

GREENPOWER MOTOR COMPANY INC.
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the Period Ended December 31, 2018

(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)

December 31, 2018

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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 December 31, 2018

(Expressed in US Dollars)

	December 31, 2018	March 31, 2018
		(Audited)
Assets		
Current		
Cash	\$ 14,004	\$ 1,007,329
Accounts receivable	3,562,830	246,679
GST receivable	104,132	15,224
Current portion of finance receivable (Note 3)	19,937	-
Inventory (Note 4)	5,235,989	3,246,088
Prepays & deposits	125,807	68,462
	9,062,699	4,583,782
Non-current		
Promissory note receivable (Note 5)	575,123	578,143
Finance receivable (Note 3)	307,618	-
Property and equipment (Note 6)	2,093,912	2,328,540
Deferred financing fees (Note 11)	804,464	-
Other assets	1	1
	\$ 12,843,817	\$ 7,490,466
Liabilities		
Current liabilities		
Line of Credit (Note 7)	\$ 3,387,527	\$ -
Accounts payable & accrued liabilities (Note 16)	384,927	451,893
Note Payable (Note 11)	504,097	-
Deposits from customers	807,197	582,197
Deferred Revenue (Note 2 and 13)	2,471,334	-
Current portion of promissory note payable (Note 12)	55,774	55,774
Current portion of convertible debentures (Note 11)	-	557,493
Loans payable to related parties (Note 16)	1,532,647	756,241
	9,143,503	2,403,598
Non-current		
Convertible debentures (Note 11)	2,621,061	2,334,923
Warranty liability (Note 19)	244,695	123,065
Promissory note payable (Note 12)	419,754	461,135
	12,429,013	5,322,721
Equity		
Share capital (Note 8)	12,794,146	12,686,476
Equity portion of convertible debentures (Note 11)	383,094	393,850
Reserves	4,412,628	3,233,235
Accumulated other comprehensive loss	(104,540)	(65,677)
Accumulated deficit	(17,070,524)	(14,080,139)
	414,804	2,167,745
	\$ 12,843,817	\$ 7,490,466

Nature and Continuance of Operations - Note 1

Events After the Reporting Period - Note 20

Approved on behalf of the Board on February 28, 2019

"Fraser Atkinson"

Director

"Michael Sieffert"

Chief Financial Officer

(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 and Nine Month Periods Ended December 31, 2018 and 2017

(Expressed in US Dollars)

	For the three months ended		For the nine months ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Revenue	\$ 1,106,530	\$ 20,453	\$ 3,595,892	\$ 80,166
Cost of Sales	516,221	-	2,128,450	-
Gross Profit	590,309	20,453	1,467,442	80,166
Expenses				
Administrative fees (Note 16)	\$ 516,432	\$ 287,603	\$ 1,525,859	\$ 839,366
Depreciation (Note 6)	114,239	138,639	343,601	398,569
Foreign exchange loss (gain)	(18,312)	17,199	(17,761)	(25,720)
Interest and accretion (Notes 7, 11 and 12)	375,601	194,562	972,255	345,948
Office	38,948	26,458	132,933	67,103
Product development costs	108,157	98,459	278,416	303,399
Professional fees (Note 16)	67,872	30,264	187,882	87,664
Rent and maintenance	48,145	9,184	101,708	38,274
Sales and marketing	90,618	96,662	310,702	277,297
Share-based payments (Notes 9 and 16)	57,282	70,608	238,991	677,275
Transportation costs (Note 16)	58,780	50,804	188,144	172,646
Travel, accommodation, meals and entertainment (Note 16)	48,281	81,106	195,097	308,727
	1,506,043	1,101,548	4,457,827	3,490,548
Net loss from operations for the period	\$ (915,734)	\$ (1,081,095)	\$ (2,990,385)	\$ (3,410,382)
Other Items				
Write down of exploration assets	\$ -	\$ (28,817)	\$ -	\$ (28,817)
Net loss for the period	(915,734)	(1,109,912)	(2,990,385)	(3,439,199)
Other comprehensive loss				
Cumulative translation reserve	(20,840)	(2,033)	(38,863)	(4,962)
	(20,840)	(2,033)	(38,863)	(4,962)
Total comprehensive loss for the period	\$ (936,574)	\$ (1,111,945)	\$ (3,029,248)	\$ (3,444,161)
Loss per common share, basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.04)
Weighted average number of common shares outstanding, basic and diluted	93,511,801	92,233,564	93,404,253	92,226,341

(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 Nine Month Period Ended December 31, 2018 and 2017
(Expressed in US Dollars)

	Share Capital		Equity portion of convertible debentures	Reserves	Accumulated other comprehensive loss	Accumulated Deficit	Total
	Number of Common shares	Amount					
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	-	-	454,231	-	-	-	454,231
Fair value assigned to the warrants on issuance of Convertible Debentures	-	-	-	1,863,238	-	-	1,863,238
Transaction costs assigned to the warrants on the issuance of Convertible Debentures	-	-	-	(41,639)	-	-	(41,639)
Fair value of stock options exercised	995,000	324,332	-	(133,093)	-	-	191,239
Share-based payments	-	-	-	677,275	-	-	677,275
Cumulative translation reserve	-	-	-	-	(4,962)	-	(4,962)
Net loss for the period	-	-	-	-	-	(3,410,382)	(3,410,382)
Balance, December 31, 2017	92,437,453	\$ 12,468,351	\$ 521,926	\$ 3,724,284	\$ (91,953)	\$ (14,716,381)	\$ 1,906,227
Balance, March 31, 2018	93,187,453	12,686,476	393,850	3,233,235	(65,677)	(14,080,139)	2,167,745
Fair value of stock options exercised	70,000	29,852	-	(8,238)	-	-	21,614
Fair value of warrants issued on loan guarantee	-	-	-	948,640	-	-	948,640
Shares issued for conversion of debentures	350,000	77,818	(10,756)	-	-	-	67,062
Share-based payments	-	-	-	238,991	-	-	238,991
Cumulative translation reserve	-	-	-	-	(38,863)	-	(38,863)
Net loss for the period	-	-	-	-	-	(2,990,385)	(2,990,385)
Balance, December 31, 2018	93,607,453	12,794,146	383,094	4,412,628	(104,540)	(17,070,524)	414,804

GREENPOWER MOTOR COMPANY INC.

Consolidated Statements of Cash Flows

For the Nine Month Period Ended December 31, 2018 and 2017

(Expressed in US Dollars)

	December 31, 2018	December 31, 2017
Cash flows from (used in) operating activities		
Loss for the period	\$ (2,990,385)	\$ (3,439,199)
Items not affecting cash		
Share-based payments	238,991	677,275
Accretion and amortization	364,773	27,568
Foreign exchange loss (gain)	(17,761)	25,720
Amortization of finance fee	155,027	-
Depreciation	343,601	398,569
Cash flow used in operating activities before changes in non-cash working capital items	(1,905,754)	(2,310,067)
Changes in non-cash working capital items:		
Accounts receivable	(3,316,151)	(11,395)
GST receivable	(88,908)	(13,877)
Inventory	(1,989,901)	(2,449,022)
Prepays & deposits	(57,345)	13,503
Promissory note receivable	3,020	-
Finance receivable	(307,618)	-
Deposits from customers	225,000	210,000
Accounts payable & accrued liabilities	(50,752)	222,258
Deferred revenue	2,471,334	-
Warranty liability	121,630	-
	(4,895,445)	(4,338,600)
Cash flows from (used in) investing activities		
Purchase of property and equipment	(108,973)	(328,107)
	(108,973)	(328,107)
Cash flows from (used in) financing activities		
Repayment of loans payable to related parties	(187,305)	(38,084)
Loans from related party	928,356	98,610
Principal payments on promissory note	(41,381)	(40,897)
Proceeds from issuance of convertible debentures	-	4,552,328
Repayment of convertible debentures, net of conversion and note payable	(13,277)	-
Convertible debenture costs	-	(41,362)
Proceeds from exercise of stock options	21,614	191,239
	708,007	4,721,834
Foreign exchange on cash	(84,441)	14,675
Net (decrease) increase in cash	(4,380,852)	69,802
Cash, beginning of period	1,007,329	56,995
Net cash, end of period	\$ (3,373,523)	\$ 126,797
Supplemental Cash Flow Disclosure:		
Interest paid	577,867	173,595
Taxes paid	-	-
<i>Non-cash transactions:</i>		
Fair value of stock options exercised	29,852	324,332
Fair value assigned to the warrants issued on loan guarantee	948,640	-
Fair value of the equity portion of the convertible debentures	-	454,231
Assets transferred from Inventory to Property and equipment	-	10,562

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

GREENPOWER MOTOR COMPANY INC.
Notes to the Consolidated Condensed Interim Financial Statements
For the Period Ended December 31, 2018
(Expressed in US Dollars)
(Unaudited – Prepared by Management)

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 Board of Directors on February 28, 2019.

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 positive cash flow from operations. At December 31, 2018, the Company had working capital deficiency of \$80,804 and an accumulated deficit of \$17,070,524. 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 including the successful sale and manufacture of electric buses to achieve a profitable level of operations and obtaining necessary financing to fund ongoing operations. To this end, the Company has now delivered and received payment for all-electric buses to customers, has a backlog of orders for delivery, and has a \$5 million line of credit with \$1,612,473 available to be drawn to meet funding requirements. 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, 2018.

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.

(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 (registered in Canada) and San Joaquin Valley Equipment Leasing Inc. (formerly Utah Manganese, Inc.) (registered in the United States)
4. 0999314 B.C. Ltd. (registered in Canada).

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2. Significant Accounting Policies (continued)

(b) Basis of consolidation (continued)

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.

(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 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.

(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 December 31, 2018 and March 31, 2018, the Company had no cash equivalents.

(e) Revenue recognition

Revenue from electric bus sales is recognized when a customer obtains control of the product and collectability is reasonably assured. 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 Consolidated Condensed Interim Statements 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 Consolidated Condensed Interim Statements of Operations.

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(Expressed in US Dollars)
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2. Significant Accounting Policies (continued)

(g) Foreign currency translation

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

<u>Entity</u>	<u>Functional Currency</u>
GreenPower Motor Company Inc. (parent)	Canadian Dollar
GP GreenPower Industries Inc.	Canadian Dollar
GreenPower Motor Company, Inc.	U.S. Dollar
0939181 BC Ltd	Canadian Dollar
San Joaquin Valley Equipment Leasing Inc. (Formerly Utah Manganese Inc.)	U.S. Dollar
0999314 B.C. Ltd.	Canadian Dollar

Translation to functional currency

Foreign currency transactions are translated into U.S. dollars 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.

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 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.

(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, production supplies, 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.

(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

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2. Significant Accounting Policies (continued)

provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the following rates/estimated lives and methods:

(i) Property, plant, and equipment (continued)

Computers	3 years, straight line method
EV equipment	3 years, straight line method
Diesel and electric buses	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 Condensed Interim Statements of Operations. 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 is accounted for separately, including major inspection and overhaul expenditures are capitalized.

(j) 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 period. 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.

(k) Share capital

Common shares are classified as equity. Finders fees and other related share issue costs, such as legal, regulatory, and printing, on the issue of the Company's shares are charged directly to share capital, net of any tax effects. During the period ended December 31, 2018, and the year ended March 31, 2018, the Company did not incur and therefore did not record share issuance costs on its Consolidated Condensed Interim Statements of Changes in Equity in regards to the issuance of shares (Note 8).

(l) Income taxes

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

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.

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2. Significant Accounting Policies (continued)

(l) Income taxes (continued)

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.

(m) Critical accounting estimates and judgments

The preparation of these consolidated condensed interim 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 financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to critical 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.

Critical accounting estimates

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 warrants, determination of the liability portion of convertible debentures, determination of the liability portion of convertible debentures, determination of the useful life of equipment, net realizable value of inventory, provision for warranty expense, and the \$nil provision for income taxes.

Critical accounting judgments

- i. the determination of the discount rate to use to discount the promissory note receivable and the finance receivable;
- 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).

(n) 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

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2. Significant Accounting Policies (continued)

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 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 Condensed Interim Statements 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 Condensed Interim Statements 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.

(o) 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 allocates 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, is allocated to the attached warrants. 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.

(p) Adoption of accounting standards

The following new or amended standards were adopted during the year ended March 31, 2018:

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.

The adoption of the above accounting policy did not have an effect on the consolidated condensed interim financial statements for the period ended December 31, 2018.

(q) 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, 2018 reporting period.

GREENPOWER MOTOR COMPANY INC.
Notes to the Consolidated Condensed Interim Financial Statements
For the Period Ended December 31, 2018
(Expressed in US Dollars)
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2. Significant Accounting Policies (continued)

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 condensed interim financial statements.

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.

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. GreenPower has chosen to early adopt IFRS 16 in its consolidated interim statements for the period ended December 31, 2018.

3. Finance Receivable

On December 14, 2018 the Company sold an EV250 that was previously held in inventory and, through its wholly owned subsidiary San Joaquin Valley Equipment Leasing Inc., provided the customer with 7-year lease financing to finance a portion of the purchase price of the vehicle. The Company early adopted the accounting standard IFRS 16 for Leases, and recognized, measured and disclosed the lease as a Financial Lease in accordance with this standard. The present value of future lease payments discounted at a market rate of interest was used to determine revenue at lease inception and the net investment in the finance lease.

4. Inventory

The following is a listing of inventory as at December 31, 2018 and March 31, 2018:

	December 31, 2018	March 31, 2018
	<u> </u>	<u> </u>
Work in-Process	\$ 5,027,089	\$ 2,711,947
Production Supplies	70,900	70,900
Finished Goods	138,000	463,241
	<u>\$ 5,235,989</u>	<u>\$ 3,481,088</u>

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5. Promissory Note Receivable

On January 23, 2018, the Company entered into multiple lease agreements (the “Agreements”) with a third party (the “Customer”) for the purposes of leasing EV550’s for a period of five years. On January 31, 2018, these lease agreements were subsequently purchased and transferred to an independent third party in exchange for a lump sum payment of CDN\$1,492,611 to the Company.

As a result of the Agreement, the Customer leasing the EV550’s is required to pay the Company CDN \$1,000,000 at the end of the lease term (the “Promissory Note”). This amount is classified as a Promissory Note on the Consolidated Condensed Interim Statements of Financial Position.

The Promissory Note has been discounted over the five-year lease term at a rate of 6.4%.

6. Property and Equipment

The following is a summary of activities from March 31, 2018 to December 31, 2018:

Cost	Computers	Furniture	Automobiles	Diesel Bus	Demonstration Buses		Leased Asset	EV Equipment	Land	Total
					EV 350's	WIP				
Balance, March 31, 2018	\$ 6,721	\$ 23,818	\$ 51,283	\$ 45,982	\$ 1,611,359	\$ -	\$ -	\$ 628,631	\$ 740,445	\$ 3,108,239
Additions	2,306	10,751	-	-	-	-	-	13,032	84,524	110,613
Foreign exchange translation	(1,547)	(1,867)	-	(2,524)	-	-	-	-	-	(5,938)
Balance, December 31, 2018	\$ 7,480	\$ 32,702	\$ 51,283	\$ 43,458	\$ 1,611,359	\$ -	\$ -	\$ 641,663	\$ 824,969	\$ 3,212,914
Depreciation and impairment losses										
Balance, March 31, 2018	\$ 5,460	\$ 6,806	\$ 8,353	\$ 31,810	\$ 469,099	\$ -	\$ -	\$ 258,171	\$ -	\$ 779,699
Depreciation	1,514	3,631	3,846	4,784	174,403	-	-	155,423	-	343,601
Foreign exchange translation	(759)	(1,664)	-	(1,874)	-	-	-	-	-	(4,297)
Balance, December 31, 2018	\$ 6,215	\$ 8,773	\$ 12,199	\$ 34,720	\$ 643,502	\$ -	\$ -	\$ 413,594	\$ -	\$ 1,119,003
Carrying amounts										
As at March 31, 2018	\$ 1,261	\$ 17,012	\$ 42,930	\$ 14,172	\$ 1,142,260	\$ -	\$ -	\$ 370,460	\$ 740,445	\$ 2,328,540
As at December 31, 2018	\$ 1,265	\$ 23,930	\$ 39,084	\$ 8,738	\$ 967,857	\$ -	\$ -	\$ 228,069	\$ 824,969	\$ 2,093,912

7. Line of Credit

As at December 31, 2018 the Company’s Line of Credit had a maximum limit of US \$5,000,000, which was increased during the quarter by an additional US \$3,000,000 from a limit of US \$2,000,000 at September 30, 2018. The Line of Credit bears interest at the bank’s US Base Rate rate plus 1.5% (December 31, 2018 – 6.0%).

The Line of Credit is guaranteed by two of the Directors of the Company. In consideration for the guarantees when the Line of Credit had a maximum limit of US \$2,000,000, the Company has agreed to issue 4,400,000 non-transferrable common share purchase warrants exercisable at an exercise price of CDN \$0.65 per share expiring on June 28, 2021. In consideration for guarantees offered by the two Directors when the Line of Credit limit was increased to \$5,000,000, the Company agreed to issue an additional 4,800,000 non-transferrable common share purchase warrants exercisable at an exercise price of CDN \$0.60 per share expiring three years after the issue date. The issuance of the 4,800,000 warrants remains subject to the approval of the TSX Venture Exchange.

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8. Share Capital

Authorized

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

Issued

During the nine months ended December 31, 2018, the Company issued 420,000 shares pursuant to the exercise of 70,000 stock options and 350,000 converted debentures.

During the year ended March 31, 2018, the Company issued a total of 1,745,000 shares pursuant to the exercise of 1,495,000 stock options and 250,000 converted debentures.

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9. 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. On May 4, 2018, the number available for issuance was further increased to 14,909,992.

The Company had the following incentive stock options granted under its Plan and 2016 Plan that are issued and outstanding at December 31, 2018:

Expiry Date	Exercise Price (CDN\$)	Balance March 31, 2018	Granted	Exercised	Forfeited	Balance December 31, 2018
July 3, 2018	\$ 0.40	50,000	-	-	(50,000)	-
July 3, 2018	\$ 0.25	750,000	-	(50,000)	(700,000)	-
September 1, 2018	\$ 0.25	20,000	-	(20,000)	-	-
December 23, 2019	\$ 0.25	275,000	-	-	-	275,000
December 23, 2019	\$ 0.25	2,984,717	-	-	-	2,984,717
December 23, 2019	\$ 0.25	300,000	-	-	(25,000)	275,000
July 10, 2020	\$ 0.55	50,000	-	-	-	50,000
March 25, 2020	\$ 0.25	200,000	-	-	-	200,000
May 26, 2020	\$ 0.60	150,000	-	-	-	150,000
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	-	-	(50,000)	665,000
May 26, 2022	\$ 0.60	200,000	-	-	-	200,000
May 26, 2022	\$ 0.75	1,037,500	-	-	-	1,037,500
December 18, 2022	\$ 0.45	235,000	-	-	-	235,000
May 4, 2023	\$ 0.50	-	630,000	-	-	630,000
November 20, 2023	\$ 0.43	-	350,000	-	-	350,000
Total outstanding		8,497,217	980,000	(70,000)	(825,000)	8,582,217
Total exercisable		6,679,717				7,483,717
Weighted Average Exercise Price (CDN\$)		\$ 0.41	\$ 0.48	\$ 0.25	\$ 0.29	\$ 0.43
Weighted Average Remaining Life						2.3 years

As at December 31, 2018, there are 3,481,525 options available for issuance under the 2016 Plan, as amended.

During the nine-month period ended December 31, 2018, the Company incurred share-based compensation to employees, advisors, and directors with a measured fair value of \$238,991. The fair value of the options granted and vested were recorded as share-based payments on the Consolidated Condensed Interim Statements of Operations.

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9. Stock Options (continued)

On May 4, 2018, the Company granted:

- 500,000 options to directors with an exercise price of CDN\$0.50 per share which vest 25% after 4 months and then 25% after 6 months, 9 months, and 12 months and with a term of five years.
- 130,000 options to a consultant and employees with an exercise price of CDN\$0.50 per share which vest 25% after 4 months and then 25% after years 1, 2 & 3, and with a term of five years.

On November 20, 2018 the Company granted 350,000 options to the Chief Financial Officer with an exercise price of CDN\$0.43 per share which vest 25% after 4 months, 25% after year 1 and 50% after year 2, and with a term of 5 years.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted in May:

For the period ended	September 30, 2018
Share price on grant date	CDN\$0.50
Exercise price	CDN\$0.50
Risk-free interest rate	0.96%
Expected life of options	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.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted in November:

For the period ended	December 31, 2018
Share price on grant date	CDN\$0.43
Exercise price	CDN\$0.43
Risk-free interest rate	2.21%
Expected life of options	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.

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10. Warrants

As at December 31, 2018, the Company had outstanding warrants, enabling the holders to acquire common shares as follows:

Expiry Date	Exercise Price (CDN\$)	Balance			Balance		
		March 31, 2018	Granted	Exercised	Expired	December 31, 2018	
October 1, 2018	\$ 0.25	400,000	-	-	(400,000)	-	
October 17, 2020*	\$ 1.10	342,270	-	-	(30,773)	311,497	
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	
June 28, 2021	\$ 0.65	-	4,400,000	-	-	4,400,000	
September 25, 2021	\$ 0.50	3,690,000	-	-	-	3,690,000	
October 13, 2021	\$ 0.50	5,555,000	-	-	-	5,555,000	
Total outstanding		13,448,148	4,400,000	-	(584,951)	17,263,197	
Weighted Average Exercise Price		\$ 0.66	\$ 0.57	\$ -	\$ -	\$ 0.59	
Weighted Average Life						2.4 years	

*The TSX Venture exchange consented to an amendment of the October 16, 2016 warrant issuance. The expiry date was extended to October 17, 2020 and exercise price was reduced to \$1.10 per share.

Not included in the above schedule are the 4,800,000 warrants to be issued in consideration for the Line of Credit guarantee (Note 7) which are currently under review and remain subject to the approval of the TSX Venture Exchange.

11. Convertible Debentures

As at December 31, 2018, the Company had the following outstanding convertible debentures all with an 8% interest rate and a term of four years. The Convertible Debentures have effective rates ranging from 28.6% - 38.5%.

Issue Date	Amount (\$CDN)	Converted Amount (\$CDN)	Outstanding Amount (\$CDN)	Conversion Price (\$CDN)	Shares on Conversion
May 17, 2017	1,900,000	-	1,900,000	0.65	2,923,077
May 31, 2017	250,000	-	250,000	0.65	384,615
Sep 25, 2017	1,476,000	-	1,476,000	0.40	3,690,000
Oct 16, 2017	2,220,000	(200,000)	2,020,000	0.40	5,050,000
Total	5,846,000	(200,000)	5,646,000		12,047,692

\$CDN	May 17 & 31, 2017	Sep 25, 2017	Oct 16, 2017
Proceeds bifurcated to carrying value of the loan	\$1,169,370	\$660,360	\$938,557
Proceeds bifurcated to equity	247,744	139,904	198,843
Transaction costs related to the Debentures	30,789	11,536	83,600
Fair value assigned to the issuance of warrants	702,097	664,200	999,000
<i>Proceeds on issuance of Convertible Debentures</i>	<i>\$2,150,000</i>	<i>\$1,476,000</i>	<i>\$2,220,000</i>

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11. Convertible Debentures (continued)

On June 18, 2018 CDN\$100,000 worth of debentures (issued on October 16, 2017) were converted into 250,000 common shares at a conversion price of CDN\$0.40.

On December 11, 2018 the convertible debentures issued on December 11, 2015, with a remaining balance prior to maturity of CDN\$757,000 matured. In December, CDN\$40,000 worth of debentures from this series were converted into 100,000 common shares at a conversion price of CDN\$0.40 per share. \$15,000 of the debentures were repaid during December, and the remaining investors have agreed to be repaid their investments between January 2019 and December 2019.

During the nine-month period ended December 31, 2018, the Company paid interest of \$295,545 (December 31, 2017 - \$217,069) and recognized accretion of \$364,773 (December 31, 2017 – \$218,108) related to its issued and outstanding debentures.

12. Promissory Note Payable

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 6). The Note bears interest at 2.0% per annum and is payable in blended 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. The Note is secured by an interest in the land in favour of the City of Porterville.

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

<u>Year</u>	<u>Payment</u>
1	\$ 41,980
2	56,895
3	58,039
4	318,614
	<u>475,528</u>
Current portion	<u>(55,774)</u>
Long-term portion	<u>\$ 419,754</u>

During the three and nine-month period ended December 31, 2018, the Company incurred \$2,597 and \$7,790 (September 30, 2017 - \$2,756 and \$5,579) of interest on the Note. This amount is included in Interest and accretion on the Consolidated Condensed Interim Statements of Operations.

13. Deferred Revenue

The Company recorded Deferred Revenue of \$2,471,334 for invoices issued to a customer for the sale of all-electric buses which weren't delivered as at December 31, 2018.

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14. Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, promissory note receivable, accounts payable and accrued liabilities, loans payable to related parties, promissory note payable 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, receivables, and promissory note receivable. The maximum exposure to credit risk is their carrying amounts in the consolidated condensed interim statement of Financial Position. 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. The Company assesses the credit risk of its promissory note receivable counterparty on an annual basis and believes it is exposed to minimal credit 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 and credit facilities. 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, but the Company does not engage in any hedging activities to reduce its foreign currency risk.

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14. Financial Instruments (continued)

At December 31, 2018, the Company was exposed to currency risk through the following monetary assets and liabilities in CDN Dollars.

	CDN\$
GST Receivable	\$149,292
Promissory note receivable	\$780,357
Accounts payable and accrued liabilities	\$(215,172)
Loans payable to related parties	\$(1,875,629)
Convertible debentures	\$(5,021,000)
Notes payable	\$(683,985)

Based on the net exposure and assuming all other variables remain constant, a 10% change in the appreciation or depreciation of the Canadian dollar relative to the US dollar would result in a change of approximately \$686,614 to other comprehensive income/loss.

Trade Tariffs

The Company manufactures and imports key components from overseas that may be subject to tariffs on importation into the United States.

15. Capital Management

As the Company is seeking business opportunities, its principal source of capital is from the issuance of equity. 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 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 year. The Company is not subject to externally imposed capital requirements.

16. Related Party Transactions

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

	Nine Month Period Ended	
	December 31, 2018	December 31, 2017
Salaries and benefits, consulting fees (1)	\$420,492	\$ 366,750
Accommodation (2)	\$24,804	52,966
Truck and trailer rentals (3)	\$105,892	97,920
Options (4)	\$168,707	533,031
Total	<u>\$719,895</u>	<u>\$ 1,050,667</u>

- 1) Salaries and benefits and consulting fees incurred with directors and officers are included in Administrative fees and Professional fees on the Consolidated Condensed Interim Statements of Operations.
- 2) Accommodation expense paid to 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.

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16. Related Party Transactions (continued)

- 3) Truck and trailer rental fees paid to Maple Leaf Equipment Aircraft and Recovery Inc., a company that the Chairman of GreenPower is an officer and director. These costs are included in Transportation costs on the Consolidated Condensed Interim Statements of Operations.
- 4) Amounts recognized for related party stock-based compensation are included in Share-based payments on the Consolidated Condensed Interim Statements of Operations.

Accounts payable and accrued liabilities at December 31, 2018, included nil (March 31, 2018 - \$57,755) 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.

During the nine-month period ended December 31, 2018, a company beneficially owned by the Chairman of the Company loaned the Company an additional CAD \$955,000 and US \$100,000, bringing the aggregate balance at December 31, 2018 to CDN \$1,455,000 and US \$120,000 both at a rate of 10% per annum with no fixed terms of repayment.

During the period ended December 31, 2018, there were \$187,305 (March 31, 2018 - \$38,034) of shareholder loan repayments.

Loans payable to related parties of \$1,532,647 at December 31, 2018 (March 31, 2018 - \$756,261) includes the CDN \$1,455,000 and US \$120,000 loans with terms described above and other loans payable to directors and officers, companies controlled by directors and officers, and shareholders of the Company, which are unsecured and have no fixed terms of repayment.

The outstanding balance of unconverted convertible debentures at December 31, 2018 (Note 12), includes CDN\$3,025,000 owed to directors and companies controlled by directors.

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

17. Income Taxes

Income tax expense is recognized based on management's best estimate of weighted average annual income tax rate for the full financial year applied to the pre-tax income of the reporting period. The Company's effective tax rate for the year ended March 31, 2018 was 26.25%.

As at December 31, 2018, the Company has non-capital loss carry forwards available to reduce Canadian and US taxable income for future years. The losses expire between 2030 and 2037 if unused. The potential benefits of these carry-forward non-capital losses has not been recognized in these consolidated financial statements.

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18. Segmented Information

The Company operates in one reportable operating segment, being the manufacture and distribution of all-electric transit, school and charter buses.

The Company's revenues are allocated to geographic segments for the nine-month period ended December 31, 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
Canada	\$26,900	\$ 80,166
United States of America	<u>\$3,568,992</u>	<u>-</u>
	<u>\$ 3,595,892</u>	<u>\$ 80,166</u>

As at December 31, 2018 and December 31, 2017 the majority of the Company's non-current assets, being property and equipment, are located in the United States.

19. Warranty Liability

The Company generally provides its customers with a base warranty on the entire transit, school or charter bus. The Company also provides certain extended warranties, including those covering brake systems, lower level components, fleet defect provisions and battery-related components, covering a warranty period of approximately one to five years, depending on the contract. Management estimates the related provision for future warranty claims based on historical warranty claim information as well as recent trends that might suggest past cost information may differ from future claims. Warranty expense is recorded at 3.5% of new Revenue.

20. Events After the Reporting Period

Subsequent to the quarter the Company agreed to issue 4,800,000 non-transferrable common share purchase warrants to two Directors of the Company in consideration for guarantees offered by the two directors on the Company's Line of Credit. The warrants will be exercisable at an exercise price of CDN \$0.60 per share, expire three years after the issue date, and remain subject to the approval of the TSX Venture Exchange.

In February, the Company received proceeds of CDN \$100,000 from the exercise of 400,000 stock options which were exercised at an exercise price of CDN \$0.25 per share. In addition, the Board agreed to issue a total of 600,000 options to directors and officers of the Company and 50,000 options to employees. The stock options have a 5-year term and an exercise price of CDN \$0.50 per share. The options issued to employees will vest 25% after 4 months and then 25% after years 1, 2 and 3. The stock options issued to directors and officers will vest 25% after 4 months and then 25% after 6 months, 9 months and 12 months.