the liabilities assumed, the non-controlling interest in the acquiree and the aggregate of the consideration transferred, including any contingent consideration to be transferred. When the fair value of the consideration transferred, the amount recognized for non-controlling interest and the acquisition-date fair value of any existing equity interest in the acquiree exceeds the net amount of the identifiable assets acquired and the liabilities assumed measured at fair value (the "net identifiable assets"), the difference is treated as goodwill. After initial recognition, goodwill is measured at its initial cost from the acquisition date, less any accumulated impairment losses. Goodwill is reviewed at least annually for impairment or when there is an indication of potential impairment. If the fair value of the Company's share of the net identifiable assets exceeds the sum calculated above, the difference (i.e. gain on a bargain purchase) is immediately recognized in profit or loss. If the business combination is achieved in stages, the acquisition date fair value of the previously held interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss.

e) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars. The functional currency of the parent company is Canadian dollars. The functional currency for the Subsidiary is US dollars.

Assets and liabilities for each statement of the financial position are presented and translated at the closing rate of the date of the statement of financial position.

Income and expenses for each statement presenting profit or loss and the comprehensive income are translated at the average rate for the year.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at reporting date exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at the reporting date and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the consolidated financial statements, all assets, liabilities and transactions of subsidiaries with a functional currency other than Canadian dollars are translated into Canadian dollars upon consolidation. The functional currency of the parent company and subsidiaries has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Canadian dollars at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Canadian dollars at the closing rate. Income and expenses have been translated into Canadian dollars at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive loss and recognized in the currency translation reserve in equity, specifically other comprehensive income. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

f) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

-loans and receivables
-financial assets at fair value through profit or loss (“FVTPL”)
-held-to-maturity (“HTM”) investments
-available-for-sale (“AFS”) financial assets

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company’s cash, trade and other receivable (not including sales taxes receivable) and amounts due from related parties fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The Company does not currently hold any assets that fall into this category of financial instruments.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Company has the intention and ability to hold them until maturity. The Company does not currently hold any assets that fall into this category.

HTM investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes in the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company does not currently hold any assets that fall into this category.

Classification and subsequent measurement of financial liabilities

The Company’s financial liabilities include accounts payable and accrued liabilities, amounts due to related parties, and penalty payable.

Financial liabilities are measured subsequently at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – unobservable inputs for the asset or liability

g) Basic and diluted loss per share

Basic loss per share is computed by dividing the net loss attributable to owners of the Company for the period by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on earnings per share. The diluted loss per share is equal to the basic loss per share because the effect of warrants and stock options (Notes 10 & 11) is antidilutive as it would decrease the loss per share.

h) Cash

Cash is comprised of cash balances held at major financial institutions.

i) Inventory

Inventory is stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the assembly process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of parts are assigned using the average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

j) Interest income & expense

Interest income & expense is reported on accrual basis using the effective interest method.

k) Property, plant and equipment

Property, plant and equipment ("PP&E") are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PP&E consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of property, plant and equipment, less its estimated residual value, on a straight-line basis over the estimated useful life of the asset.

Detail	Useful life	Method
Solar panels - modules	22 years	Straight line
Solar panels - electronics	7 years	Straight line
Moulds	10 years	Straight line
Equipment	1 years	Straight line

Depreciation on all items of property, plant and equipment is recognized in profit or loss.

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis. No adjustments were made in the current year.

An item of PP&E is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

There have been no impairment losses with respect to PP&E recognized in any of the periods presented in these consolidated financial statements.

l) Intangible assets

Intangible assets consist of trademarks, customer relationships and various items of intellectual property, all of which were recognized further to a business combination or asset acquisition. They are recognized at acquisition-date fair value. Amortization is recognized on a straight-line basis over the estimated useful life of the asset. In addition, they are subject to impairment testing.

Detail	Amortization period	Method
Trademarks	11 years	Straight line
Customer relationships	7 years	Straight line
Intellectual property	11 years	Straight line

An asset's useful life and amortization method are reviewed, and adjusted if appropriate, on an annual basis.

m) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of a subsidiary over the fair value of the net tangible and intangible assets acquired. Following the initial recognition, goodwill is recognized at cost less any accumulated impairment losses. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

n) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). For the purpose of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Impairment losses for a CGU first reduce the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro rata to the other assets in the CGU. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed

the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

o) Provisions and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

p) Employee benefits

The cost of short-term employee benefits (including non-monetary benefits such as group medical and dental insurance) are recognized in the period in which the service is rendered and are not discounted.

q) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in deficiency.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future and provided that the Company can control the reversal of those differences.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in deficiency,

in which case the related deferred tax is also recognized in other comprehensive income or deficiency, respectively.

r) Revenue recognition

Revenue arises from the sale of goods. It is measured at the fair value of the consideration received or receivable, excluding sales taxes, rebates and trade discounts. Sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods. When the customer has taken undisputed delivery of the goods, the Company retains no continuing managerial involvement, to the degree usually associated with ownership nor effective control over the goods sold. The amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the entity because most customers either prepay for goods or have establish good credit with the Company.

s) Equity

Share capital

Share capital represents the amount received on the issuance of common shares. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital. If shares are issued when options or warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus or warrants. In addition, if common shares are issued as consideration for the acquisition of non-monetary assets, they are measured at the fair value of the assets or services received, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the assets or services received, the common shares are measured at the fair value of the shares issued.

In valuating equity instruments in a private placement, the Company has adopted a residual method with respect to the measurement of common shares and warrants issued as a private placement unit. Warrants attached to a unit is valued based on the fair value of the warrant using the Black-Scholes option pricing model at the time of financing, and the difference between the proceeds raised and the value assigned to the warrant is the residual fair value of the share. If and when the warrants are exercised, the applicable amounts of warrants are transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital.

Warrants

Warrants include charges related to the issuance of warrants until such equity instruments are exercised.

In the event that the Company reacquires its own warrants, they are held by the Company until the time they are transferred or cancelled. Upon cancellation, the value of the warrants is closed into deficit.

Contributed surplus

Contributed surplus includes charges related to stock-based compensation until such equity instruments are exercised, as well as expired or forfeited warrants

t) Equity-settled stock-based payment transactions

The Company provides an equity-settled share-based remuneration plan (stock option plan) for directors, officers, employees and certain consultants. The Company's plan does not feature any options for a cash settlement. Occasionally, the Company may issue warrants to brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and

if applicable, recognized over the vesting period, based on the best available estimate of the number of share options expected to vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting. Share-based payment expense incorporates an expected forfeiture rate.

All share-based payments under the plan (except warrants issued to agents or brokers) are ultimately recognized as an expense in profit or loss with a corresponding credit to contributed surplus, in equity. At the same time, upon exercise of a stock option, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in contributed surplus are then transferred to share capital. Warrants issued to brokers are recognized as issuance costs of equity instruments with a corresponding credit to warrants, in equity. Upon exercise, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the warrants recorded in warrants are then transferred to share capital.

u) Segment reporting

The Company has two segments: production and sale of goods and acquisition, exploration and potential development of mineral properties. In identifying these operating segments, Management generally follows the main activities of the Company and its subsidiary (Note 1). Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources.

For management purposes, the Company uses the same measurement policies as those used in its consolidated financial statements.

v) Issued but not yet effective

The IASB has issued the following new and revised standards and amendments, which are not yet effective which may have future applicability to the Company.

IFRS 9, Financial Instruments (“IFRS 9”)

In July 2014, the IASB completed the three-part project to replace IAS 39, Financial instruments: recognition and measurement by issuing IFRS 9, Financial instruments. IFRS 9, Financial instruments includes (a) classification and measurement of financial assets and financial liabilities, (b) a forward-looking ‘expected loss’ impairment model and (c) a substantially-reformed approach to hedge accounting. Companies are required to adopt the new standard for annual periods beginning on or after January 1, 2018.

The Company plans to adopt the new standard on October 1, 2018 and will not restate comparative information. During 2018, the Company has performed an impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2019, when the Company will adopt IFRS 9. Overall, the Company expects no significant impact on its statement of financial position and equity.

(a) Classification and measurement

IFRS 9 uses a new approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. However, the portion of the changes in fair value related to the entity’s own credit risk, in measuring a

financial liability at Fair Value Through Profit or Loss, will be presented in Other Comprehensive Income rather than in the statement of income.

The Company does not expect any impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. Trade receivables and amounts due form related parties are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortized cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 also introduced a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timelier basis.

IFRS 9 requires the Company to record expected credit losses on all its trade receivables and amounts due from related parties either on a 12-month or lifetime basis. The Company will apply the simplified approach and record lifetime expected losses on all trade receivables and applicable amounts due from related parties. The Company has determined that the allowances for credit losses will not change based on the application of the new application of the impairment requirements of IFRS 9.

(c) Hedge accounting

Lastly, IFRS 9 introduced a new hedge accounting model, together with corresponding disclosures about risk management activities. The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

The Company does not currently apply hedge accounting therefore no changes will result from the adoption of the IFRS 9 hedge accounting standards.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB released IFRS 15, Revenue from contracts with customers, which supersedes IAS 11, Construction Contracts, and IAS 18, Revenue as well as other related interpretations. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services.

Under the new revenue standard either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Company plans to adopt the new standard on the required effective date using the modified retrospective method. Based on the Company's preliminary assessment, the adoption of this standard will not have a material impact on its consolidated financial statements.

The Company is in the business of the manufacturing and sells energy storage products.

(a) Selling of systems

For revenue from the selling of energy storage products they are sold on their own in contracts with the customers. IFRS 15, allocation will be made based on relative stand-alone selling prices. Hence, the allocation of the consideration and, consequently, the timing of the amount of revenue recognized in relation to these sales were closely considered in management's IFRS 15 implementation analysis.

Through this analysis, Management has determined that the sale of the energy storage products occurs when the customer receives the system by the Company. Consequently, under IFRS 15 the Company will continue to recognize revenue for these energy storage products at a point in time.

(b) Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and increases the volume of disclosures required in the Company's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Company has assessed that the impact of some of these disclosure requirements will be significant. The Company expects that certain notes to the financial statements will be expanded because of the disclosure of significant judgements to be made. In addition, as required by IFRS 15, the Company will disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, completing its project to improve the financial reporting of leases. The new standard will replace IAS 17 "Leases" (IAS 17), and it sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. For lessees, IFRS 16 eliminates the classification of leases as either operating or finance leases that exist under IAS 17, and requires recognition of assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements under IAS 17. IFRS 16 is to be applied retrospectively, using either a full retrospective approach or a modified retrospective approach, for annual periods beginning on or after January 1, 2019. Early application is permitted, but only if IFRS 15 has also been adopted. The extent of the impact on the Company of adopting IFRS 16 has not yet been determined.

4. BUSINESS COMBINATION

Braille Holdings Inc.

On June 21, 2018, the Company acquired an 89.95% ownership interest in Braille Holdings Inc. ("Braille") including its wholly-owned subsidiary Braille Battery Inc. ("Braille Battery"), an established battery-manufacturing and energy storage company supplying batteries to the professional motor sports industry, based out of Sarasota, Florida. The acquisition signifies a change of business for the Company, with Braille Battery's operations now being the core business of BESI. In consideration for the 89.95% ownership interest in Braille, the Purchase Price for Braille is $1,913,826 of which $665,500 (US$500,000) was paid in cash on closing, $665,500 (US$500,000) will be paid by way of interest free promissory note (the "Note"), and 10,000,000 Common Shares were issued to Grafoid (a related party that shares the same management and owns approximately 31% of the outstanding shares of the Company) from the treasury of the Company at the Closing with a fair value of $749,169 (US$1,000,000). The promissory Note and the shares issued to acquire Braille Battery have been discounted to reflect their fair value. The deemed issue price per Common Share is $0.13(US$0.10). The Note will be interest-free and payable by January 1, 2020 (the "Maturity Date"). Mincom will have the right to repay the Note at any time on or prior to the Maturity Date without penalty. The note payable was discounted using a 20.7% rate. The shares issued fair value of $0.07has been determined based on the $0.10 (Note10) fair value of the common shares issued as part of the private placement and then discounted as a result of the required escrow period. The escrow common shares will be released in a series of instalments. As a result, the shares fair value has been discounted using a 20.7% discount rate. Under the tier two escrow the shares are released as follows: 10% of the shares are released when the exchange bulletin was issued, and the remainder are released based on 15 percent of the initial issuance at six months intervals.

Acquired trade receivable

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

Goodwill

Goodwill of $860,803 is primarily related to growth expectations and other intangible assets that do not qualify for separate recognition, such as Braille's assembled workforce. The goodwill is not expected to be deductible for tax purposes.

Non-controlling interest

Non-controlling interest of $117,653 was recognized as part of the business combination. The amount represents 10.05% of the identifiable net assets and excludes any portion of goodwill.

Contributions to the Company's results

Braille Battery incurred a loss of $110,165 for the period from June 21, 2018 to September 30, 2018.

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

Acquisition-date fair values

The acquisition-date fair values assigned to assets acquired and liabilities assumed in the Braille acquisition are as set out in the following table:

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

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

5. TRADE AND OTHER RECEIVABLE

Trade receivables consist of the following:

	September 30, 2018	September 30, 2017
	$	$
Tax credits receivable	**34,229**	1,225
Sales tax receivable	**56,575**	4,708
Trade receivables	**59,955**	-
Total amounts receivable	**150,759**	5,933

Trade receivables past due but not impaired can be shown as follows:

	September 30, 2018	September 30, 2017
	$	$
1 - 60 days past due	**59,955**	-
Greater than 60 days	**-**	-
Total trade receivable	**59,955**	-

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. The Company did not recognize an allowance for either reporting date presented.

All trade receivables have been reviewed for indicators of impairment.

6. INVENTORY

Inventory consists of the following:

	September 30, 2018	September 30, 2017
	$	$
Parts	**154,798**	-
Finished goods	**88,102**	-
Total inventory	**242,900**	-

During the period ended September 30, 2018, a total of $782,402 (2017 - $Nil) of inventories was included in cost of sales as an expense. This includes $Nil (2017 - $Nil) resulting from write-down of inventories.

7. PROPERTY, PLANT AND EQUIPMENT

	Solar panels - Modules	Solar panels - Electronics	Moulds	Equipment	Total
	$		$	$	$
Cost					
Balance, September 30, 2017	-		-	-	-
Additions arising from business combination (Noye 4)	32,610	16,305	51,461	19,121	119,497
Net exchange differences	(895)	(447)	(1,411)	(524)	(3,277)
Cost, September 30, 2018	**31,715**	**15,858**	**50,050**	**18,597**	**116,220**
Accumulated depreciation					
Balance, September 30, 2017	-		-	-	-
Depreciation	360	553	1,309	4,339	6,561
Net exchange differences	(4)	(6)	(14)	(47)	(71)
Accumulated depreciation, September 30, 2018	**356**	**547**	**1,295**	**4,292**	**6,490**
Net Book Value, September 30, 2018	**31,359**	**15,311**	**48,755**	**14,305**	**109,730**

The Company did not have any property, plant and equipment during the 2017 fiscal year.

8. INTANGIBLE ASSETS AND GOODWILL

	Trademarks	Technologies	Customer Relationships	Total intangible assets	Goodwill	Total intangible assets and goodwill
	$	$	$	$	$	$
Cost						
Balance, September 30, 2017	-	-	-	-	-	-
Additions arising from business combination (Note 4)	894,000	539,000	190,000	1,623,000	860,803	2,483,803
Net exchange differences	(24,096)	(14,728)	(4,886)	(43,710)	(21,788)	(65,498)
Cost, September 30, 2018	**869,904**	**524,272**	**185,114**	**1,579,290**	**839,015**	**2,418,305**
Accumulated depreciation						
Balance, September 30, 2017	-	-	-	-	-	-
Amortization	19,545	11,779	6,454	37,778		37,778
Net exchange differences	(214)	(129)	(70)	(413)	-	(413)
Accum. amortization, September 30, 2018	**19,331**	**11,650**	**6,384**	**37,365**	**-**	**37,365**
Net Book Value, September 30, 2018	**850,573**	**512,622**	**178,730**	**1,541,925**	**839,015**	**2,380,940**

The Company did not have any intangible assets during the 2017 fiscal year.

For the purpose of annual impairment testing, goodwill and intangible assets are allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below and is compared to its recoverable value. All intangibles assets including goodwill belong to the segment of production and sales of goods.

The recoverable amount of each segment was determined based on value-in-use calculations using the discounted cashflow method, based on revenue projections for 2019 to 2023. The recoverable amount of the only active segment (production and sales of goods) is determined to be $1,888,676, which is greater than

the carrying amount of the segment $1,725,902. Therefore, Impairment was determined not to have taken place. Management assumed range of growth rates between 2% and 7%. Historical growth rates were hampered by the FAA imposed restriction to shipping. With the restriction lifted, the future revenue projections accounted for this uptick in revenues. The discount rate applied is consistent with the implicit rate of return of 20.7%.

9. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	September 30, 2018		September 30, 2017	
	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$
a) Romer	**-**	**-**	1,000,000	206,454
TOTAL	**-**	**-**	1,000,000	206,454

a) Romer

On May 8, 2014, the Company acquired a 100% interest in the Romer property from Focus Graphite Inc. (“Focus”) in consideration for a cash payment of $250,000 and the issuance of 2,500,000 common shares. The property was recorded at a value of $1,000,000 upon initial recognition, based on the fair value of the property received, which was supported by an independent valuation. The Romer property is comprised of a series of 149 contiguous and 2 isolated map-designated mining claims located in the Labrador Trough sector of Nunavik in Northern Quebec.

During the year ended September 30, 2018, Management determined that the mineral property’s recoverable amount is less than carrying amount. Therefore, the Company impaired the Romer property to $Nil (Impairment loss $1,278,724 allocated to $1,000,000 in acquisition costs and $278,724 exploration and evaluation assets). BESI has changed its business activity after purchasing Braille in June 2018 and discontinued the segment of acquiring, exploring and potentially developing mineral properties, specifically, the Romer property. The segments assets are now valued at $NIL. Management has decided to continue to maintain the claims on the property for the purpose of selling the property, to help fund the segment of production and sales of goods. There are no formal plans to sell the Romer property currently set in place by management.

Company’s net assets are now allocated by Management to growing and operating the remaining segment of production and sale goods. All revenues in the Company are generated by production and sale of goods. The Company’s revenues are, for the most part derived from North America.

The following table reflects changes to mineral exploration properties between October 1, 2017 and September 30, 2018:

	Year ended September 30, 2018	Year ended September 30, 2017
	$	$
Balance, beginning of the period	**1,000,000**	1,000,000
Impairment of mineral exploration properties	**(1,000,000)**	-
Balance, beginning and end of the period	**-**	1,000,000

The following table reflects changes to exploration and evaluation assets between October 1, 2017 and September 30, 2018:

	Year ended September 30, 2018	Year ended September 30, 2017
	$	$
Balance, beginning of the period	**206,454**	205,952
Additions		
Geochemical survey	**76,780**	-
Property maintenance	**28,494**	502
	105,274	502
Accrual of tax credits and mining duties	**(33,004)**	-
Impairment of exploration and evaluation assets	**(278,724)**	-
Balance, end of the period	**-**	206,454

10. SHARE CAPITAL

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

Issued and fully paid

Common shares

	Number of shares	
		$
Balance, September 30, 2016 and September 30, 2017	**18,012,257**	**2,085,813**
Shares issued for cash (1)	19,000,000	1,920,900
Shares issued to acquire Braille Holdings Inc. (Note 4)	10,000,000	749,169
Share issuance costs	-	- 143,444
Balance, September 30, 2018	**47,012,257**	**4,612,438**

1) On June 21, 2018, the Company completed a private placement for gross proceeds of $2,528,900 (US$1,900,000). The private placement was comprised of 19,000,000 units at a price of $0.13 (US$0.10) per unit. Each unit consists 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 $0.18 until June 21, 2022. The proceeds from the financing were allocated based on the residual method. The warrants fair value was determined to be $608,000 based on the Black-Scholes method with $1,920,900 of the residual proceeds being allocated to the common shares. Using the Black-Scholes method, the Company determined the fair value of approximately $0.10 per share and $0.03 per warrant using the following assumptions: stock price of $0.10, risk-free interest rate of 2%, expected life of warrants of 4 years, annualized volatility of 60% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of the similar public companies share activity over the last four years. Other share issuance costs total $143,444.

11. WARRANTS

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

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price
		$
Balance, September 30, 2016 and September 30, 2017	-	-
Issued	19,000,000	0.18
Balance, September 30, 2018	19,000,000	0.18

As at September 30, 2018, the following warrants were issued and outstanding:

Number of warrants	Issue date fair value	Exercise price	Expiry date
	$	$	
19,000,000	608,000.00	0.18	June 22, 2022

As at September 30, 2017, there were no warrants issued and outstanding.

12. STOCK OPTIONS

On November 7, 2011, the Company adopted an incentive stock option plan in accordance with the policies of the TSX Venture Exchange (the “Stock Option Plan”) which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares, which are exercisable for a period to be determined by the Board at the time the option is granted. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

The following table reflects the continuity of stock options:

	Number of options	Weighted average exercise price
		$
Balance at September 30, 2016, September 30, 2017 and September 30, 2018	1,028,451	0.10

As at September 30, 2018, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
		(in years)			
$0.10	1,028,451	3.36	$0.10	1,028,451	$0.10

As at September 30, 2017, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
		(in years)			
$0.10	1,028,451	4.36	$0.10	1,028,451	$0.10

13. FINANCIAL INSTRUMENTS

The Company's financial instruments at September 30, 2018 consist of cash, trade and other receivables, amounts due from related parties, accounts payable and accrued liabilities, amounts due to related parties. and penalty payable. The fair value of these financial instruments approximates their carrying value due to their short-term nature, except penalty payable. Penalty payable is carried at the amortized cost. Given that the risk profile of the Company has not changed the penalty payable carrying value is equal to its fair value.

Carrying amounts of financial assets and liabilities

	September 30, 2018	September 30, 2017
	$	$
Financial assets		
Loans and receivables		
Cash	**621,845**	2,457
Trade and other receivables	**116,530**	4,708
Amounts due from related parties	**94,525**	145,379
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	**183,773**	327,894
Amounts due to related parties	**1,251,899**	81,403
Penalty payable	**250,416**	-

14. 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 13. The main types of risks are 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.

Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, which result from its operating activities.

Foreign currency transactions and balances

Foreign currency transactions are translated into the presentation currency of the respective entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated into Canadian dollars at the closing rate at September 30, 2018:

	Short-term exposure	Long-term exposure
	USD	**USD**
	(in Canadian dollars)	*(in Canadian dollars)*
	$	$
Financial assets	554,864	-
Financial liabilities	(629,886)	(976,123)
Total exposure	**(75,022)**	**(976,123)**

The following table illustrates the sensitivity of net loss in regard to the Company's financial assets and financial liabilities and the USD/CAD exchange rate, assuming all other things being equal. It assumes a +/- 10% change of the USD/CAD exchange rates at September 30, 2018. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the Canadian dollar had strengthened against the USD by 10% then this would have had the following impact:

	Loss for the year	Equity
	USD	**USD**
	(in Canadian dollars)	*(in Canadian dollars)*
	$	$
September 30, 2018	**(11,198)**	**(11,198)**

If the Canadian dollar had weakened against the USD by 10% then this would have had the following impact:

	Loss for the year	Equity
	USD	**USD**
	(in Canadian dollars)	*(in Canadian dollars)*
	$	$
September 30, 2018	**11,198**	**11,198**

Exposures to foreign exchange rates vary during the period depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

Credit risk analysis

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. 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 a large number of customers in the automotive industries and geographical areas. Based on historical information about customer default rates Management considers the credit quality of trade receivables that are not past due or impaired. 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. In respect to amounts due from related parties, the Company is not exposed to significant risk because the Officers and Directors who own the companies have committed to repay the amounts due.

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 analysis

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring cash inflows and outflows due in day-to-day business. The Company considers expected cash flows from financial assets in assessing and managing liquidity risk. The Company had a working capital surplus of $373,274 as at September 30, 2018 ($110,696 as at September 30, 2017), including $621,845 in cash. The Company will require additional financing, through various means including but not limited to equity financing, to support its operations. There is no assurance that the Company will be successful in raising the additional required funds.

The Company has current liabilities of $805,887 ($327,894 as at September 30, 2017) due within twelve months.

The contractual maturities that potentially face liquidity risk are the following:

- As at September 30, 2018 there is a balance of $249,841(2017 - $NIL) remaining of which $31,787 will be paid with in next 5 months and the remaining $218,054 will be due in the next 1-3 years.
    - Current:
        - $31,787 (US$25,000) payable on or before the 1st day of March 2019
    - Long term:
        - $61,328 (US$50,000) payable on or before December 31, 2019
        - $99,852 (US$85,000) payable on or before December 31, 2020
        - $56,874 (US$50,000) payable on or before September 30, 2021

- Note Payable $524,329 (US$500,000) to Grafoid in connection to the purchase of Braille Battery due within 2 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 monitors capital on the basis of the carrying amount of equity, less cash as presented on the face of the statement of financial position. Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets.

15. RELATED PARTY TRANSACTIONS

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

Amounts due from related parties	**2018**	2017
	$	$
Grafoid Inc.	**60,298**	145,379
Mistura Beauty Inc.	**1,227**	-
JAG Sky Inc.	**33,000**	-
	94,525	145,379

Amounts due to related parties		**2018**	2017
		$	$
Current			
9174893 Canada Inc.		**15,600**	37,395
Grafoid Inc.		**374,167**	457
Focus Graphite Inc.		**40,339**	16,950
GGTC Inc.		**22,035**	-
JAG Leasing Inc.		**45,308**	-
Thombeth Holdings Inc.		**43,456**	-
		540,905	54,802
Long term			
9174893 Canada Inc. - Loan 1	92,569		81,403
9174893 Canada Inc. - Loan 2	40,000		
9174893 Canada Inc. - Loan 3	45,508		
		178,077	
Grafoid Inc.		**532,917**	-
		710,994	81,403

Grafoid

During the year ended September 30, 2018, the Company charged Grafoid Inc. ("Grafoid"), which shares common management, $82,417 for Grafoid's portion of shared professional and legal fees incurred in connection with the Company's pending acquisition of Braille Battery Inc. (Note 4). As at September 30, 2018, $60,298 (including HST), is included in amounts due from related parties ($145,379 as at September 30, 2017).

Mistura Beauty Products Ltd.
During the year ended September 30, 2018, the Company charged Mistura Beauty Solutions Inc., a private beauty solutions company partially-owned by an Officer and Director of the Company, $1,086 for shipping expenses incurred. As at September 30, 2018 an amount of $1,227 (including HST), is included in due from related parties ($Nil as at September 30, 2017).

JAG Sky Inc.

As at September 30, 2018, the Company has prepaid $33,000 to JAG Sky Inc for advance flight hours, a private air charter services company wholly-owned by an Officer and Director of the Company, for air travel to be used in the potential sale of the Romer mineral property. Since there is no scheduled flight to be taken at year end, the entire amount has been classified to be included in amounts due from related parties ($33,000 as at September 30, 2017 in prepaids).

9174893 Canada Inc.

During the year ended September 30, 2018, the Company was charged $47,779 by 9174893 Canada Inc. ("9174893 Canada"), a privately-held company owned by a Director of the Company, for consulting fees. With the acquisition of Braille Battery, the company assumed an amount of 164,987 due to 9174893 Canada for outstanding consulting fees. The entire amount assumed, has been repaid paid during the year end. As at September 30, 2018, an amount of $15,600 (including HST) is included in amounts due to related parties ($37,395 as at September 30, 2017).

Grafoid

During the year ended September 30, 2018, the Company was charged $25,050 by Grafoid Inc. ("Grafoid"), which shares common management, for other general shared costs. Also, during the year ended September 30, 2018, the Company was charged $397,650 by Grafoid Inc. ("Grafoid"), which shares common management, for its portion of shared professional and consulting services incurred in connection with the Company's acquisition of Braille (Note 4). As at September 30, 2018, an amount of $374,167 is included in amounts due to related parties ($457 as at September 30, 2017).

Focus Graphite Inc.

During the year ended September 30, 2018, the Company was charged $10,000(2017 – $15,000) by Focus Graphite Inc. ("Focus"), which shares common management, for accounting and administrative services and other administrative expenses. During the year ended September 30, 2018, the Company was charged $743(2017- $Nil) by Focus for a portion of a telephone expenses. During the year ended September 30, 2018, the Company was charged $29,500 (2017- $Nil) by Focus for a portion of a salary expenses in relation to time spent by Focus employee on the Braille Battery purchase by the Company. As at September 30, 2018, an amount of $40,339 (including HST) is included in amounts due to related parties ($16,950 as at September 30, 2017).

GGTC Inc. (formerly 9229205 Ontario Inc.)

The Company currently leases space on a monthly basis from GGTC Inc. (formerly 9229205 Ontario Inc.) ("GGTC"), a privately-held company owned by two Directors of the Company. This lease arrangement started in July 2018 for approximately two years, the Company is charged $6,500 per month (net of taxes). During the year ended September 30, 2018, GGTC charged the Company $19,500 in lease expenses. As at September 30, 2018, included in amounts due to related parties was an amount of $22,035 (including HST) (2017 - $NIL).

JAG Equipment Leasing Inc. (formerly 2395141 Ontario Inc.)

The Company used to lease equipment on a monthly basis from JAG Equipment Leasing Inc. (formerly 2395141 Ontario Inc). ("JAG Equipment"), a privately-held company owned by two Directors of BESI. This lease ended in July 2017. As at September 30, 2018, included in amounts due to related parties was an amount of $45,308 (2017 - $NIL) due to JAG Equipment.

Thombeth Holdings Inc.

During the year ended September 30, 2018, the Company was charged $32,623 by Thombeth Holdings Inc. ("Thombeth"), a privately-held company owned by a Director of the Company, for consulting fees. As at September 30, 2018, an amount of $43,456 (including HST) is included in amounts due to related parties ($NIL as at September 30, 2017).

Loan from Officer

As at September 30, 2018, included in amounts due to related parties is an amount of $92,569 due to an Officer of the Company ($81,403 as at September 30, 2017). The amount relates to a loan of $85,327, accrued interest of $10,908 and loss on foreign exchange of $3,666. The loan provided in US dollars, was given to the Company to provide working capital and is repayable on May 31, 2019. The loan bears interest at a rate of 10% per annum. During the year ended September 30, 2018, the officer charged the Company interest $4,431 (2017- $2,811). During the year ended September 30, 2018, the Company made no loan repayments (2017 - $Nil).

As at September 30, 2018, included in amounts due to related parties is an amount of $40,000 due to an Officer of the Company ($Nil as at September 30, 2017). The amount relates to a loan of $40,000. The loan agreement entered by the Company and the Officer on April 10, 2018. The loan is repayable on Feb 1, 2023. The Company was charged a one time 10% setup fee due on the inception of the loan agreement. During the year ended September 30, 2018, the officer charged the Company interest $4,000 (2017- $Nil) which includes the 10% setup fee.

As at September 30, 2018, included in amounts due to related parties is an amount of $45,508 due to an Officer of the Company ($Nil as at September 30, 2017). The amount relates to a loan of $50,992. The loan agreement entered by the Company and the Officer on February 1, 2018 from converting an outstanding balance of consulting fees of $50,992 as at Jan 31, 2018 in consulting fees due to the Officer. The loan is repayable on Feb 1, 2023. The loan bears interest at a rate of 10% per annum and one time 2% setup fee due on the inception of the loan agreement. During the year ended September 30, 2018, the officer charged the Company interest $4,262 (2017- $Nil) which includes the 2% setup fee. During the year ended September 30, 2018, the Company made loan repayments totaling $8,667 (2017 - $Nil).

Included in the net assets acquired through the acquisition of Braille Holdings Inc., was loans from Officers of the Company totaling $240,911. The loans were non-interest bearing and were not subject to any repayment terms. The entire loan balance was repaid to three Officers of the Company totaling $240,911, during the year ended September 30, 2018.

Grafoid Inc.

On June 21, 2018, the Company acquired Braille Battery from Grafoid. As a part of consideration, $499,157 (US$500,000) is due in the form of a promissory note on January 1, 2020. As at September 30, 2018, an amount of $532,917 is included in amounts due to related parties – long term ($NIL as at September 30, 2017). During the year ended September 30, 2018, an accretion interest expense of $33,760 (2017 - $NIL) was recorded. The promissory note is carried at a discount. A discount rate of 20.7% was used.

Key management compensation

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

	Year ended September 30, 2018	Year ended September 30, 2017
	$	$
Consulting fees (1)	**503,072**	36,000
	503,072	36,000

(1) As at September 30, 2018, $59,059 is included in amounts due to related parties (2017 – $37,395).

16. COMMITMENTS

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

	Minimum lease payments due			
	Within 1 year	1 to 5 years	After 5 years	**Total**
	$	$	$	**$**
September 30, 2018	131,924	206,752	-	**338,676**
September 30, 2017	-	-	-	**-**

Lease payments recognized as an expense during the year ended September 30, 2018 amount to $37,392 (2017 - $NIL).

17. WARRANTY PROVISION

Warranty provisions relate to various legal and other claims by customers, such as warranties for which customers are covered for the cost of repairs. The Company's warranty policy is for 2 years. Usually, these claims are settled within the first year covered entirely by Company. After the first year, the Company offers coverage on a prorated coverage basis, depending on when the claim is made in the second year. The Company estimates the warranty provision by taking the historical claims rate by customers. As at September 30, 2018, the Company accrued a warranty provision of $49,422 (2017 - $NIL) for future warranty claims. During the year ended September 30, 2018 the Company incurred $22,534 in Warranty repair costs (2017-$NIL).

18. PENALTY PAYABLE

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

1. $31,876 (US$25,000) payable on or before the 1st day of October 2018
2. $31,787 (US$25,000) payable on or before the 1st day of March 2019
3. $61,328 (US$50,000) payable on or before the 31st day of December 2019
4. $99,852 (US$85,000) payable on or before the 31st day of December 2020

5. $56,875 (US$50,000) payable on or before the 31st day of September 2021

During the year ended September 30, 2018, the first instalment payment had been sent to the FAA. As at September 30, 2018 there is a balance $249,841 (2017 - $NIL) remaining of which $31,787 will be paid with in next 5 months and the reaming $218,054 will be due in next 1-3 years.

The Transportation Penalty is payable over time and bears no interest. Accordingly, we have discounted the payments in order to calculate the fair value on the date the penalty was determined. In the event of late payment, the Transportation Penalty bears interest at rate of 6%. We have used 6%, net of tax, as the discount rate.

19. RECLASSIFICATION OF PRIOR YEAR COMPARATIVE FINANCIAL STATEMENTS

The Company has reclassified to its financial statements for the year ended September 30, 2017 an amount of $54,802 which was previously recorded in accounts payable and accrued liabilities. This balance has been reclassed to amounts due to related parties. This has been reclassified in the comparative years of Note 15 and the financial statements.

20. INCOME TAXES

A reconciliation of the combined Canadian federal and provincial income tax with the Company's effective tax rate is as follows:

	2018	2017
Expected tax rate	**26.7%**	26.8%
Earnings before income taxes	$ (2,645,760)	$ (325,745)
Expected tax benefit resulting from loss	(706,418)	(87,300)
Adjustments for the following items:		
Tax rate differences	(4,451)	10,430
Changes in foreign tax rates	5,475	
Foreign exchange	0	
Permanent differences	18,727	
Change in temporary differences for which no tax assets are recorded	569,810	77,183
True up and other	-	(313)
	$ (116,856)	$ -

Income tax expense recognized in comprehensive loss consists of the following components:

	2018	2017
Origination and reversal of temporary differences	$ (657,362)	$ (89,133)
Difference between statutory tax rate and deferred tax rate	(4,451)	1,043
Change in temporary difference for which no deferred tax assets are recorded	544,957	88,090
Deferred Income Tax (recovery)	$ (116,856)	$ -

The following is a reconciliation of the deferred tax assets and liabilities recognized by the Company:

	Opening 2018	Business Combination	Recognized in Income	Recognized in foreign exchange	Ending 2018
Property and equipment	-	(25,200)	805	699	(23,695)
Inventory	-	(73,709)	76,185	(2,476)	-
Intangible assets	-	(411,431)	9,577	10,976	(390,878)
Reserves	-	10,266	3,920	(247)	13,938
Non-capital losses	-	186,015	26,369	(4,872)	207,512
Mineral exploration properties & exploration and evaluation assets	-	-	-	-	-
	$ -	$ (314,059)	$ 116,856	$ 4,080	$ (193,123)

	Opening 2017	Business Combination	Recognized in Income	Recognized in foreign exchange	Ending 2017
Property and equipment	-	-	-	-	-
Share issue costs	-	-	-	-	-
Intangible assets	-	-	-	-	-
Reserves	-	-	-	-	-
Non-capital losses	-	-	-	-	-
Mineral exploration properties & exploration and evaluation assets	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -

Deferred income taxes reflect the impact of loss carryforwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. At September 30, 2018 deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized are attributable to the following:

	2018	2017
Property and equipment	24,223	24,723
Share issue costs	-	4,720
Intangible assets	-	-
Long term investments	-	97,981
Reserves	-	
Non-capital losses	1,994,345	1,147,395
Mineral exploration properties & exploration and evaluation assets	1,379,962	101,238
	$ 3,398,530	$ 1,376,057

The Company has approximated non-capital losses available to reduce future years' Canadian and US taxable income which expire as follows:

Year	Canada	US
2023	-	713,648
2032	4,910	-
2033	132,642	-
2034	385,873	-
2035	215,859	-
2036	166,420	-
2037	241,691	-
2038	846,950	104,937
	$ 1,994,345	$ 818,585