GREENPOWER MOTOR COMPANY INC.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the Period Ended June 30, 2017

(Expressed in US Dollars)

(Unaudited – Prepared by Management)

GREENPOWER MOTOR COMPANY INC.
Consolidated Condensed Interim Financial Statements
(Expressed in US Dollars)
(Unaudited – Prepared by Management)

June 30, 2017

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3(a)), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of GreenPower Motor Company Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GREENPOWER MOTOR COMPANY INC.

Consolidated Condensed Interim Statements of Financial Position

As at June 30, 2017

(Expressed in US Dollars)

	June 30, 2017	March 31, 2017
		(Audited)
Assets		
Current		
Cash	$ 662,562	$ 56,995
Accounts receivable	21,986	-
GST receivable	23,327	20,490
Inventory (Note 3)	1,484,362	1,209,786
Prepaids & deposits	16,614	32,435
	2,208,851	1,319,706
Non-current		
Deposits	47,042	47,042
Property and equipment (Note 4)	3,107,523	3,124,031
Exploration and evaluation assets (Note 5)	28,818	28,818
	$ 5,392,234	$ 4,519,597
Liabilities		
Current liabilities		
Accounts payable & accrued liabilities (Note 13)	$ 871,850	$ 868,639
Deposits from customers	224,177	224,177
Current portion of promissory note payable (Note 10)	54,947	54,675
Loans payable to related parties (Note 13)	156,299	172,326
	1,307,273	1,319,817
Non-current		
Convertible debentures (Note 9)	1,407,657	505,690
Promissory note payable (Note 10)	503,024	516,863
	3,217,954	2,342,370
Equity		
Share capital (Note 6)	12,394,854	12,144,019
Equity portion of convertible debentures (Note 9)	249,760	67,695
Reserves	2,251,594	1,358,503
Accumulated other comprehensive loss	(87,708)	(86,991)
Accumulated deficit	(12,634,220)	(11,305,999)
	2,174,280	2,177,227
	$ 5,392,234	$ 4,519,597

Nature and Continuance of Operations - Note 1
Events After the Reporting Period - Note 14

Approved on behalf of the Board on August 25, 2017

"Fraser Atkinson"
Director

"Mark Achtemichuk"
Director

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

GREENPOWER MOTOR COMPANY INC.

Consolidated Condensed Interim Statements of Operations and Comprehensive Loss
For the Three Month Period Ended June 30, 2017 and 2016
(Expressed in US Dollars)

		June 30, 2017		June 30, 2016
Lease revenue	$	28,765	$	-
Expenses				
Administrative fees (Note 13)		267,139		95,153
Depreciation (Note 4)		121,257		26,829
Foreign exchange loss (gain)		(24,916)		1,099
Interest and accretion (Notes 9 and 10)		55,349		22,699
Office		15,520		8,343
Product development costs (Note 13)		97,854		70,975
Professional fees (Note 13)		33,754		53,283
Rent and maintenance		15,563		14,642
Sales and marketing (Note 13)		103,904		60,767
Share-based payments (Notes 6, 7 and 13)		487,241		73,510
Transportation costs (Note 13)		72,067		75,177
Travel, accommodation, meals and entertainment (Note 13)		112,254		82,705
		1,356,986		585,182
Net loss for the period		(1,328,221)		(585,182)
Other comprehensive loss				
Cumulative translation reserve		(717)		(991)
		(717)		(991)
Total comprehensive loss for the period	$	(1,328,938)	$	(586,173)
Loss per common share, basic and diluted	$	(0.01)	$	(0.01)
Weighted average number of common shares outstanding, basic and diluted		91,964,120		84,242,684

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

GREENPOWER MOTOR COMPANY INC.
Consolidated Statements of Changes in Equity
For the Three Month Period Ended June 30, 2017 and 2016
(Expressed in US Dollars)

	Share Capital		Equity portion		Accumulated othe		
	Number of Common shares	Amount	of convertible debentures	Reserves	comprehensive loss	Accumulated Deficit	Total
Balance, March 31, 2016	83,676,324	$ 9,164,266	$ 69,552	$ 1,399,905	$ (91,779)	$ (8,492,782)	$ 2,049,162
Shares issued for cash at CDN$0.30 per common share	1,000,000	232,440	-	-	-	-	232,440
Share issuance costs	-	(22,004)	-	-	-	-	(22,004)
Fair value of broker options exercised	281,580	83,187	-	(28,675)	-	-	54,512
Fair value of warrants subscribed	335,000	105,062	-	-	-	-	105,062
Fair value of debentures converted	50,000	13,860	(1,857)	-	-	-	12,003
Share-based payments	-	-	-	73,510	-	-	73,510
Cumulative translation reserve	-	-	-	-	(991)	-	(991)
Net loss for the period	-	-	-	-	-	(585,182)	(585,182)
Balance, June 30, 2016	85,342,904	9,576,811	67,695	1,444,740	(92,770)	(9,077,964)	1,918,512
Balance, March 31, 2017	91,442,453	12,144,019	67,695	1,358,503	(86,991)	(11,305,999)	2,177,227
Fair value of the equity portion of the convertible debentures	-	-	182,065	-	-	-	182,065
Fair value assigned to the warrants on issuance of Convertible Debentures	-	-	-	516,046	-	-	516,046
Transaction costs assigned to the warrants on the issuance of Convertible Debentures	-	-	-	(7,390)	-	-	(7,390)
Fair value of stock options exercised	782,500	250,835	-	(102,806)	-	-	148,029
Share-based payments	-	-	-	487,241	-	-	487,241
Cumulative translation reserve	-	-	-	-	(717)	-	(717)
Net loss for the period	-	-	-	-	-	(1,328,221)	(1,328,221)
Balance, June 30, 2017	92,224,953	$ 12,394,854	$ 249,760	$ 2,251,594	$ (87,708)	$ (12,634,220)	$ 2,174,280

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

GREENPOWER MOTOR COMPANY INC.

Consolidated Statements of Cash Flows

For the Three Month Period Ended June 30, 2017 and 2016

(Expressed in US Dollars)

		June 30, 2017		June 30, 2016
Cash flows from (used in) operating activities				
Loss for the period	$	(1,328,221)	$	(585,182)
Items not affecting cash				
Share-based payments		487,241		73,510
Accrued interest and accretion		55,349		22,699
Foreign exchange loss (gain)		(24,916)		1,099
Depreciation		121,257		26,829
Cash flow used in operating activities before changes in non-cash working capital items		(689,290)		(461,045)
Changes in non-cash working capital items:				
Accounts receivable		(21,986)		-
GST receivable		(2,837)		(6,047)
Inventory		(285,138)		(289,852)
Prepaids & deposits		15,821		3,211
Accounts payable & accrued liabilities		3,211		(74,297)
		(980,219)		(828,030)
Cash flows from (used in) investing activities				
Purchase of property and equipment		(93,290)		(66,987)
		(93,290)		(66,987)
Cash flows from (used in) financing activities				
Repayment of loans payable to related parties		(16,027)		(74,820)
Principal payments on promissory note		(13,567)		-
Interest payments on promissory note		(2,823)		-
Issuance of common shares		-		232,440
Share issuance costs		-		(22,004)
Proceeds from issuance of convertible debentures		1,578,500		-
Convertible debenture costs		(22,906)		-
Proceeds from exercise of broker options		-		54,512
Proceeds from exercise of stock options		148,029		-
Proceeds from exercise of warrants		-		105,062
Interest paid on debentures		(15,312)		-
Interest paid on converted debentures		-		(588)
		1,655,894		294,602
Foreign exchange on cash		23,182		1,959
Net decrease in cash		605,567		(598,456)
Cash, beginning of year		56,995		1,046,609
Cash, end of period	$	662,562	$	448,153

Supplemental Cash Flow Disclosure:

	2017	2016
Interest paid	18,135	-
Taxes paid	-	588
Non-cash transactions:		
Fair value assigned to the warrants pursuant to the issued convertible debentures	516,046	-
Fair value of the equity portion of the convertible debentures	182,065	1,857
Assets transferred from Inventory to Property and equipment	10,562	-

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

1. Nature and Continuance of Operations

GreenPower Motor Company Inc. (the "Company") was incorporated in the Province of British Columbia on September 18, 2007. The Company is in the business of manufacturing and distributing all-electric transit, school and charter buses.

The primary office is located at Suite 240-209 Carrall St., Vancouver, Canada.

The Consolidated Condensed Interim Financial statements were authorized by the Audit Committee of the Company on August 25, 2017 for issuance.

These Consolidated Condensed Interim Financial statements have been prepared in accordance with International Financial Reporting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations are dependent upon its ability to raise capital and generate cash flows. At June 30, 2017, the Company had working capital of $901,578, $28,765 of revenues and an accumulated deficit of $12,634,220. These Consolidated Condensed Interim Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The continuation of the Company as a going concern is dependent on future cash flows from operations which depends upon the successful manufacture of electric buses and the distribution of buses to achieve a profitable level of operations and obtaining necessary financing to fund ongoing operations. The Company's ability to achieve these objectives is subject to material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of presentation

Statement of Compliance with IFRS

The Consolidated Condensed Interim Financial Statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to interim financial information, as outlined in International Accounting Standard ("IAS") 34, Interim Financial Reporting, and using the accounting policies consistent with those in the audited consolidated financial statements as at and for the year ended March 31, 2017.

These Consolidated Condensed Interim Financial Statements were prepared under the historical cost convention, except for certain items not carried at historical cost as discussed below. All amounts are expressed in US dollars, unless otherwise stated.

2. Significant Accounting Policies (continued)

(b) Basis of consolidation

These Consolidated Condensed Interim Financial Statements include the accounts of the Company and all of its wholly-owned subsidiaries:

1. GP GreenPower Industries Inc. (registered in Canada)
2. GreenPower Motor Company, Inc. (registered in the United States)
3. 0939181 BC Ltd (Canada) and Utah Manganese, Inc. (United States) (Note 5)
4. 0999314 B.C. Ltd. (registered in Canada).

All intercompany balances, transactions, revenues and expenses are eliminated upon consolidation. Certain information and note disclosures which are considered material to the understanding of the Company's Consolidated Condensed Interim Financial Statements are provided below.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

(c) Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: available-for-sale, loans-and-receivables, held-to-maturity or at fair value through profit or loss ("FVTPL"). Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

The Company's accounting policy for each category is as follows:

i. <u>Loans-and-receivables</u>

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the Statement of Operations when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has classified its deposits, and accounts receivable as loans-and-receivables as at June 30, 2017 and March 31, 2017.

2. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

ii. Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured 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 and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the Statement of Operations. The Company did not have any assets classified as held-to-maturity as at June 30, 2017 and March 31, 2017.

iii. Financial assets at fair value through profit or loss ("FVTPL")

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through the Statement of Operations. Regular way purchases and sales of FVTPL financial assets are accounted for at trade date, as opposed to settlement date. The Company did not have any assets classified as FVTPL as at June 30, 2017 and March 31, 2017.

iv. Available-for-sale assets ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. Available-for-sale assets are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale assets are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to the Statement of Operations. The Company did not have any assets classified as AFS as at June 30, 2017 and March 31, 2017.

v. Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. The Company did not record any impairments on financial assets during the three month period ended June 30, 2017 and during the year ended March 31, 2017.

Financial liabilities are classified into one of the following categories based on the purpose for which the liability was incurred.

2. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

vi. Other financial liabilities ("OTL")

Financial liabilities classified as other financial liabilities are comprised of accounts payable and accrued liabilities, convertible debentures, deposits from customers, promissory note payable and loans payable to related parties. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and are subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

vii. Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through the Statement of Operations. The Company did not have any liabilities classified as FVTPL as at June 30, 2017 and March 31, 2017.

Derivative financial assets and liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial assets and liabilities include warrants purchased or issued by the Company denominated in a currency other than the Company's functional currency. As at June 30, 2017 and March 31, 2017, the Company did not have any derivative financial assets or liabilities.

viii. Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted into shares of the Company at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Interest, dividends, losses and gains relating to the financial liability are recognized in profit or loss. When the conversion option is exercised, the consideration received is recorded as share capital and the equity component of the compound financial instrument is transferred to share capital.

When the Company extinguishes convertible debentures before maturity through early redemption or repurchase where the conversion option is unchanged, the Company allocates the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of settlement. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with the method used in the original allocation to the separate components of the proceeds received by the entity when the convertible instrument was issued. The amount of gain or loss relating to the early redemption or repurchase of

2. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

viii. Compound Financial Instruments (continued)

the liability component is recognized in profit or loss. The amount of consideration relating to the equity component is recognized in equity.

(d) Cash and cash equivalents

Cash and cash equivalents usually consist of highly liquid investments which are readily convertible into cash with maturity of three months or less and are subject to an insignificant risk of change in value. As at June 30, 2017 and March 31, 2017, the Company had no cash equivalents.

(e) Revenue recognition

The Company, from time to time, earns revenue from the lease of its developmental technologies. Revenue is recorded in the month the lease period relates. Revenue is only recognized when reasonableness of collection is assured. Leased assets have been capitalized to Property and equipment in the Consolidated Statements of Financial Position.

Revenue from electric bus sales is recognized when a customer obtains control of the product. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the product.

(f) Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the Statement of Operations for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Operations and Comprehensive Loss. There was no impairment recorded in the periods ended June 30, 2017 or year ended March 31, 2017.

2. Significant Accounting Policies (continued)

(g) Foreign currency translation

The consolidated entities and their respective functional currencies are as follows:

Entity	Functional Currency
GP GreenPower Industries Inc.	Canadian Dollar
GreenPower Motor Company Inc.	Canadian Dollar
GreenPower Motor Company, Inc.	U.S. Dollar
0939181 BC Ltd	Canadian Dollar
Utah Manganese, Inc.	Canadian Dollar
0999314 B.C. Ltd.	Canadian Dollar

Translation to functional currency

Foreign currency transactions are translated into the functional currency using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the historical exchange rate or the exchange rate in effect at the measurement date for items recognized at FVTPL. Gains and losses arising from foreign exchange are included in the Consolidated Condensed Interim Statements of Operations and Comprehensive Loss.

Translation to presentation currency

The results and financial position of those entities with a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the Consolidated Condensed Interim Statements of Financial Position;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognized in accumulated other comprehensive income / loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in accumulated other comprehensive loss. On disposal of a foreign operation (that is, a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified from accumulated other comprehensive loss to net loss for the periods.

(h) Inventory

Inventory is recorded at the lower of cost and net realizable value with cost determined on a specific item basis. The Company's inventory consists of electric buses in process and finished goods.

In determining net realizable value for new buses, the Company primarily considers the age of the vehicles along with the timing of annual and model changeovers. For used buses, the Company considers recent market data and trends such as loss histories along with the current age of the inventory.

2. Significant Accounting Policies (continued)

(i) Property, plant, and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE 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 provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the following rates/estimated lives and methods:

Computers	3 years, straight line method
EV equipment	3 years, straight line method
Diesel bus and EV350	7 years, straight line method
Leased asset	7 years, straight line method
Furniture	7 years, straight line method
Automobile	10 years, straight line method

An item of PPE 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 in the consolidated statement of operations and comprehensive loss. Where an item of PPE comprises major components with different useful lives, the components are accounted for as separate items of PPE. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

(j) Exploration and evaluation assets

Once a permit to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets. Property, plant, and equipment used in exploration and evaluation activities are likewise capitalized to exploration and evaluation assets.

Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of capitalized exploration costs when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If put into production, the costs of acquisition and exploration will be amortized over the life of the property, based on estimated economic reserves. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off. As at June 30, 2017, there is no production activity.

Mineral exploration and evaluation expenditures are classified as intangible assets.

2. Significant Accounting Policies (continued)

(k) Restoration, rehabilitation, and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is insignificant.

(l) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the periods. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(m) Share capital

Common shares are classified as equity. Commissions paid to brokers, and other related share issue costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital, net of any tax effects. During the three month period ended June 30, 2017, the Company recorded $nil (June 30, 2016 - $22,004) in share issuance costs on its Consolidated Condensed Interim Statements of Changes in Equity in regards to the issuance of common shares (Note 6).

(n) Income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

2. Significant Accounting Policies (continued)

(n) Income taxes (continued)

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect to previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits, and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(o) Critical accounting estimates and judgments

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the inputs used in the Black-Scholes option pricing model to measure stock-based compensation and the equity portion of convertible debentures, determination of the useful life of equipment, net realizable value of inventory, and the $nil provision for income taxes.

Critical accounting judgments

i. the assessment of the carrying value of the exploration and evaluation assets included in the consolidated statements of financial position for indicators of impairment;
ii. the determination of categories of financial assets and financial liabilities;
iii. the determination of the functional currency of each entity within the consolidated Company;
iv. the allocation between debt and equity for the convertible debentures; and
v. the Company's ability to continue as a going concern (Note 1).

(p) Share-based payment transactions

The company grants share-based awards to certain officers, employees, directors and other eligible persons. For equity settled awards, the fair value is charged to the Statement of Operations and credited to the share-option reserve account, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest.

The fair value of the equity-settled awards is determined at the date of the grant. In calculating fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value is determined by using the Black-Scholes option pricing model. At each financial reporting date, the cumulative expense representing the extent to which the vesting period

2. Significant Accounting Policies (continued)

(p) Share-based payment transactions (continued)

has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the consolidated statement of operations with a corresponding entry against the related equity settled share-based payments reserve account. No expense is recognized for awards that do not ultimately vest. If the awards expire unexercised, the related amount remains in share-option reserve.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statement of operations, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of valuation model. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement.

(q) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocated value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants, if applicable. Any fair value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in warrant reserve.

(r) Adoption of accounting standards

The following new or amended standards were adopted during the year ended March 31, 2017:

Amendments to IFRS 7 Financial Instruments
The amendments clarify the applicability of the amendments to IFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

Amendments to IAS 1 Presentation of Financial Statements
These amendments clarify existing IAS 1 requirements resulting from the Disclosure Initiative. It is designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements.

IAS 16 Property, Plant and Equipment
The amendment clarifies the acceptable methods of depreciation and amortization.

Amendments to IFRS 10, IFRS 12, and IAS 28
These amendments (Investment Entities: Applying the Consolidation Exception) clarify and confirm that: (1) the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value; (2) a subsidiary that provides services related to the parent's

2. Significant Accounting Policies (continued)

(r) Adoption of accounting standards (continued)

investment activities should not be consolidated if the subsidiary itself is an investment entity; (3) when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries; and (4) an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The adoption of the above accounting policies did not have an effect on the consolidated financial statements for the year ended March 31, 2017.

(s) Future accounting pronouncements

Certain new accounting standards and interpretations have been published by the IASB or the IFRS Interpretations Committee that are not mandatory for the March 31, 2017 reporting period.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017.

IFRS 15 Revenue from Contracts with Customers provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

2. Significant Accounting Policies (continued)

(r) Future accounting pronouncements (continued)

IFRS 9 Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. This standard has an effective date of January 1, 2018.

IFRS 16 Leases was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

3. Inventory

The following is a listing of inventory as at June 30, 2017 and March 31, 2017:

	June 30, 2017	March 31, 2017
Work in-Process	$ 303,800	$ 1,078,324
Production Supplies	70,900	81,462
Finished Goods	1,109,882	50,000
	$ 1,484,362	$ 1,209,786

4. Property and Equipment

The following is a summary of activities from March 31, 2017 to June 30, 2017:

					Demonstration Buses					
Cost	Computers	Furniture	Automobiles	Diesel Bus	EV Demo's	WIP	Leased Asset	EV Equipment	Land	Total
Balance, March 31, 2017	7,428	22,914	25,283	43,965	1,180,821	217,325	669,373	616,491	679,254	3,462,854
Additions	-	-	-	-	81,678	-	10,034	12,140	-	103,852
Transfers	-	-	-	-	217,325	(217,325)	-	-	-	-
Foreign exchange translation	(157)	507	-	1,250	-	-	-	-	-	1,600
Balance, June 30, 2017	$ 7,271	$ 23,421	$ 25,283	$ 45,215	$ 1,479,824	$ -	$ 679,407	$ 628,631	$ 679,254	$ 3,568,306
Depreciation and impairment losses										
Balance, March 31, 2017	4,006	3,274	3,875	24,283	252,012	-	-	51,373	-	338,823
Depreciation	436	807	632	1,558	42,172	-	24,265	51,373	-	121,243
Foreign exchange translation	21	102	-	594	-	-	-	-	-	717
Balance, June 30, 2017	$ 4,463	$ 4,183	$ 4,507	$ 26,435	$ 294,184	$ -	$ 24,265	$ 102,746	$ -	$ 460,783
Carrying amounts										
As at March 31, 2017	$ 3,422	$ 19,640	$ 21,408	$ 19,682	$ 928,809	$ 217,325	$ 669,373	$ 565,118	$ 679,254	$ 3,124,031
As at June 30, 2017	$ 2,808	$ 19,238	$ 20,776	$ 18,780	$ 1,185,640	$ -	$ 655,142	$ 525,885	$ 679,254	$ 3,107,523

On March 7, 2017, the Company entered into a one-year lease agreement with a private tour operator (the "Lessee") to lease an all-electric bus (the "Vehicle"). Commencing April 5, 2017, the lessee will pay the Company CDN$12,895 per month, plus applicable taxes. The Lessee has the option to acquire the Vehicle before the end of the lease term for the amount of CDN$ 1,275,111, plus applicable taxes.

5. Exploration and Evaluation Assets

The Company through its wholly-owned subsidiary Utah Manganese, Inc., which was incorporated in the State of Utah is in the business of owning, exploiting, exploring, developing and evaluating mineral properties, as well as future production and future disposal once production is completed. The Company owns interests in multiple mineral titles and claims in the southwest region of Utah. The Company's wholly owned subsidiary Utah Manganese, Inc. staked 150 claims on four properties near Moab, Utah including:

- Dubinky Well (50 claims)
- Duma Point (70 claims)
- Moab Fault (15 claims)
- Flat Iron (15 claims)

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historic characteristic of many mining properties. The Company has maintained in good standing the annual maintenance fees for all 15 claims on the Flat Iron property, and has made a decision not to renew the remaining 135 claims. As a result, the impairment assessment of exploration and evaluation assets resulted in a write-down in the carrying value of exploration and evaluation assets in the amount of $584,436 during the year ended March 31, 2015, to account for the reduced scope of activities.

	Gross value	Impairment	Carrying value
March 31, 2015	$ 611,626	$ (584,436)	$ 27,190
Additions	1,628	-	1,628
March 31 2016 and 2017	$ 611,626	$ (584,436)	$ 28,818
Additions	-	-	-
June 30, 2017	$ 611,626	$ (584,436)	$ 28,818

6. Share Capital

Authorized
Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Issued

On May 25, 2016, the Company completed a non-brokered private placement of 1,000,000 common shares (the "Shares") at a subscription price of CDN$0.30 per Share for gross proceeds of CDN$300,000 (USD$232,440) and incurred $22,004 in share issuance costs including $11,613 in finder's fees as a result of the non-brokered private placement.

During the three month period ended June 30, 2017, the Company issued a total of 782,500 shares pursuant to the exercise of 782,500 stock options. During the three month period ended June 30, 2016, the Company issued a total of 666,580 shares pursuant to the exercise of 281,580 broker options, 335,000 warrants and 50,000 converted debentures.

As at June 30, 2017, the Company had 10,792,909 shares held in escrow (June 30, 2016 – 20,470,885).

7. Stock Options

The Company has an incentive stock option plan whereby it grants options to directors, officers, employees, and consultants of the Company. On March 9, 2016, the shareholders approved the current plan which allows for the issuance of up to 10,440,790 shares (the "2016 Plan"). The exercise price of options granted under the 2016 Plan may not be less than the minimum prevailing price permitted by the TSXV policies with a maximum term of 10 years. Prior to the adoption of the 2016 Plan, the Company had adopted an incentive stock option plan (the "Plan"), whereby it could grant options to directors, officers, employees, and consultants of the Company.

On March 30, 2017, the shareholders approved an increase in the number of common shares available for issuance under the 2016 Plan from 10,440,790 to 13,656,367.

The Company had the following incentive stock options granted under its Plan and 2016 Plan that are issued and outstanding at June 30, 2017:

Expiry Date	Exercise Price (CDN$)	Balance March 31, 2017	Granted	Exercised	Forfeited	Balance June 30, 2017
April 25, 2017	$ 0.82	25,000	-	-	(25,000)	-
July 3, 2017	$ 0.25	45,000	-	(45,000)	-	-
February 22, 2018	$ 0.25	250,000	-	(100,000)	-	150,000
July 3, 2018	$ 0.40	150,000	-	(37,500)	-	112,500
July 3, 2018	$ 0.25	750,000	-	-	-	750,000
September 1, 2018	$ 0.25	20,000	-	-	-	20,000
December 23, 2019	$ 0.25	375,000	-	(100,000)	-	275,000
December 23, 2019	$ 0.25	3,884,717	-	(500,000)	-	3,384,717
December 23, 2019	$ 0.25	300,000	-	-	-	300,000
March 25, 2020	$ 0.25	200,000	-	-	-	200,000
May 26, 2020	$ 0.60	-	150,000	-	-	150,000
September 1, 2020	$ 0.25	100,000	-	-	-	100,000
February 4, 2021	$ 0.35	500,000	-	-	-	500,000
May 6, 2021	$ 0.35	530,000	-	-	-	530,000
October 27, 2021	$ 0.62	500,000	-	-	-	500,000
February 2, 2022	$ 0.75	715,000	-	-	-	715,000
May 26, 2022	$ 0.60	-	200,000	-	-	200,000
May 26, 2022	$ 0.75	-	1,037,500	-	-	1,037,500
Total outstanding		8,344,717	1,387,500	(782,500)	(25,000)	8,924,717
Total exercisable		6,272,217				6,302,217
Weighted Average Exercise Price (CDN$)		$ 0.33	$ 0.71	$ 0.26	$ 0.82	$ 0.39
Weighted Average Remaining Life						3.9 years

7. Stock Options (continued)

On May 26, 2017, the Company granted:

- 1,037,500 options to Directors with an exercise price of CDN$0.75 per share with a term of 5 years. The options fully vest on the grant date.

- 100,000 options to an advisor with an exercise price of CDN$0.60 per share with a term of 3 years. The options fully vest on the grant date.

- 200,000 options to an employee with an exercise price of CDN$0.60 per share which vest 25% after 4 months and then 25% after years 1, 2 & 3, and with a term of five years.

- 50,000 options to a consultant (IR provider) with an exercise price of CDN$0.60 per share which vest 25% at the end of every 3 months for a period of twelve months and with a term of 3 years.

During the three month period ended June 30, 2017, 782,500 stock options were exercised at prices between CDN$0.25 – CDN$0.40 per share for proceeds of CDN$201,250 (USD$148,029) and 25,000 options expired unexercised.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock option grants for the three month period ended June 30, 2017:

Share price on grant date	CDN$0.58
Exercise price	CDN$0.71
Risk-free interest rate	0.96%
Expected life of options	4.9 years
Annualized volatility(1)	100%
Dividend rate	n/a

(1) Expected volatility was determined by reference to historical volatility of similar entities following a comparable period of lives.

8. Warrants

As at June 30, 2017, the Company had outstanding warrants, enabling the holders to acquire common shares as follows:

Expiry Date	Exercise Price	Balance March 31, 2017	Granted	Exercised	Expired	Balance June 30, 2017
October 1, 2018	$ 0.25	400,000	-	-	-	400,000
October 16, 2018	$1.10 - $1.50	342,270	-	-	-	342,270
December 10, 2018	$0.75 - $1.00	250	-	-	-	250
December 16, 2018	$0.75 - $1.00	153,928	-	-	-	153,928
May 17, 2020	$ 0.75	-	2,922,200	-	-	2,922,200
May 31, 2020	$ 0.75	-	384,500	-	-	384,500
Total outstanding		896,448	3,306,700	-	-	4,203,148
Weighted Average Exercise Price		$ 0.66	$ 0.75			$ 0.70
Weighted Average Life						3.0 years

8. Warrants (continued)

In May 2017, there were 3,306,700 warrants issued with a fair value of $516,046 as a result of the issuance of Convertible Debentures (Note 9). The transaction costs assigned to the issuance of the warrants with regards to the Convertible Debentures was $7,390.

The following assumptions were used for the Black-Scholes valuation of warrants granted with Convertible Debentures (Note 9):

Share price on date of issuance	CDN$0.55
Risk-free interest rate	0.72%
Expected life of warrants	1.5 years
Annualized volatility[(1)]	100%
Dividend rate	n/a

(1) Expected volatility was determined by reference to historical volatility of similar entities following a comparable period of lives.

9. Convertible Debentures

On December 11, 2015, the Company issued CDN$777,000 (USD$ – 572,571) convertible debentures (the "Debentures") and 1,126,650 non-transferrable common share purchase warrants (the "Debenture Warrants").

On June 2, 2016, CDN$20,000 (USD$ – 13,860) worth of Debentures were converted into 50,000 common shares with a conversion price of CDN$0.40. A summary of conversions relating to the Debentures is as follows:

	$ CDN
Initial proceeds - Debentures	$ 777,000
Debenture conversions - June 2, 2016	(20,000)
Unconverted Debentures - June 30, 2017	$ 757,000

In May 2017, the Company announced the closing of a private placement, which raised gross proceeds of CDN$2,150,000 (USD$1,578,500) through the issuance of convertible debentures (the "2017 Debentures").

The terms of the 2017 Debentures include:

- the 2017 Debentures mature four years after issuance (the "Maturity Date"), and the principal amount of the 2017 Debentures, together with accrued and any unpaid interest, will be payable on the Maturity Date;
- the 2017 Debentures bear interest ("Interest") at the greater of 8% per annum or BMO bank prime rate of lending plus 2.5% per annum, which Interest will be payable monthly;
- the principal amount of the Debentures is convertible into common shares of the Company at a price of CDN$0.65 per share at any time, until the Maturity Date;

9. Convertible Debentures (continued)

- the Company may, at any time after the second anniversary of the issuance date and prior to the Maturity Date, repay the principal amount and any accrued and unpaid Interest of the Debentures.

Pursuant to the debenture financing, the Company issued 3,306,700 non-transferrable common share purchase warrants (Note 8), with each warrant exercisable into one Share for a period of three years at an exercise price of CDN$0.75 per share, subject to adjustment.

On initial recognition, the Company bifurcated CDN$247,744 (USD$ – 182,065) to equity and CDN$1,169,370 (USD$ – 872,999) to the carrying value of the loan. The Company incurred transaction costs of CDN$30,789 including finder's fees of CDN$15,000 paid to arm's length finders. The initial carrying value of the loan of CDN$1,169,370 (USD$ – 872,999) will be accreted to CDN$2,150,000 (USD$ – 1,578,500) over the term of the 2017 Debentures. The effective interest rate of the 2017 Debentures is 28.6%. The initial treatment of the 2017 Debentures is shown below:

	USD$	CDN$
Proceeds bifurcated to carrying value of the loan	$872,999	$1,169,370
Proceeds bifurcated to equity	182,065	247,744
Transaction costs related to the Debentures	7,390	30,789
Fair value assigned to the issuance of warrants	516,046	702,097
Proceeds on issuance of Convertible Debentures	$1,578,500	$2,150,000

During the three month period ended June 30, 2017, the Company recognized interest and accretion of $52,526 (June 30, 2016 - $22,699) related to the Debentures and 2017 Debentures.

10. Promissory Note

During the year ended March 31, 2017, the Company issued a $594,000 promissory note (the "Note) to the City of Porterville to acquire land (Note 4). The Note bears interest at 2.0% per annum and is payable in monthly installments of $5,463, beginning November 1, 2016. The monthly installments will occur for five years, at which point a balloon payment of $311,764 is due and payable.

A summary of the remaining principal payments over the next five years are as follows:

Year	*Payment*
1	54,947
2	56,052
3	57,178
4	58,328
5	331,466
Total	557,971

During the three-month period ended June 30, 2017, the Company incurred $2,823 (June 30, 2016 - $nil) of interest on the Note. This amount is included in Interest and accretion on the Consolidated Condensed Interim Statements of Operations and Comprehensive Loss.

11. Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, loans payable to related parties, and convertible debentures.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liabilities either directly or indirectly; and
Level 3: Inputs that are not based on observable market data

The Company does not currently hold any financial instruments measured at fair value on the Consolidated Condensed Interim Statements of Financial Position.

The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Overview

The Company has exposure to the following financial instrument related risks.

Credit risk

The Company's exposure to credit risk is on its cash. Cash consists of cash bank balances held in major Canadian and United States financial institutions with a high credit quality and therefore the Company is exposed to minimal risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in a bank and is available on demand. The Company will continue to rely on additional financings to further its operations and meet its capital requirements.

Market risks

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange. The Company believes interest rate risk is not material.

The Company is exposed to foreign exchange risk as it conducts business in both the United States and Canada. Management monitors its foreign currency balances, the Company does not engage in any hedging activities to reduce its foreign currency risk. At June 30, 2017, the Company was exposed to currency risk through the following monetary assets and liabilities in CDN Dollars.

	CDN$
Cash	$464,697
Accounts receivable	$28,802
GST receivable	$31,576
Accounts payable and accrued liabilities	$(35,811)
Loans payable to related parties	$(140,948)
Convertible debentures	$(1,886,262)

11. Financial Instruments (continued)

Based on the net exposure and assuming all other variables remain constant, a 10% change in the appreciation or depreciation of the CDN dollar relative to the US dollar would change the total loss and comprehensive loss by approximately CDN$153,795. The Company currently does not plan to enter into any foreign exchange contracts to mitigate this risk.

12. Capital Management

As the Company is seeking business opportunities, its principal source of capital has been from the issuance of common shares and convertible debentures. The Company's capital management objective is to obtain sufficient capital to develop new business opportunities for the benefit of its shareholders. To meet the objectives, management monitors the Company's ongoing capital requirements on specific business opportunities on a case-by-case basis. The capital structure of the Company consists of cash, convertible debentures, promissory notes, and equity attributable to common shareholders, consisting of issued share capital and deficit. There was no change to the Company's approach to capital management during the period. The company is not subject to externally imposed capital requirements.

13. Related Party Transactions

A summary of compensation for directors and key management personnel is as follows:

	Three Month Period Ended	
	June 30, 2017	June 30, 2016
Administrative and professional fees	$ 122,156	$ 64,073
Equipment rental	35,275	39,739
Accomodation	38,376	-
Share-based payments (options)	420,094	50,228
	$ 615,901	$ 154,040

During the three month period ended June 30, 2017 and 2016, the Company engaged the services of several shareholders and related parties of the Company, including Koko Financial Services Ltd., MSA Holdings Inc., and S&P 500 Financial and Corporate Services Inc., to provide accounting, management consulting and director services. Details of these agreements are as follows:

- Pursuant to a consulting agreement dated August 6, 2014 as amended from time to time, among the Company, Fraser Atkinson and Koko Financial Services Ltd., a company beneficially owned by Fraser Atkinson, the Company retained Fraser Atkinson to provide consulting services to the Company. GreenPower Motor Company Inc., paid Koko Financial Services Ltd., $30,000 for the three month period ended June 30, 2017 (June 30, 2016 - CDN$37,500).

- Pursuant to a consulting agreement dated August 6, 2014 as amended from time to time, among the Company, Mark Achtemichuk and MSA Holdings Inc., a company beneficially owned by Mark Achtemichuk, the Company retained Mark Achtemichuk to provide consulting services to the Company. GreenPower Motor Company Inc., paid MSA Holdings Inc., CDN$7,500 for the three month period ended June 30, 2017 (June 30, 2016 - CDN$7,500).

13. Related Party Transactions (continued)

- Effective January 1, 2016, GreenPower Motor Company, Inc. (the U.S subsidiary of the Company), agreed to pay U.S. $10,000 per month to S & P 500 Financial and Corporate Services Inc. ("S&P 500"), a U.S. company where the CEO of GreenPower served as a director. As a result, GreenPower Motor Company, Inc., paid S&P 500 U.S $30,000 for the three month period ended June 30, 2017 (June 30, 2016 - $30,000).

The amounts are classified as either Administrative fees, Product development costs or Sales and marketing in the Consolidated Condensed Interim Statements of Operations and Comprehensive Loss for each of the periods.

The Company also incurred share-based compensation in the amount of $420,094 during the three month period ended June 30, 2017 (June 30, 2016 – $50,228) for stock options granted in current and prior periods to Directors and Officers of the Company.

During the three month periods ended June 30, 2017 and 2016, the Company also incurred equipment rental expenses of $35,275 (June 30, 2016 - $39,739) with Maple Leaf Equipment Aircraft and Recovery Inc., a company that the Chairman of GreenPower is the sole officer and director. These costs are expensed on the Consolidated Condensed Interim Statements of Operations and Comprehensive Loss for each of the periods.

During the three month period ended June 30, 2017, the Company also incurred accommodation expenses of $38,376 (June 30, 2016 - $nil) with Stage Coach Landing, Inc., a company that the Chairman of GreenPower is an officer and director. These costs are expensed on the Consolidated Condensed Interim Statements of Operations and Comprehensive Loss for the period.

Accounts payable and accrued liabilities at June 30, 2017, included $105,764 (March 31, 2017 - $115,464) owed to officers, directors, companies controlled by directors and officers and shareholders, which is non-interest bearing, unsecured and has no fixed terms of repayment.

Loans payable to related parties of $156,299 at June 30, 2017 (March 31, 2017 - $172,326) includes loans payable to directors and officers, companies controlled by directors and officers, and shareholders of the Company, all of which are non-interest bearing, unsecured and have no fixed terms of repayment.

During the three month period ended June 30, 2017, there were $16,027 (June 30, 2016 - $74,820) of shareholder loan repayments.

These transactions were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

14. Events After the Reporting Period

On July 10, 2017, the Company granted 50,000 options to a consultant (IR provider) with an exercise price of CDN$0.55 per share which vest 25% at the end of every 3 months for a period of twelve months and with a term of 3 years.