

EXRO TECHNOLOGIES INC.

Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2017

(Unaudited)

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, continuous disclosure requirement, if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the unaudited condensed consolidated interim financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these Unaudited Condensed Consolidated Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants for a review of unaudited condensed interim financial statements by an entity's auditor.

Exro Technologies Inc. (formerly BioDE Ventures Ltd.)
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars - Unaudited)

| As at | September 30, 2017 | December 31, 2016 |
|--|-----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 2,036,403 | \$ 80,280 |
| Amounts receivable (note 4) | 40,583 | 31,082 |
| Prepaid expense | 260,166 | - |
| | 2,337,152 | 111,362 |
| Deposits | 9,564 | - |
| Furniture and equipment (note 5) | 42,829 | - |
| TOTAL ASSETS | \$ 2,389,545 | \$ 111,362 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities (note 6) | \$ 98,078 | \$ 739,334 |
| Due to related parties (note 7) | 134,183 | 823,316 |
| Promissory notes payable (note 9) | - | 235,000 |
| TOTAL LIABILITIES | 232,261 | 1,797,650 |
| SHAREHOLDERS' EQUITY (DEFICIENCY) | | |
| Share capital (note 10) | 18,392,400 | 12,824,557 |
| Reserves | 579,799 | 9,360 |
| Deficit | (16,814,915) | (14,520,205) |
| TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY) | 2,157,284 | (1,686,288) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY) | \$ 2,389,545 | \$ 111,362 |

Amalgamation agreement (note 12)

These Condensed Consolidated Interim financial statements were authorized for issue by the Board of Directors on November 29, 2017. They are signed on the Company's behalf by:

“Mark Godsy”

Director

“Jill Bodkin”

Director

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

Exro Technologies Inc. (formerly BioDE Ventures Ltd.)
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars – Unaudited)

| | For the three months ended September 30, 2017 | For the three months ended September 30, 2016 | For the nine months ended September 30, 2017 | For the nine months ended September 30, 2016 |
|---|--|--|---|---|
| EXPENSES | | | | |
| Advertising and marketing | \$ 25,778 | \$ - | \$ 135,784 | \$ - |
| Amortization expense (note 5) | 4,759 | - | 4,759 | - |
| Investor relations | 21,570 | - | 21,570 | - |
| Office and rent | 20,828 | 2,390 | 31,529 | 9,081 |
| Payroll and consulting fees (note 7) | 183,222 | 193,795 | 596,443 | 280,177 |
| Professional fees | 122,010 | 34,028 | 242,853 | 45,729 |
| Research and development | 1,617 | - | 1,617 | - |
| Share-based payments (note 10) | 461,539 | - | 461,539 | - |
| Regulatory fees | 15,649 | - | 16,504 | - |
| Travel and entertainment | 15,770 | 32 | 31,392 | 1,472 |
| TOTAL EXPENSES | (827,742) | (230,245) | (1,543,990) | (336,396) |
| OTHER INCOME (EXPENSES) | | | | |
| Listing expense (note 12) | (754,796) | - | (754,796) | - |
| Foreign exchange gain (loss) | 1,765 | 6,191 | (198) | 3,771 |
| Finance cost | - | (6,045) | - | (22,942) |
| Interest income | 1,383 | - | 4,274 | - |
| Gain on forgiveness of loan payable | - | 35,989 | - | 35,989 |
| TOTAL OTHER INCOME (EXPENSES) | (751,648) | 36,135 | (750,720) | 16,818 |
| NET AND COMPREHENSIVE LOSS | \$ (1,624,390) | \$ (194,110) | \$ (2,294,710) | \$ (319,578) |
| Loss per share - basic and diluted | \$ (0.04) | \$ (0.01) | \$ (0.12) | \$ (0.02) |
| Weighted average number of common shares outstanding | 36,914,640 | 16,404,465 | 19,564,305 | 16,371,018 |

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

Exro Technologies Inc. (formerly BioDE Ventures Ltd.)
Condensed Consolidated Interim Statements of Shareholders' Equity
(Expressed in Canadian dollars - Unaudited)

| | Number of outstanding shares | Share capital | Reserve | Deficit | Total shareholders' equity (deficit) |
|--|------------------------------------|----------------------|-------------------|------------------------|---|
| Balance, December 31, 2015 | 16,360,071 | \$ 12,764,645 | \$ 9,360 | \$ (13,933,080) | \$ (1,159,075) |
| Private placement (note 10) | 105,140 | 14,000 | - | - | 14,000 |
| Shares issued for consulting fees | 262,853 | 40,400 | - | - | 40,400 |
| Net Loss | - | - | - | (319,578) | (319,578) |
| Balance, September 30, 2016 | 16,728,064 | \$ 12,819,045 | \$ 9,360 | \$ (14,252,658) | \$ (1,424,253) |
| Shares issued for debt | 41,399 | 5,512 | - | - | 5,512 |
| Net Loss | - | - | - | (267,547) | (267,547) |
| Balance, December 31, 2016 | 16,769,463 | \$ 12,824,557 | \$ 9,360 | \$ (14,520,205) | \$ (1,686,288) |
| Shares issued for debt (note 10) | 7,530,339 | 1,506,068 | - | - | 1,506,068 |
| Fair value of common shares held by BioDE shareholders prior to Amalgamation (note 10 and 12) | 3,809,092 | 761,819 | - | - | 761,819 |
| Fair value of shares issued on conversion of BioDE special warrants, net (note 10 and 12) | 2,334,875 | 466,975 | - | - | 466,975 |
| Fair value of broker warrants of BioDE (note 12) | - | - | 8,000 | - | 8,000 |
| Shares issued pursuant to subscription receipts received (note 10) | 11,915,000 | 2,148,390 | 80,400 | - | 2,228,790 |
| Shares issued for debt (note 10) | 732,075 | 146,415 | - | - | 146,415 |
| Private placement, net of issuance costs (note 10) | 3,000,000 | 538,176 | 20,500 | - | 558,676 |
| Share-based payments (note 10) | - | - | 461,539 | - | 461,539 |
| Net Loss | - | - | - | (2,294,710) | (2,294,710) |
| Balance, September 30, 2017 | 46,090,844 | \$ 18,392,400 | \$ 579,799 | \$ (16,814,915) | \$ 2,157,284 |

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

Exro Technologies Inc. (formerly BioDE Ventures Ltd.)
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended September 30, 2017 and 2016
(Expressed in Canadian dollars - Unaudited)

| | 2017 | 2016 |
|--|---------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Net loss for the period | \$ (2,294,710) | \$ (319,578) |
| Interest paid | - | (30,362) |
| Items not involving cash: | | |
| Amortization | 4,759 | - |
| Non-cash portion of listing expense | 713,242 | - |
| Share-based payments | 461,539 | - |
| Accrued interest | - | 22,942 |
| Accrued management fees | - | 75,000 |
| Accrued director fees | - | 48,090 |
| Gain on forgiveness of loan payable | - | (35,989) |
| Shares issued for consulting fees | - | 40,400 |
| | (1,115,170) | (199,497) |
| Net changes in non-cash working capital items: | | |
| Amounts receivable | (3,975) | 116,226 |
| Prepaid expenses | (247,673) | (10,000) |
| Accounts payable and accrued liabilities | 297,931 | 79,456 |
| Cash used in operating activities | (1,068,887) | (13,815) |
| INVESTING ACTIVITIES | | |
| Deposits | (9,564) | - |
| Purchase of equipment | (46,892) | - |
| Cash used in investing activities | (56,456) | - |
| FINANCING ACTIVITIES | | |
| Proceeds from promissory notes payable | - | 200,000 |
| Repayment of loan payable | - | (107,028) |
| Proceeds from special warrants | - | 14,000 |
| Proceeds from subscription receipts | 2,383,000 | - |
| Proceeds from private placement | 600,000 | - |
| Share issue costs | (195,534) | - |
| Advance from BioDE pre-acquisition | 294,000 | - |
| Advances from related parties | - | 33,765 |
| Cash provided by financing activities | 3,081,466 | 140,737 |
| Change in cash | 1,956,123 | 126,922 |
| Cash, beginning of the period | 80,280 | 65,833 |
| Cash, end of the period | \$ 2,036,403 | \$ 192,755 |

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

Exro Technologies Inc. (formerly BioDE Ventures Ltd.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2017
(Expressed in Canadian dollars - Unaudited)

1 NATURE OF OPERATIONS

BioDE Ventures Ltd. ("BioDE") was incorporated under the British Columbia Business Corporations Act on February 11, 2014. On July 26, 2017, BioDE and its wholly owned subsidiary 10889001 BC Ltd. ("10889001") completed a transaction with Exro Technologies Inc. ("Exro" or the "Company") whereby, pursuant to an amalgamation agreement (the "Amalgamation Agreement"), 10889001 amalgamated with Exro and became the legal subsidiary of BioDE (Note 12). The transaction was accounted for as an acquisition of BioDE by Exro and therefore these financial statements include the historical financial information of Exro up to the completion of the transaction on July 26, 2017. On completion of the transaction, BioDE changed its name to Exro Technologies Inc.

The Company's shares are listed on the Canadian Securities Exchange and trades under the symbol "XRO".

The Company's head office is located at 2820-200 Granville Street, Vancouver, British Columbia, V6C 1S4. These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Corporation is working towards commercializing its patented Dynamic Power Management ("DPM") technology and proprietary system architecture for rotating electrical machines.

2 BASIS OF PREPARATION

(a) Statement of compliance

These Condensed Consolidated Interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements of Exro for the fiscal year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements follow the same accounting policies and methods of application as the annual financial statements of Exro for the year ended December 31, 2016.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, DPM Technologies Inc. (formerly 1089001 B.C. Ltd.). All inter-company balances and transactions have been eliminated on consolidation.

(b) Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these Condensed Consolidated Interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Going concern of operation

These Condensed Consolidated Interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company's ability to continue as a going concern and realize the carrying value of its assets is dependent on its ability to raise capital through equity and debt financing, the outcome of which cannot be predicted at this time. These matters indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These Condensed Consolidated Interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2 BASIS OF PREPARATION (CONTINUED)

(d) Functional and presentation currency

These Condensed Consolidated Interim financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Significant accounting judgements and estimates

With the exception of the significant accounting policies disclosed below, these consolidated condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended December 31, 2017.

(b) Share-based payments

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured, and is recorded at the date the goods or services are received. 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. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

(c) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital. Charges for options or warrants that are cancelled or expire are reclassified from contributed surplus to deficit.

(d) Property and equipment

Furniture and equipment are recorded at cost and amortized at the following annual rates, with 50% amortization in the year of purchase:

| | | |
|-------------------------|-----|-------------------|
| Furniture and equipment | 20% | declining balance |
|-------------------------|-----|-------------------|

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates.

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the reporting date, 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 following:

Critical accounting estimates

- i. The inputs used in valuing share based payments; and
- ii. The fair values assigned to assets and liabilities in the purchase price allocation related to asset acquisition (note 12).

Critical accounting judgments

- i. The determination of categories of financial assets and financial liabilities;
- ii. The assessment of whether an acquisition meets the definition of a business or whether assets are acquired.

4 AMOUNTS RECEIVABLE

| | September 30, | | |
|------------------|----------------------|--------------------------|--|
| | 2017 | December 31, 2016 | |
| Other receivable | \$ 7,000 | \$ - | |
| GST receivable | 33,583 | 31,082 | |
| | \$ 40,583 | \$ 31,082 | |

Exro Technologies Inc. (formerly BioDE Ventures Ltd.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2017
(Expressed in Canadian dollars - Unaudited)

5 FURNITURE AND EQUIPMENT

| | Furniture and Equipment |
|------------------------------------|----------------------------|
| Cost | |
| Balance, December 31, 2016 | \$ - |
| Additions | 47,587 |
| Balance, September 30, 2017 | \$ 47,587 |
| Accumulated amortization | |
| Balance, December 31, 2016 | \$ - |
| Amortization for the period | 4,759 |
| Balance, September 30, 2017 | \$ 4,759 |
| Carrying amounts | |
| At December 31, 2016 | \$ - |
| At September 30, 2017 | \$ 42,829 |

6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | September 30, 2017 | December 31, 2016 |
|---------------------|--------------------|-------------------|
| Accounts payable | \$ 87,411 | \$ 703,334 |
| Accrued liabilities | 10,667 | 36,000 |
| | \$ 98,078 | \$ 739,334 |

7 RELATED PARTY TRANSACTIONS

Key management compensation

Key management consists of the Officers and Directors who are responsible for planning, directing and controlling the activities of the Company. For the nine months ended September 30, 2017 and 2016, the following expenses were incurred to the Company's key management:

| | September 30, 2017 | September 30, 2016 |
|--------------------------|--------------------|--------------------|
| Management fees | \$ 202,454 | \$ 175,590 |
| Share based compensation | 141,828 | - |
| | \$ 344,282 | \$ 175,590 |

As at September 30, 2017, the Company was indebted to the CEO of the Company in the amount of \$39,510 (December 31, 2016 – 495,924).

As at September 30, 2017, the Company was indebted to directors and officers of the Company in the amount of \$94,673 (December 31, 2016 - \$327,392).

All due to related party payable amounts are unsecured, non-interest bearing, and due on demand.

Exro Technologies Inc. (formerly BioDE Ventures Ltd.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2017
(Expressed in Canadian dollars - Unaudited)

8 LOANS PAYABLE

During the nine months ended September 30, 2017, the Company accrued interest expense of \$nil (2016 – \$22,942). This loan was repaid on August 25, 2016, with a payment of \$137,390.

9 PROMISSORY NOTE PAYABLE

During the period, the Company borrowed additional promissory notes with BioDE of \$294,000 for a total of \$529,000. On July 26, 2017, this amalgamation was completed and has been eliminated on consolidation (Note 12).

10 SHARE CAPITAL

(a) Authorized common shares

There are an unlimited number of common shares without par value authorized for issue.

Pursuant to the amalgamation transaction on July 26, 2017, the Company consolidated its issued and outstanding common shares, stock options and outstanding warrants using an effective exchange ratio of 1 pre-amalgamation common shares, options and warrants to 0.525706 post amalgamation shares, options and warrants.

As a result of the share consolidations, the number of common shares, options and warrants presented in these financial statements, and the exercise price for each option and warrant, and the calculated weighted average number of common shares issued and outstanding for the purpose of loss per share calculations are based on the post-consolidation shares for all years presented.

(b) Issued

At September 30, 2017, the Company had 46,090,844 common shares issued and outstanding (December 31, 2016 – 16,769,463).

During the nine months ended September 30, 2017, the following share capital transactions occurred:

- On April 10, 2017, the Company completed a private placement of 11,915,000 subscription receipts at a price of \$0.20 per subscription receipt for the proceeds of \$2,383,000. Each subscription receipt entitles the holder to receive, without payment of any additional consideration or need for further action, one common share ("Share") of the Company. Finder's fees of \$154,210 and brokers warrants were issued with an exercise price of \$0.20 per share and a two-year expiry. The fair value of the warrants \$80,400 were issued as shares. The shares were issued as of the date of amalgamation (note 12).
- On April 27, 2017, the Company issued 732,075 common shares at a rate of \$0.20 per share to settle debts totaling \$146,415.
- On July 26, 2017, the Company issued 7,530,339 common shares at a rate of \$0.20 per share to settle debts totaling \$1,506,068;
- On July 26, 2017, the Company issued 3,809,092 common shares to shareholders who held common shares of BioDE pre-amalgamation;
- On July 26, 2017, the Company issued 2,334,875 common shares to the holders of special warrants that were issued by BioDE for cash received pre-amalgamation; and
- On August 29, 2017 the Company completed a private placement and issued 3,000,000 common shares (the "Common Shares") at a price of \$0.20 per Common Share for gross proceeds of \$600,000. The Company paid finders fees of \$41,324 and issued 196,630 brokers warrants related to the Private Placement. Each brokers' warrant entitles the holder to purchase one Common Share at \$0.20 for a period of two years from the issuance date. The brokers' warrants had a fair value of \$20,500 and are subject to a hold period expiring four months plus one day following the date of issuance.

10 SHARE CAPITAL (CONTINUED)

(b) Issued (continued)

During the year ended December 31, 2016, the following share capital transactions occurred:

- On August 23, 2016, the Company issued 105,140 shares for proceeds of \$14,000;
- On September 30, 2016, the Company issued 262,853 shares to management and consultants for consulting fees with a fair value of \$40,400.
- In December 2016, the Company issued 41,399 shares to a consultant to settle outstanding debt. The fair value of these shares was \$5,512.

(c) Stock options

The Company's incentive stock option plan (the "Option Plan") provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares.

On December 15, 2015, the BioDE adopted a stock option plan (the "Stock Option Plan") which was assumed by the Company upon Amalgamation. The Stock Option Plan provided for the granting of options to employees, officers, directors, consultants and scientific advisory board members. The Stock Option Plan was subsequently amended on September 20, 2017 to a fixed plan from a 10% rolling plan (the "Amended and Restated Stock Option Plan").

The maximum number of common shares issuable under the Amended and Restated Stock Option Plan is fixed at 8,400,000 common shares. Under the Amended and Restated Stock Option Plan, the maximum number of common shares that may be optioned in favour of any single individual will not exceed 5% of the issued and outstanding common shares at the date of grant. The maximum number of common shares that may be optioned in favour of directors and senior officers under the Stock Option Plan is 10% of the issued and outstanding common shares at the date of grant.

During the nine months ended September 30, 2017 and 2016, the Company recorded share-based payments of \$461,539 and \$nil, respectively. The fair values of share options granted during the nine months ended September 30, 2017 are estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

| | 2017 | 2016 |
|---|-------------|-------------|
| Risk-free interest rate | 1.52% | nil |
| Estimated annualized volatility based on comparable companies | 110% | nil |
| Expected life | 5 years | nil |
| Expected dividend yield | 0% | nil |
| Exercise price | \$ 0.20 | nil |
| Fair value | \$ 0.16 | nil |
| Share price | \$ 0.21 | nil |

The vesting terms for the stock options issued August 21, 2017 were as follows:

- 2,679,000 of the options issued were vested immediately
- 75,000 of the options vested 50% upon issuance, 17% after one year, 17% after two years and 16% three years after date of issue
- 971,000 of the options will vest 33% after three months and 22% after one year, 22% after two years and 23% three years after date of issue

The 300,000 stock options issued August 31, 2017 will vest 50% on February 28, 2019 and 50% August 31, 2020.

Exro Technologies Inc. (formerly BioDE Ventures Ltd.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2017
(Expressed in Canadian dollars - Unaudited)

10 SHARE CAPITAL (CONTINUED)

(c) Stock options (continued)

Stock option transactions and the number of stock options outstanding are summarized below:

| | Number | Weighted Average Exercise Price \$ |
|--|------------------|--|
| Balance, December 31, 2015 and 2016 | - | - |
| Granted | 4,025,000 | 0.21 |
| Balance, September 30, 2017 | 4,025,000 | 0.21 |

| Date of Expiry | Exercise Price | Number of Options Outstanding | Number of Options Exercisable |
|------------------------------------|----------------|-------------------------------------|-------------------------------------|
| August 22, 2022 | \$0.20 | 3,725,000 | 2,716,500 |
| August 31, 2022 | \$0.26 | 300,000 | - |
| Balance, September 30, 2017 | | 4,025,000 | 2,716,500 |

As of September 30, 2017, the weighted average remaining life for outstanding options was 4.9 years.

(d) Brokers Warrants

| | Number | Weighted Average Exercise Price \$ |
|--|------------------|--|
| Balance, December 31, 2015 and 2016 | 190,890 | 1.24 |
| Issued | 1,044,400 | 0.20 |
| Balance, September 30, 2017 | 1,235,290 | 0.36 |

| Expiry Date | Exercise Price | Number of Warrants | |
|------------------------------------|-------------------|-----------------------|----------------------|
| | | September 30, 2017 | December 31, 2016 |
| August 29, 2019 | \$1.24 | 190,890 | 190,890 |
| August 29, 2019 | \$0.20 | 76,720 | - |
| August 29, 2019 | \$0.20 | 967,680 | - |
| Balance, September 30, 2017 | | 1,235,290 | 190,890 |

The fair value of the 967,680 finders' warrants was estimated to be \$100,900 using the Black-Scholes option price model with the following assumptions: an expected volatility of 100%, an expected life of two years, a risk-free rate of 1.5% and a dividend yield of Nil.

The fair value of the 76,720 finders' warrants issued by BioDE was estimated to be \$8,000 (note 12).

(e) Shares in Escrow

During the nine months ended September 30, 2017, the Company entered into an escrow agreement with certain insiders and shareholders. Pursuant to the escrow agreement, 7,576,556 common shares were to be held in escrow, of which 10% were released on August 29, 2017, which was the date the common shares of the Company were listed and posted for trading on the exchange, and 15% will be released every six months thereafter to August 29, 2020. As at September 30, 2017, 6,818,903 common shares are remain held in escrow.

11 FINANCIAL INSTRUMENTS

The Company has designated its cash as fair value through profit or loss, finders' fees receivable as loans and receivables and accounts payable and accrued liabilities, related party payable and notes payable as other financial liabilities.

(a) Fair value

At September 30, 2017 and December 31, 2016, the carrying values of cash, finder's fees receivable, accounts payable and accrued liabilities, related party payable and loan payable approximate their fair values due to the relatively short period to maturity of those financial instruments.

The Company uses a fair value hierarchy to reflect the significance of the inputs used in making the measurements. The nine levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data.

There were no transfers between Level 1, 2 and 3 during the period. At September 30, 2017 and December 31, 2016, the Company has designated its financial instruments as level 1.

(b) Financial risk management

The Company's activities potentially expose it to a variety of financial risks, including credit risk, liquidity risk, and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at September 30, 2017, the Company's exposure to credit risk is the carrying value of cash. The Company reduces its credit risk by holding its cash at a major Canadian financial institution.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

September 30, 2017, the Company had cash of \$2,036,403, accounts payable and accrued liabilities of \$98,078 and related party payable of \$134,183. All accounts payable and accrued liabilities are due within 90 days. The Company assesses the liquidity risk as low.

Market risk

Market risk consists of currency risk, interest rate risk and other price risk. These are discussed further below.

11 FINANCIAL INSTRUMENTS (CONTINUED)

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates. The Company has financial assets and financial liabilities denoted in US dollars and is therefore exposed to exchange rate fluctuations. The Company determined that it is not exposed to significant foreign exchange risk.

Interest rate risk

Interest rate risk consists of two components:

- i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

12 AMALGAMATION AGREEMENT

On November 7, 2016, and as amended on November 15, 2016, BioDE and its wholly owned subsidiary, 10889001, entered into an Amalgamation Agreement with Exro. Pursuant to the Amalgamation Agreement, Exro amalgamated with 10889001. Exro exchanged all post-consolidation (Note 10) shares issued and outstanding into an equal number of BioDE shares. The transaction was completed July 26, 2017.

The Amalgamation was accounted for as a reverse takeover whereby Exro is reflected as the accounting acquirer and BioDE as the accounting acquiree. Management has evaluated that BioDE did not meet the definition of a business as defined by IFRS 3 as it did not have the inputs and processes necessary to produce outputs. Consequently, the Amalgamation was accounted as an acquisition of BioDE's net assets and reporting issuer status by the issuance of shares of Exro to BioDE's shareholders. The BioDE share capital and retained earnings has been eliminated in these consolidated condensed interim financial statements.

Exro Technologies Inc. (formerly BioDE Ventures Ltd.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2017
(Expressed in Canadian dollars - Unaudited)

12 AMALGATION AGREEMENT (CONTINUED)

The cost of the transaction in excess of the net assets of BioDE has been reflected as an expense, being the cost of obtaining a listing of Exro's shares on the CSE as follows:

| Cost of Amalgamation | |
|---|---------------------|
| Fair value of shares held by shareholders of BioDE ⁽ⁱ⁾ | \$ 1,228,793 |
| Fair value of the broker warrants of BioDE ⁽ⁱⁱ⁾ | 8,000 |
| Legal and professional fees related to Amalgamation | 90,511 |
| Total cost of acquiring BioDE | \$ 1,327,304 |
| Fair Value of BioDE assets acquired, net of liabilities | |
| Cash | \$ 48,957 |
| Accounts receivable | 5,526 |
| Prepaid expense | 12,493 |
| Promissory note receivable | 529,000 |
| Fixed assets | 696 |
| Accounts payable and accrued liabilities | (24,164) |
| Net assets | 572,508 |
| Excess recorded as listing expense | \$ 754,796 |

- i) The fair value of the shares of the Resulting issuer that will be held by shareholders of BioDE was determined based on there being 6,143,967 common shares issued and outstanding as of the date of amalgamation. This consists of 3,809,092 common shares issued and outstanding as at July 26, 2017 plus an additional 2,334,875 common shares issued after the conversion of 2,334,875 special warrants issued previously issued by BioDE. The fair value of the 6,143,967 common shares was determined using a price of \$0.20 per share being the price of the April 10, 2017 financing (note 10).
- ii) Pursuant to BioDE's special warrant financing, 76,720 broker warrants became issuable upon completion of the Amalgamation. The broker warrants have an exercise price of \$0.20 and will expire in two years. The fair value of the warrants was estimated to be \$8,000 using the Black-Scholes option price model with the following assumptions: an expected volatility of 100%, an expected life of two years, a risk-free rate of 1.5% and a dividend yield of Nil.

13 SUBSEQUENT EVENTS

Subsequent to September 30, 2017 the Company issued 300,000 stock options at an exercise price of \$0.28.