LISTING STATEMENT

ALKALINE FUEL CELL POWER CORP.

July 13, 2021
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ABOUT THIS LISTING STATEMENT

General Matters

No person has been authorized to give any information other than that contained in this Listing Statement, or to make any representations in connection with the Company, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Company. The Company is not distributing the Units in any jurisdiction where such distribution is not permitted. The information contained in this Listing Statement is accurate only as of the date of this Listing Statement, regardless of the time of delivery of this Listing Statement. The Company’s business, financial conditions, results of operations and prospects may have changed since the date of this Listing Statement.

This Listing Statement does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer. Neither the filing of this Listing Statement nor any distribution of the securities referred to in this Listing Statement will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date as of which such information is given in this Listing Statement.

All capitalized terms used in this Listing Statement, including the Appendices hereto, but not otherwise defined have the meanings set forth under “Glossary of Terms”.

No person should construe the contents of this Listing Statement as legal, tax or financial advice and should consult with their own legal, tax, financial or other professional advisors in considering the matters contained in this Listing Statement.

This Listing Statement and the transactions contemplated herein, including the securities issued pursuant to the April and May Private Placements, have not been approved or disapproved by any securities regulatory authority nor has any securities regulatory authority passed upon the merits or fairness of such transactions or upon the accuracy or adequacy of this Listing Statement. Any representation to the contrary is an offence.

Currency

Unless otherwise noted herein and in the documents incorporated by reference, all dollar amounts refer to lawful currency of Canada. All references to “U.S.$” are to the currency of the United States.

Financial Information and Accounting Principles

This Listing Statement includes the audited financial statements of the Company as at and for the years ended December 31, 2020 and 2019 and the unaudited interim financial statements of the Company for the three-month period ended March 31, 2021, attached to this Listing Statement as Appendix “A”.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). International Accounting Standards (IAS) were issued by the antecedent International Accounting Standards Council (IASC), and endorsed and amended by the IASB.

The financial information is not intended to comply with the applicable accounting requirements of the U.S. Securities Act and the related rules and regulations of the SEC which would apply if the Shares were being registered with the SEC.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Listing Statement contains “forward-looking statements” within the meaning of applicable securities legislation. These forward-looking statements are made as of the date of this Listing Statement and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except in accordance with applicable securities laws.
In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, “occur” or “achieve”.

Forward-looking statements may include, but are not limited to, statements with respect to the issuance, delivery and transfer of the Shares; the eligibility for investment of the Shares; the impact of applicable securities laws on holders of Shares; the Company’s dividend policy; corporate governance; the Company’s technology, intellectual property, business plan, objectives and strategy including, without limitation, the New System; Total Funds Available; working capital; sources of funding, including government funding; the Company’s dividend policy; the Company’s capitalization; escrowed Shares; certain securityholders of the Company; the Board; and the Compensation Program, Audit Committee and Compensation Committee.

Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations in relation to which they are made will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements including, among others, adverse industry events; marketing costs; loss of markets; future legislative and regulatory development; the inability to access sufficient capital from internal and external sources, and/or the inability to access sufficient capital on commercially reasonable terms, as applicable; income tax and regulatory matters; the ability of the Company to implement its business strategies; competition; delays in completing the build-out of its technology and facilities; currency and interest rate fluctuations; and other risks and unforeseen eventualities for which the Company is uninsured or for which insurance is unavailable.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Readers are cautioned that the foregoing lists are not exhaustive. The information contained in this Listing Statement, including the information provided under the heading “Risk Factors” herein, discusses certain of the items identified above and their impact more fully and identifies additional factors and uncertainties that could affect the performance and operating results of the Company. Readers are urged to carefully consider those factors and the other information contained or incorporated by reference in this Listing Statement.

Furthermore, this Listing Statement includes industry data that has been obtained from third-party sources, including industry publications as well as industry data prepared by management on the basis of its knowledge of and experience in these markets. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although believed to be reliable, management of the Company has not independently verified any of the data from third-party sources.

The Company does not give any assurance nor make any representation or warranty that the expectations conveyed by the forward-looking statements will prove to be correct and actual results may differ materially from those anticipated in the forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements in this Listing Statement, nor in the documents incorporated by reference herein. All of the forward-looking statements made in this Listing Statement and in the documents incorporated by reference herein are qualified by these cautionary statements. The forward-looking statements included herein are made as of the date of this Listing Statement and the Company does not undertake any obligation to publicly update or revise any forward-looking statements to reflect new information, subsequent events or otherwise, unless so required by applicable securities laws.
NOTICE TO INVESTORS IN THE UNITED STATES

The Units (including the underlying Shares and Warrants) have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available.

This Listing Statement does not contain all of the information that would be included in a prospectus for an offering registered under the U.S. Securities Act. These securities have not been recommended by the SEC or any state or other regulatory authority, nor has the SEC or any state or other regulatory authority passed on the accuracy or adequacy of this Listing Statement or endorsed the merits of the April and May Private Placements. Any representation to the contrary is a criminal offence under the laws of the United States.

The Units (including the underlying Shares and Warrants) are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable state securities laws, pursuant to registration or an exemption therefrom. All of the securities will be “restricted securities” within the meaning of Rule 144 under the U.S. Securities Act and therefore may not be transferred by a holder within the United States or to a U.S. person unless such transfer is made pursuant to registration under the U.S. Securities Act, pursuant to an exemption therefrom, or in a transaction outside the United States pursuant to the resale provisions of Regulation S.

Prospective investors in the United States should be aware that the acquisition of the Units may have tax consequences both in the United States and in Canada. Such consequences for investors who are residents in, or citizens of, the United States may not be fully described herein. The contents of this Listing Statement are not to be construed as legal, business or tax advice and this Listing Statement is not intended to provide the sole basis for any evaluation of an investment in the Units. Each prospective U.S. investor should consult its own attorney, investment, accounting and tax advisor to determine the potential benefits, burdens and other consequences of an investment in the Units.

Enforceability of Civil Liabilities

The Company exists under the laws of the Province of British Columbia, and all of its executive offices, administrative activities and assets are located outside the United States. In addition, many of the directors and officers of the Company are residents of jurisdictions other than the United States and all or a substantial portion of the assets of those persons are or may be located outside the United States.

As a result, an individual may have difficulty serving legal process within the U.S. jurisdiction upon the Company or certain of its directors or officers, as applicable, or enforcing judgments obtained in courts in the U.S. jurisdiction against any of them or the assets of any of them located outside the U.S. jurisdiction, or enforcing against them in the appropriate Canadian court judgments obtained in courts of the U.S. jurisdiction, including, but not limited to, judgments predicated upon the civil liability provisions of the federal securities laws of the United States, or bringing an original action in the appropriate Canadian courts to enforce liabilities against the Company or any of their directors or officers, as applicable, based upon the United States federal securities laws.

Available Information

The Company does not intend to register its securities with the SEC under the United States Securities Exchange Act of 1934, as amended, and, consequently, will not be filing periodic or current reports with the SEC. The Company files reports and other information with the Canadian provincial and territorial securities commissions. These reports and information are available to the public free of charge on SEDAR at www.sedar.com.

The securities issued pursuant to the April and May Private Placements have not been approved or disapproved by the SEC or the securities regulatory authority of any state of the United States, nor has the SEC or the securities regulatory authority of any state passed on the adequacy or accuracy of this Listing Statement. Any representation to the contrary is an offence.
ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the Tax Act and all specific proposals to amend the Tax Act and the regulations which have been publicly announced by or on behalf of Canada’s Minister of Finance prior to the date hereof, provided that the Shares are listed on a “designated stock exchange” for purposes of the Tax Act at all relevant times, the Shares will be “qualified investments” under the Tax Act and the regulations for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), registered education savings plans (“RESPs”), deferred profit sharing plans (“DPSPs”), registered disability savings plans (“RDSPs”) and tax-free savings accounts (“TFSAs”), all as defined in the Tax Act (collectively, the “Registered Plans”). The listed status of the Shares as of a particular time cannot be guaranteed. The Shares will also be “qualified investments” for Registered Plans at a time when the Company is a “public corporation” for purposes of the Tax Act, and for this purpose, the Company will file an election, in its tax return for its next taxation year, to be deemed to have been a public corporation from the beginning of such year.

Notwithstanding the foregoing, if the Shares are a “prohibited investment” for a Registered Plan for the purposes of the Tax Act, the annuitant, subscriber or holder, as the case may be, of a Registered Plan will be subject to a penalty tax as set out in the Tax Act. A Share will generally not be a “prohibited investment” unless the annuitant, subscriber or holder, as the case may be, does not deal at arm’s length with the Company for the purposes of the Tax Act or if the annuitant, subscriber or holder, as the case may be, has a “significant interest” (within the meaning of the Tax Act) in the Company. In addition, the Shares will generally not be a prohibited investment if they are “excluded property”, as defined in the Tax Act. Annuitants, subscribers or holders, as the case may be, of a Registered Plan should consult their own tax advisors with respect to whether the Shares would be prohibited investments for the purposes of the Tax Act.
SUMMARY OF LISTING STATEMENT

The following is a summary of the principal features of this Listing Statement and should be read together with the more detailed information and financial data and statements contained elsewhere in this Listing Statement.

The Company

Alkaline Fuel Cell Power Corp. (formerly, Black Isle Resources Corporation) (the “Company”) was incorporated on March 2, 1987 pursuant to the BCBCA. The Company’s head office and registered office is located at Suite 810 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

On July 23, 2019, the Company completed a consolidation of all of its issued and outstanding share capital on the basis of every 10 old common shares being consolidated into one Share (the “Share Consolidation”). As a result of the Share Consolidation, the outstanding Shares were reduced to approximately 11,618,177.

The common shares of the Company previously traded on the TSXV under the symbol “BIT”. The Company sought, and received approval from, the TSXV for the voluntary delisting of its common shares which was granted on November 19, 2018 and effective at the close of business on November 30, 2018. Following the delisting, the Company has continued as a unlisted reporting issuer in the Provinces of Alberta and British Columbia.

On June 24, 2021, 2021, the Company filed articles of amendment to change its name from “Black Isle Resources Corporation” to “Alkaline Fuel Cell Power Corp.”. See “Corporate Structure”.

Principal Business

Previously, the Company was a natural resource company engaged in the acquisition and exploration of mineral properties. The Company had an option to acquire a 100% interest in the Jet Property, located in Nevada, USA. As of December 31, 2019, the Company decided not to further pursue the Jet Property and recorded a write-off of $1.

On January 14, 2021, the Company also announced it entered into the Consulting Agreements with each of Jef Spaepen, Axxentis B.V. and GS Technology. Pursuant to the Spaepen Consulting Agreement, Mr. Spaepen was appointed as the Chief Executive Officer of the Company and the Company will pay Mr. Spaepen a monthly consulting fee of €15,000. In addition, Mr. Spaepen received 15,200,000 Shares at a deemed value of $0.005 per share (the “Founder Shares”). Additionally, in consideration of Mr. Spaepen contributing his intellectual property, which includes (in any jurisdiction), inventions, original works of authorship, developments, concepts, processes, know-how specifications, techniques, technology, improvements, modifications, designs, formulas, discoveries, ideas, trademarks, trade secrets, or any other intellectual property rights whatsoever, whether or not patentable or registrable under copyright or similar laws or subject to analogous protection and inventions to the Company (the “Fuel Cell IP”), Mr. Spaepen shall receive 2,800,000 Shares at a deemed value of $0.005 per share (the “IP Consideration Shares”). Mr. Spaepen also entered into the restricted rights agreement (the “Restricted Rights Agreement”) with the Company which governs the rights and restrictions of the Founder Shares and the IP Consideration Shares. Pursuant to the Axxentis Consulting Agreement, Mr. Jo Verstappen was appointed as the Chief Operating Officer of the Company and the Company will pay Axxentis B.V. a monthly consulting fee of €17,000. In addition, pursuant to the Axxentis Consulting Agreement, Mr. Verstappen is entitled to receive 3,000,000 options exercisable into Shares at an exercise price of $0.25 per share. Pursuant to the GS Consulting Agreement, Mr. Gerard Sauer, Chief Executive Officer of GS Technology, will be appointed as the Chairman of the Company’s advisory board and the Company’s Project Manager. The Company will pay GS Technology a monthly consulting fee of $5,000. In addition, pursuant to the GS Consulting Agreement, Mr. Sauer is entitled to receive 2,000,000 options exercisable into Shares at an exercise price of $0.33 per Share. The Company paid an arm’s length finder fee of 2,500,000 shares at a deemed value of $0.005 per share.

By entering into the Consulting Agreements including the acquisition of the Fuel Cell IP contemplated in the Spaepen Consulting Agreement, the Company believes it has acquired the relevant expertise and intellectual property needed to complete a change of business from a natural resource company to a company focused on the design, development and commercialization of alkaline fuel cell heat and power systems for residential, industrial and commercial applications (the “Change of Business”).
Following the Change of Business, the Company will be in the design, development, production and commercialization of micro combined heat and power systems based on Alkaline Fuel Cell technology for residential, industrial and commercial markets worldwide. Pursuant to the Spaepen Consulting Agreement, the Company acquired the business and assets including the Fuel Cell IP, the business will, in the first year of operation, set up and run the Belgian Company Fuel Cell Power NV, and in addition the business will set up and run a new corporate entity in the Czech Republic called Fuel Cell Power s.r.o.

Fuel Cell Power NV is expected to be the operating company. Fuel Cell Power NV is expected to have up to 12 personnel, either directly employed or through consulting agreements.

Fuel Cell Power s.r.o., a company wholly owned by Fuel Cell Power NV, has three personnel, including two employees and one manager that will be providing services pursuant to a consulting agreement. Its role will be to assist in the development of the prototypes, deliver catalyst material for the electrodes and facilitate research and development contracts with external partners. In addition, Fuel Cell Power s.r.o. intends to hire one lab assistant and one electrode production engineer.

In addition, the Company intends to seek partnerships with universities and research institutes as well as early stage commercial partners for the purposes of development and to seek to become eligible for European Government support under the Green Deal Initiative. The Company, through its Belgian subsidiary, intends to pursue a program that it expects will result in a two minimum 4kW, fully functioning and certified prototype systems based on a new concept which uses Alkaline Fuel Cell technology to be completed and tested. The Company intends to complete the electrode, stack and system production process and validate it for large scale manufacturing. See “Description of the Business”.

Use of Available Funds

On January 14, 2021, the Company announced that it closed a non-brokered private placement of 16,000,000 Shares at a price of $0.005 per Share for gross proceeds of $80,000 (the “First Private Placement”) as well as an additional non-brokered private placement of 76,000,000 Shares at a price of $0.02 per Share for gross proceeds of $1,520,000 (the “Second Private Placement”) (collectively, the “January Private Placements”).

On April 1, 2021, the Company announced that it closed a non-brokered private placement of 19,085,383 Units at a price of $0.33 per Unit for gross proceeds of $6,298,176.39, on April 9, 2021, the Company announced that it closed a non-brokered private placement of 21,651,715 Units at a price of $0.33 per Unit for gross proceeds of $7,145,065.95 and on May 7, 2021, the Company announced that it closed a non-brokered private placement of 3,202,296 Units at a price of $0.33 per Unit for gross proceeds of $1,056,757.68 (the “April and May Private Placements”). The Company incurred cash finder’s fees of $1,015,000 and issued 3,075,756 finder’s warrants; each finder’s warrant is exercisable at $0.33 for a period of two (2) years following the date of issuance.

The net proceeds from the January Private Placements and the April and May Private Placements will be used for general corporate and working capital purposes. Pursuant to applicable securities laws, all securities issued under the Private Placement, the First Private Placement and the Second Private Placement are subject to a statutory hold period of four months and a day from the date of issuance.

The funds currently available to the Company consist of its working capital. As of December 31, 2020, the Company reported net assets of ($291,331) and a working capital deficit of ($291,331). Following the completion of the April and May Private Placements, the Company believes has adequate working capital to maintain existing operations for more than 12 months without requiring additional funding. See “Use of Available Funds”.

Risk Factors

The business of the Company, and therefore investment in it, is subject to certain risks, including but not restricted to risks related to: the Company continuing as a going concern; the market for the Shares; requirements associated with being a public company; dilution; dividends; eligibility for investment of the Shares; volatility in capital markets; the Company’s limited operating history in the renewable energy business; no history of earnings; negative cash flow; ability to raise additional funds; development; operations and suppliers; results of early testing; market acceptance; emerging market issues; product liability; dependence on key personnel; competition; manufacturing; cost targets;
protection of intellectual property; regulations; conflicts of interest; foreign exchange rates; and legal proceedings. See “Risk Factors”.

**Summary of Financial Information**

The following information sets out selected financial information of the Company that is derived from, and should be read in conjunction with, and is qualified in its entirety by reference to: the audited financial statements for the years ended December 31, 2020 and 2019 and the unaudited interim financial statements of the Company for the three-month period ended March 31, 2021, including the accompanying notes to financial statements, and MD&A. These financial statements and MD&A can be found in their entirety in Appendices “A”, and “B” of this Listing Statement, respectively. See “About This Listing Statement - Financial Information and Accounting Principles”.

**Selected Financial Information of the Company**

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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>(351,057)</td>
<td>(84,961)</td>
<td>(92,989)</td>
</tr>
<tr>
<td><strong>Net Loss per Basic &amp; Diluted Share</strong></td>
<td>(0.00)</td>
<td>(0.01)</td>
<td>(0.01)</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td>5,994,715</td>
<td>14,800</td>
<td>38,336</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>6,025,177</td>
<td>14,800</td>
<td>38,336</td>
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<tr>
<td><strong>Total Long Term Liabilities</strong></td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>376,483</td>
<td>306,131</td>
<td>244,706</td>
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<tr>
<td><strong>Working Capital</strong></td>
<td>5,648,694</td>
<td>(291,331)</td>
<td>(206,370)</td>
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<tr>
<td><strong>Net Increase (Decrease) in Cash</strong></td>
<td>(195,968)</td>
<td>(20,503)</td>
<td>33,615</td>
</tr>
<tr>
<td><strong>Cash End of Period</strong></td>
<td>5,691,456</td>
<td>14,395</td>
<td>34,898</td>
</tr>
<tr>
<td><strong>Shareholder’s Equity</strong></td>
<td>5,648,694</td>
<td>(291,331)</td>
<td>(206,370)</td>
</tr>
</tbody>
</table>
GLOSSARY OF TERMS

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the respective meanings set forth below when used in this Listing Statement and the Appendices hereto. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

“April and May Private Placements” has the meaning given in the section entitled “Summary of Listing Statement – Use of Available Funds”.

“Audit Committee” means the audit committee of the Board.

“Axxentis Consulting Agreement” means a consulting agreement dated January 4, 2021, as amended, between Axxentis B.V. (a company controlled by Mr. Jo Verstappen), Mr. Verstappen and the Company, pursuant to which Mr. Verstappen was appointed as the Company’s Chief Operating Officer.

“Balance of Plant” or “BOP” means the parts and components used to operate the fuel cell stacks.

“BCBCA” means the Business Corporations Act (British Columbia).

“Board” means the board of directors of the Company, as constituted from time to time.

“Business Objectives” has the meaning given in the section entitled “Use of Available Funds - Principal Purposes - Business Objectives”.

“CE” means Conform European, an accreditation within the European Union relating to a product traceability system.

“CFO Employment Agreement” has the meaning given in the section entitled “Executive Compensation”.

“Change of Business” has the meaning given in the section entitled “Summary of Listing Statement – Principal Business”.

“CHP” means combined heat and power.

“Company” means Alkaline Fuel Cell Power Corp. (formerly, Black Isle Resources Corporation), a corporation existing under the laws of the Province of British Columbia.

“Compensation Committee” means the compensation and corporate governance committee of the Board.

“Compensation Program” has the meaning given in the section entitled “Executive Compensation”.

“Consulting Agreements” means, collectively, the GS Consulting Agreement, the Spaepen Consulting Agreement and the Axxentis Consulting Agreement.

“DPSP” has the meaning given in the section entitled “Eligibility for Investment”.

“Founder Shares” has the meaning given in the section entitled “Summary of Listing Statement – Principal Business”.

“First Private Placement” has the meaning given in the section entitled “Summary of Listing Statement – Use of Available Funds”.

“Fuel Cell IP” has the meaning given in the section entitled “Summary of Listing Statement – Principal Business”.

“GS Consulting Agreement” means a consulting agreement dated January 4, 2021, as amended, between GS Technology (an entity controlled by Mr. Gerard Sauer), Mr. Sauer and the Company, pursuant to which Mr. Sauer was appointed as the Chairman of the Company’s advisory board and the Company’s Project Director.
“Investor Relations Activities” means any activities or oral or written communications, by or on behalf of the Company or a shareholder of the Company that promote or reasonably could be expected to promote the purchase, or sale of securities of the Company, but does not include: (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company (i) to promote the sale of its products or services, or (ii) to raise public awareness of the Company, that cannot reasonably be considered to promote the purchase, or sale of securities of the Company; (b) activities or communications necessary to comply with (i) applicable securities legislation, or (ii) the requirements of the NEO or the requirements of any other regulatory body having jurisdiction over the Company; (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication that is of general and regular circulation if (i) the communication is only through the newspaper, magazine or publication, and (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or (d) such other activities or communications that may be specified by the NEO.

“IP Consideration Shares” has the meaning given in the section entitled “Summary of Listing Statement – Principal Business”.

“January Private Placements” has the meaning given in the section entitled “Summary of Listing Statement – Use of Available Funds”.

“kW” means kilowatt.

“Listing Statement” means this listing statement, including all appendices attached hereto.

“MD&A” means management’s discussion and analysis.

“NEO” mean the Neo Exchange Inc.

“NEOs” means the named executive officers of the Company.

“New System” means the micro-CHP heat and power system based on alkaline fuel cell technology that the Company is developing.


“NP 46-201” means National Policy 46-201 - Escrow for Initial Public Offerings.

“Principal” has the meaning given in the section entitled “Capitalization of the Company - Escrowed Securities”.

“RDSP” has the meaning given in the section entitled “Eligibility for Investment”.

“Registered Plans” has the meaning given in the section entitled “Eligibility for Investment”.

“Related Entity” means, in respect of the Company, a person that is an affiliated entity of the Company and of which the Company is a control block holder.

“Related Person” means, in respect of the Company: (a) a Related Entity; (b) a partner, director or officer of the Company or a Related Entity; (c) a promoter of or person who performs Investor Relations Activities for the Company or a Related Entity; (d) any person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total voting rights attached to all voting securities of the Company or a Related Entity; and (e) such other person as may be designated from time to time by the NEO.

“RESP” has the meaning given in the section entitled “Eligibility for Investment”.

“Restricted Rights Agreement” has the meaning given in the section entitled “Summary of Listing Statement – Principal Business”.

“RRIF” has the meaning given in the section entitled “Eligibility for Investment”.
“RRSP” has the meaning given in the section entitled “Eligibility for Investment”.

“SEC” means the United States Securities and Exchange Commission.

“Second Private Placement” has the meaning given in the section entitled “Summary of Listing Statement – Use of Available Funds”.

“SEDAR” means the System for Electronic Document Analysis and Retrieval.

“Share Consolidation” has the meaning given in the section entitled “Summary of Listing Statement – The Company”.

“Shares” means common shares in the capital of the Company.

“Spaepen Consulting Agreement” means a consulting agreement dated December 31, 2020 between Jef Spaepen, the Chief Executive Officer of the Company, and the Company.

“Stock Option Plan” means an incentive stock option plan, substantially in the form attached as Appendix “D” hereto.

“Tax Act” means the Income Tax Act (Canada), as amended and the regulations thereunder, as amended.

“TFSA” has the meaning given in the section entitled “Eligibility for Investment”.

“Total Funds Available” has the meaning given in the section entitled “Use of Available Funds – Total Funds Available”.

“Triggering Event” has the meaning given in the section entitled “Use of Available Funds – Principal Purposes – Other Sources of Funding”.

“TSXV” means the TSX Venture Exchange.

“U.S. Securities Act” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Unit” means a unit of the Company, each such unit being comprised of one Share and one Warrant.

“United States” or “U.S.” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

“Warrant” means a Share purchase warrant entitling the holder thereof to acquire one Share at a price per Share of $0.75 until May 7, 2023, subject to acceleration as more particularly described herein.
CORPORATE STRUCTURE

Name, Address and Incorporation

The Company’s full corporate name is “Alkaline Fuel Cell Power Corp.” and it was incorporated on March 2, 1987 pursuant to the BCBCA. The Company’s head office and registered office is located at Suite 810 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. On June 24, 2021, the Company filed articles of amendment to change its name from “Black Isle Resources Corporation” to “Alkaline Fuel Cell Power Corp.”.

Intercorporate relationships

The Company has a wholly-owned Belgian subsidiary, Fuel Cell Power NV, which was incorporated on March 12, 2021. Further, Fuel Cell Power NV has a wholly-owned Czech Republic entity, Fuel Cell Power s.r.o.

The diagram below depicts the inter-corporate relationship between the Company and its affiliates:

![Diagram](image)

DESCRIPTION OF THE BUSINESS

The Business of the Company

Formerly, the Company was a natural resource company engaged in the acquisition and exploration of mineral properties. The Company had an option to acquire a 100% interest in the Jet Property, located in the State of Nevada. As of December 31, 2019, the Company decided not to further pursue the Jet Property and recorded a write-off of $1.00.

On January 14, 2021, the Company also announced it entered into the Consulting Agreements with each of Jef Spaepen, Axxentis B.V. and GS Technology. Pursuant to the Spaepen Consulting Agreement, Mr. Spaepen was appointed as the Chief Executive Officer of the Company and the Company will pay Mr. Spaepen a monthly consulting fee of €15,000. In addition, Mr. Spaepen received 15,200,000 Shares at a deemed value of $0.005 per share (the “Founder Shares”). Additionally, in consideration of Mr. Spaepen contributing his intellectual property and inventions to the Company (the “Fuel Cell IP”), Mr. Spaepen shall receive 2,800,000 Shares at a deemed value of $0.005 per share (the “IP Consideration Shares”). Mr. Spaepen also entered into the restricted rights agreement (the “Restricted Rights Agreement”) with the Company which governs the rights and restrictions of the Founder Shares and the IP Consideration Shares. Pursuant to the Axxentis Consulting Agreement, Mr. Jo Verstappen was appointed as the Chief Operating Officer of the Company and the Company will pay Axxentis B.V. a monthly consulting fee of €17,000. In addition, pursuant to the Axxentis Consulting Agreement, Mr. Verstappen is entitled to receive 3,000,000 Shares at a deemed value of $0.005 per share (the “Consideration Shares”).
options exercisable into Shares at an exercise price of $0.25 per share. Pursuant to the GS Consulting Agreement, Mr. Gerard Sauer, Chief Executive Officer of GS Technology, will be appointed as the Chairman of the Company’s advisory board and the Company’s Project Director. The Company will pay GS Technology a monthly consulting fee of €5,000. In addition, pursuant to the GS Consulting Agreement, Mr. Sauer is entitled to receive 2,000,000 options exercisable into Shares at an exercise price of $0.33 per Share. The Company paid an arm’s length finder fee of 2,500,000 shares at a deemed value of $0.005 per share.

By entering into the Consulting Agreements (including the acquisition of the Fuel Cell IP contemplated in the Spaepen Consulting Agreement), the Company believes it has acquired the relevant expertise and intellectual property needed to complete the Change of Business.

Following the Change of Business, the Company will be in the design, development, production and commercialization of micro combined heat and power systems based on Alkaline Fuel Cell technology for residential, industrial and commercial markets worldwide. Pursuant to the Spaepen Consulting Agreement, the Company acquired the business and assets including the Fuel Cell IP, the business will, in the first year of operation, set up and run the Belgian Company Fuel Cell Power NV, and in addition the business will set up and run a new corporate entity in the Czech Republic called Fuel Cell Power s.r.o.

Fuel Cell Power NV will be the operational hub of the organization, from out of which all activities within the group will be coordinated. Fuel Cell Power NV plans to have up to 12 people in its organization, either directly employed or through consulting agreements.

Fuel Cell Power s.r.o., a company wholly owned by Fuel Cell Power NV, has three personnel, including two employees and one manager that will be providing services pursuant to a consulting agreement. Its role will be to assist in the development of the prototypes, deliver catalyst material for the electrodes and facilitate research and development contracts with external partners. In addition, Fuel Cell Power s.r.o. intends to hire one lab assistant and one electrode production engineer.

In addition, the Company intends to seek partnerships with universities and research institutes as well as early stage commercial partners for the purposes of development and to become eligible for European Government support under the Green Deal Initiative. The Belgian organization will direct a program that will result in minimum two 4kW, fully functioning and certified prototype systems based on a new concept which uses Alkaline Fuel Cell technology to be completed and tested. The Company will complete the electrode, stack and system production process and validate it for large scale manufacturing. The Company believes that its hydrogen power alkaline fuel cell technology, once developed, will offer both environmental and economic benefits.

**Fuel Cells**

In 1842, the well-known Welsh scientist Sir William Grove developed the very first fuel cell that combined hydrogen and oxygen to produce electrical energy. It was not until late 1930’s that Sir Francis Bacon refined the device and developed the first alkaline fuel cell using mainly gold and palladium and ruthenium as active catalysts and reduction materials. After the second World War he continued his work with Cambridge University and produced increasingly able alkaline cell designs which was purchased in the late 1950’s by Pratt and Whitney in the United States and ended up becoming the first fuel cells to enable space travel.

A fuel cell is a clean electrical power conversion/generation system that consists of an array of anode and cathode electrodes, conveniently stacked together to form a battery type layout. Into this arrangement hydrogen and air are fed and the resulting catalytic reaction and reduction process allows an electrical charge to be produced.

By connecting a suitable load to the positive and negative output ends of the system this electrical charge can be used to power electrical devices and machines such as lights, electrical motors and actuators, as well as any other electrically powered machinery.

In the domestic environment the fuel cell’s virtually silent operation and zero emissions output makes it ideally suitable for this application. The compact size of our domestic system mirrors that of a conventional modern natural gas boiler which further enhances its position as the preferred choice.
**Existing Technologies**

Today there are fundamentally four main fuel cell topologies:

<table>
<thead>
<tr>
<th>Fuel Cell Type</th>
<th>Invented</th>
<th>Operating Temperature</th>
<th>Efficiency</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Molten Carbonate</td>
<td>1953</td>
<td>650°C</td>
<td>40-50%</td>
<td>Power stations</td>
</tr>
<tr>
<td>Solid Oxide</td>
<td>1928</td>
<td>400°C</td>
<td>35-45%^</td>
<td>Domestic CHP</td>
</tr>
<tr>
<td>Proton Exchange Membrane (PEM)</td>
<td>1992</td>
<td>90°C</td>
<td>35-40%</td>
<td>Vehicle power</td>
</tr>
<tr>
<td>Alkaline</td>
<td>1839</td>
<td>70°C</td>
<td>55-65%</td>
<td>Domestic standby</td>
</tr>
</tbody>
</table>

There are a few additional types but these are less prevalent and practical, as we are considering the need for zero emissions operation.

**Alkaline Technology**

Alkaline was the very first technology to be fully developed and used in submarines, space and standby applications. They typically use an electrolyte called Potassium Hydroxide (KOH) as this is a highly efficient carrier and affords great mobility of the free radicals produced by the catalytic process. In this respect the Alkaline design has no peers.

The other great advantage is that it can function very efficiently without the use of precious metals such as platinum and ruthenium etc. This makes it ideally suitable for commercial exploitation.

**Advantages of the Company’s New System**

(a) The Company’s proposed alkaline fuel cell design includes an electrode and stack configuration to reflect the demand profile of a transient load which means that the fuel cell is configured to follow the load demand that the customer places on the system.

(b) In the Company’s proposed alkaline fuel cell design, the electrode design virtually eliminates any spurious and unwanted potential differences across the electrode surfaces, a feature that greatly enhances repeatability and reliability of operation of a cell.

(c) In the selection and development of the electrode substrate and catalyst materials, the Company’s design can operate without the use of precious metals, making for a much lower manufacturing cost, and greater tolerance to impurities.

(d) The use of regenerative CO₂ scrubbing eliminates the high cost of replacement soda lime materials as is often held against this technology.

(e) Due to the efficient use of the combination stack configuration, there is a strong element of combined heat and power (CHP) available from this design at very low implementation costs.

(f) Due to the stack modular design features, the scope for low cost stack control has been greatly increased, refining the ability and flexibility of power generation at costs not seen in the industry until now.

For these reasons, the Company believes that it has one of the most advanced and cost effective fuel cell designs in the world.
**Micro-CHP Power System**

The Company is developing the New System for use in the residential, commercial and industrial applications where there is a requirement for small-scale power and heat such as individual households, apartment buildings, office spaces and small commercial spaces that have a power requirement of less than 50kW and have access to a hydrogen feed line. In addition, the Company believes the New System is also suitable for a number of applications that may not make use of the heat being produced including electric vehicle charging stations, back-up power for telecommunications systems such as cell towers, information technology equipment, point of sale and banking terminals, as well as back-up power for mission critical applications such as hospitals. The system is also suitable for applications requiring temporary power such as construction sites, outdoor events and search and rescue and military operations.

The New System is expected to retain all attributes of the Company’s prototype which the Company is working on building (4kW system), while also having a lower cost and higher energy density as well as adaptability for new applications beyond those initially contemplated. The Company anticipates that it will deliver the New System in a containerized format, allowing for the New System to be easily scaled up to higher output capacities. Within the next 12 months, the Company intends to apply for six patents in connection with its alkaline fuel cell technology.

The Company anticipates achieving the following milestones within the anticipated timelines listed below:

- **Milestone 1**: Complete the first electrode and stack production for the prototype systems by the end of Q1 of 2022;
- **Milestone 2**: Complete the first full 4 kW system in a laboratory configuration by the end of Q3 of 2022;
- **Milestone 3**: Complete the first two full prototype 4kW systems by the end of 2022; and
- **Milestone 4**: Complete Conform European (CE) accreditation (a European Union product traceability system) and installation of the first two 4kW prototype systems by the end of Q2 of 2023.

The Company expects that the New System will be available for commercial applications by the end of 2024. The additional steps required to reach commercial production of the New System include, without limitation, design, development, assembly and testing of lab-scale systems; refinement of system design based on results of lab-scale testing; development, assembly and testing of field trial systems; monitoring and support of field trial systems; regulatory testing and refinement of system design, based on results of regulatory and field trial testing; development of ancillary equipment, including system enclosure options; shipping; installation; commissioning; and support documentation. The Company estimates that the incremental cost of bringing the New System to commercial production will be approximately $6,900,000.

The Company conducts its research and development using primarily its own full-time staff. When appropriate, non-critical investigations may be performed by independent contractors.

The Company plans to sell the New System under long-term sales agreements or to enter into joint ventures and other business relationships in order to generate revenue. The Company believes that such relationships will allow it to efficiently deploy working capital by minimizing the Company’s carried product and inventory. Once it reaches the commercialization phase, the Company will be producing the New System at a facility yet to be decided.

**Employees, Specialized Skill and Knowledge**

As at the date hereof, the Company had 5 full-time personnel and contract personnel.

The Company is executing the development and commercialization of the New System. The Company believes that its management team has the specialized skills and knowledge required for the development of its business. See “Directors and Officers – Management of the Company”.
The Company has hired a further three specialists:

- 3D design engineer – to provide support in the design of the New System prototypes;
- systems assembly engineer – to provide support in the construction and assembly of key parts and subassemblies of the New System prototypes; and
- electronics and program engineer – to provide support in the design and manufacturing of the control systems, hardware and software, which monitor and control the New System prototypes.

**Competitive Conditions**

The Company plans to deploy the New System primarily in Europe, Canada and the United States, whether by long-term sales agreements, entering into joint ventures and other business relationships or otherwise. The target markets for the New System include remote communities and off-grid worksites and other residential, commercial and industrial applications previously mentioned.

The Company believes that it occupies a unique position in the marketplace, where to the Company’s knowledge, there are no competitors developing a similar load following alkaline fuel cell power and heat system in the marketplace today. The Company’s main focus is on the residential market place, where the ability to provide flexible and clean power and heat is important. The Company’s technology also accommodates the potential exploitation of the new “Gas to Grid” drive, that underpins much of the change over from pure Natural Gas-fired domestic systems to clean electric applications. This sector is now set to take off as a direct result of increasing legislative pressures to achieve net zero by 2050. The Company’s technology is all set to take full advantage of this. In addition, the Company believes that its particular design approach, through the use of non-precious metals will create a new low price point for fuel cells, without sacrificing the margins.

**Partnerships with Universities and Institutions**

The Company envisages entering into several key partnerships and collaborations during the continuing built up of the New System and to speed up the timing to get to commercialization of the New System. Working together with centers of excellence in science and technologies, such as universities and research institutes, the Company hopes to access skilled people and first-class equipment.

Based on initial preliminary discussions with some universities and institutions, the Company strongly believes it can gain access to an international network of potential partners and will leverage their knowledge during the development and production phase of the prototypes.

In addition, cooperation with the aforementioned pool of partners is a key ingredient to apply for funding either through the European initiative “Green Deal” and for funding that can be accessed locally through various incentives plans.

There is a growing number of hydrogen associations on local level, European level, and global level, which all are promoting the use of hydrogen and the increase in infrastructure projects for the distribution of hydrogen. The Company aims to be present and actively participate in those initiatives in order to support the Company’s business development and commercialization effort, and to create global visibility for the Company.

The areas where collaboration will be desirable will be, among others:

(a) new non-precious metal catalyst development verification;
(b) substrate materials validation, and durability;
(c) electrolyte developments; and
(d) stack and system modelling.
Green Deal Initiative

Europe wants to be a front-runner in climate friendly industries and clean technologies, the old growth model based on fossil fuels and pollution is out of date and out of touch with national and global goals and initiatives. The European Commission has put in place the “Green Deal Initiative” with the following main goals:

(a) ‘Climate neutral’ Europe. This is the overarching objective of the European Green Deal. The European Union will aim to reach net-zero greenhouse gas emissions by 2050. That means updating the European Union’s climate ambition for 2030, with a 50-55% cut in greenhouse gas emissions to replace the current 40% objective. The 55% figure will be subject to a cost-benefit analysis.

(b) Circular economy. A new circular economy action plan includes a sustainable product policy with “prescriptions on how we make things” in order to use less materials, and ensure products can be reused and recycled. Carbon-intensive industries like steel, cement and textiles, will also focus the attention under the new circular economy plan. One key objective is to prepare for “clean steelmaking” using hydrogen by 2030.

(c) Building renovation. This is meant to be one of the flagship programmes of the Green Deal. The key objective there is to “at least double or even triple” the renovation rate of buildings, which currently stands at around 1%.

(d) Zero-pollution. Whether in air, soil or water, the objective is to reach a “pollution-free environment” by 2050. New initiatives there include a chemical strategy for a “toxic-free environment”.

(e) Money to “leave no-one behind”. The commission proposes a ‘Just Transition Mechanism’ to help regions most heavily dependent on fossil fuels. The European Union has the ambition to mobilize €100 billion precisely targeted to the most vulnerable regions and sectors. The funds are expected to be provided by: (i) the European Union’s regional policy budget; (ii) the European Investment Bank through the “InvestEU” program; and (iii) the European Union Bank.

(f) R&D and innovation. With a proposed budget of €100 billion over the next seven years (2021-2027), the Horizon Europe research and innovation programme will also contribute to the Green Deal. 35% of the European Union’s research funding will be set aside for climate-friendly technologies. A series of European Union research “moonshots” will focus chiefly on environmental objectives.

The Company intends to investigate its options to be able to attract European Union funding particularly as there are many key elements in the Green Deal that overlap with the objectives that the Company aims to achieve.

Intellectual Property

The Company intends to make provisional filings within the first 12-months of operation in respect of the following new inventions related to the New System:

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alkaline fuel cell design improved transient control system.</td>
<td></td>
</tr>
<tr>
<td>Alkaline fuel cell active surface design.</td>
<td></td>
</tr>
<tr>
<td>Alkaline fuel cell non-previous metal design.</td>
<td></td>
</tr>
<tr>
<td>Alkaline fuel cell CO2 removal/re-generation system.</td>
<td></td>
</tr>
<tr>
<td>Alkaline fuel cell unique heat exchanger design.</td>
<td></td>
</tr>
<tr>
<td>Alkaline fuel cell modular stack design.</td>
<td></td>
</tr>
</tbody>
</table>
In addition to patents, the Company may also use copyrights, trademarks, trade secrets and contractual arrangements from time to time in order to protect its intellectual property.

The Company intends to proceed with the preparation of patent applications and file the proposed patents listed in the table above within 12 months of the date of this Listing Statement, subject to approval by the patent authorities.

_Alkaline Fuel Cell Design Improved Transient Control System (Proposed Patent #1)_

All fuel cells have, as a feature of their essential function, a set of conditions such as for example: ideal operating temperature, constant electrical load, and fixed water production as part of the normal levelled operation. When a fuel cell is in operation, it will produce: heat, water, electrical energy, and depending on the type of chemistry, some waste products, such as nitrogen oxide (NOx) or carbon monoxide (CO) in the waste gas streams. The alkaline fuel cell (AFC) is one of the cleanest in this respect and does not emit any other pollutants.

However, fuel cells are not well disposed to operate as load following devices or systems in a highly transient environment. The demand on the Balance of Plant (extra costs), the need for corrective measures, combined with the varying electrode operating conditions can cause unstable situations to occur that will reduce life expectancy and efficiency along the way.

The Company’s fuel cell system design is configured in such a way as to efficiently reduce and increase the power output of the fuel cell system overall, by creating a staged approach to these variations. This greatly improves the system’s ability to respond to demand variations and improves efficiencies when in a transient phase of increasing or decreasing output. The ability to control water production, retaining heat energy, as well as protecting the electrodes from developing voltage potential inequalities that can damage the surfaces through hotspots, or catalyst masking from excess water, are all vastly improved with the Company’s method of operation and unique design features. As this is still in the process of being patented, we cannot give further details beyond the present description above.

The Company’s design features are tested and proven to work in laboratory testing and will be an integral part of the new prototype systems the Company intends to design, build and construct.

_Alkaline Fuel Cell Active Surface Design (Proposed Patent #2)_

In all fuel cells active surfaces there is the possibility of the conversion activity on these surfaces to become different from one specific point to another. This phenomenon of potential differential is often the cause of advanced aging of the surfaces, reduction in energy conversion, high resistance, and other more spurious deleterious effects such as hotspots. The Company’s technicians have for the last five years been working on these issues and produced a new design that virtually eliminates these issues primarily through a change in architecture and sizing of critical surfaces. These new designs have been proven highly beneficial in several areas that are currently the subject of patent application preparations.

_Alkaline Fuel Cell Non-Precious Metal Design (Proposed Patent #3)_

Most fuel cells currently available have at their core a set of catalysts used on the anode and cathode that are derived from precious metals such as platinum, rhodium, ruthenium, and other exotic and therefore expensive precious metals. Whilst these are often highly active and particularly good at catalysis, they are often not good at dealing with external gasses present in our atmosphere such as CO, NOx, and CO2. Some of these can render the catalyst materials completely inoperative and therefore will need replacing which is very costly. As this can happen at any time it also makes the system unreliable in operation. AFC can be affected by the ingress of CO2 into the electrolyte, thereby reducing the conductivity, a crucial element of the ability to deliver electrical energy. However, unlike the proton exchange membrane fuel cell (PEM), or the solid oxide fuel cell (SOFC), in the AFC the catalyst is not affected, and provided that the CO2 is filtered out of the air prior to entering the fuel cell, AFC will perform perfectly for long periods at a time. The Company has also identified that the AFC can operate very well without the use of precious metals and have selected a series of non-precious metal compounds that will reduce the cost of manufacture greatly.
and benefit from economies of scale, when compared with the precious metal varieties. The team has tested these compounds and have decided that there is enough substance to these findings to apply for a patent.


The Company’s AFC design does not require the removal of CO₂ from the airstream going into the fuel cells. This is normally achieved through the employment of a soda lime granular filter. This can be expensive as the volume presence of CO₂ in the air cannot be easily determined and therefore replacement can sometimes be quite frequent, which is costly and inconvenient. The New System works on the principle of re-generation. By using the waste heat energy from the fuel cell at certain points in the operation, a part of a double parallel cycle allows the soda lime granules to evacuate the CO₂ that is present on them. This ensures that the filtering granule materials are re-generated and re-used without replacement being necessary. For this system and its specific working method the Company intends to also apply for a patent.

**Alkaline Fuel Cell Unique Heat Exchanger Design (Proposed Patent #5)**

In an AFC, the operating temperature can be easily controlled using a heat exchanger through which the electrolyte can be circulated and via this liquid-to-air or liquid-to-liquid heat exchanger the fuel cell ideal temperature is maintained. However, the efficiency of the fuel cell can be greatly enhanced if the heat energy produced by the fuel cell can be used to supplement the heating or cooling systems in the domestic scenario, whilst also using the self-same heat energy to regenerate the granules in the CO₂ system. In this manner overall efficiency is achieved of around 78-82%. This new approach to the further integration of functionality has been planned for the new generation systems the Company is going to produce. The Company also intends to apply for a patent for this system.

**Alkaline Fuel Cell Modular Stack Design (Proposed Patent #6)**

Due almost entirely to the new modular stack design features, the method of controlling the operation of the whole cell, stack and system can be approached in a different way from the conventional cell monitoring and stack operation manner previously employed by the team and others. This new method makes it possible to reduce the number of interventions and to optimize the running and conversion time of the whole system, because the system can be cycled in turn, and the individual units be either prepared to run or switched off as and when appropriate. This in turn greatly improves redundancy and reliability since the specific system parts can be selected at random without there being any influence on the others, a feature that will allow for the optimization of the conversion process that has not been possible in the past where the whole stack and system needs to be operated and run as one. Even in system fault conditions it is possible to still have a significant portion of the system running without it affecting the other parts. This level of simplification also means that readily available, over the counter, control chips can be employed which reduces the system costs greatly. The team will apply for a patent for this new generation system as soon as the funds to do so are made available.

**24 Year History**

Mr. Spaepen has been involved in the development of alkaline fuel cell technology since 1997. After completing his Master Degree in Commercial Engineering in 1997, Mr. Spaepen worked at ZeTek Power plc (“ZeTek Power”) in the role of Director of Business Development and subsequently promoted to Managing Director for the Research and Development facility overseeing 35 people in Belgium and France. During his time at ZeTek Power Mr. Spaepen focused on experimenting and testing of alkaline fuel cell technology and specifically the commercialization and application of stationary power plants using alkaline fuel cell technology. ZeTek Power eventually ceased to operate and as a part of the winding up of its operation, Mr. Spaepen acquired equipment and the intellectual property relating to alkaline fuel cell technology. In 2014 Mr. Spaepen started Energy For All BV, an entity he wholly owned, through which he offered consulting services to external clients and focused internally on the development of a 6kW micro-CHP system based on alkaline fuel cell technology, including the process for CE accreditation. One notable external project for Energy For All was for Electrawinds SE, a Belgian company on the development of a 20 megawatt wood-based bio-mass power plants. In January 2021, pursuant to the Spaepen Consulting Agreement, the Company acquired the Fuel Cell IP in an arm’s length transaction.
**Recent Developments**

The Company is in the process of building a prototype for the New System with a view to commercialization and volume production thereafter.

**USE OF AVAILABLE FUNDS**

**Summary of Financial Information**

The following information sets out selected financial information of the Company that is derived from, and should be read in conjunction with, and is qualified in its entirety by reference to: the audited financial statements for the years ended December 31, 2020 and 2019 and the unaudited interim financial statements for the three-month ended March 31, 2021, including the accompanying notes to financial statements, and MD&A. These financial statements and MD&A can be found in their entirety in Appendices “A” and “B” of this Listing Statement, respectively. See “About This Listing Statement – Financial Information and Accounting Principles”.

Selected Financial Information of the Company

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>(351,057)</td>
<td>(84,961)</td>
<td>(92,989)</td>
</tr>
<tr>
<td><strong>Net Loss per Basic &amp; Diluted Share</strong></td>
<td>(0.00)</td>
<td>(0.01)</td>
<td>(0.01)</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>5,994,715</td>
<td>14,800</td>
<td>38,336</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>6,025,177</td>
<td>14,800</td>
<td>38,336</td>
</tr>
<tr>
<td><strong>Total Long Term Liabilities</strong></td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>376,483</td>
<td>306,131</td>
<td>244,706</td>
</tr>
<tr>
<td><strong>Working Capital</strong></td>
<td>5,648,694</td>
<td>(291,331)</td>
<td>(206,370)</td>
</tr>
<tr>
<td><strong>Net Increase (Decrease) in Cash</strong></td>
<td>(195,968)</td>
<td>(20,503)</td>
<td>33,615</td>
</tr>
<tr>
<td><strong>Cash End of Period</strong></td>
<td>5,691,456</td>
<td>14,395</td>
<td>34,898</td>
</tr>
<tr>
<td><strong>Shareholder’s Equity</strong></td>
<td>5,648,694</td>
<td>(291,331)</td>
<td>(206,370)</td>
</tr>
</tbody>
</table>

**Proceeds**

Other than the proceeds of the April and May Private Placements, the Company will not receive any funds from other sources. See “Use of Available Funds - Principal Purposes - Other Sources of Funding”.

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**Total Funds Available**

Following the completion of the April and May Private Placements, the Company believes it has adequate working capital to maintain existing operations for more than 12 months without requiring additional funding. As at May 31, 2021, the total funds available to the Company (“**Total Funds Available**”) were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated consolidated working capital as at May 31, 2021</td>
<td>$15,560,082&lt;sup&gt;(1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>Total other funds available to be used to achieve those items set out in <strong>Principal Purposes</strong> below</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Total Funds Available</strong></td>
<td><strong>$15,560,082</strong></td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Includes the proceeds of the April and May Private Placements. See “Use of Available Funds - **Principal Purposes** - Other Sources of Funding”.

**Principal Purposes**

**Use of Total Funds Available**

The following table sets out the approximate amounts for which the Total Funds Available will be used by the Company.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and Development for the New System</td>
<td>$734,000</td>
</tr>
<tr>
<td>Business Objectives (Milestone 1)</td>
<td>$2,800,000</td>
</tr>
<tr>
<td>Business Objectives (Milestone 2 – 4)</td>
<td>$4,600,000</td>
</tr>
<tr>
<td>Freight</td>
<td>$13,000</td>
</tr>
<tr>
<td>Legal, Audit and Listing Costs</td>
<td>$100,000</td>
</tr>
<tr>
<td>Investment in Assets</td>
<td>$1,040,000</td>
</tr>
<tr>
<td>Administrative Services Agreement&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>$72,000</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>$879,000</td>
</tr>
<tr>
<td>Unallocated</td>
<td>$5,322,082</td>
</tr>
<tr>
<td><strong>Total Funds Available</strong></td>
<td><strong>$15,560,082</strong></td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Administrative and accounting services at $6,000 per month payable to Partum Advisory Services Corp.

**Research and Development**

The major components of the research and development program for the New System, including an estimate of anticipated costs, is as follows.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$132,000</td>
</tr>
<tr>
<td>Prototype Material</td>
<td>$140,000</td>
</tr>
<tr>
<td>Other</td>
<td>$462,000</td>
</tr>
<tr>
<td><strong>Research and Development for the New System</strong></td>
<td><strong>$734,000</strong></td>
</tr>
</tbody>
</table>
For more information on the Company’s research and development for the New System, see “Description of the Business”.

**Investments in Assets**

The investment in assets for the New System are anticipated to cost as follows.

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP and Patent</td>
<td>$450,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>$590,000</td>
</tr>
<tr>
<td><strong>Total Investments in Assets</strong></td>
<td><strong>$1,040,000.00</strong></td>
</tr>
</tbody>
</table>

**General and Administrative Expenses**

General and Administration Expenses are anticipated to cost as follows.

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll costs for non-engineering salaries</td>
<td>$600,000</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$11,200</td>
</tr>
<tr>
<td>Advertising &amp; Promotion</td>
<td>$50,000</td>
</tr>
<tr>
<td>Professional Memberships</td>
<td>$22,500</td>
</tr>
<tr>
<td>Travel and Accommodations</td>
<td>$60,000</td>
</tr>
<tr>
<td>Administration</td>
<td>$15,000</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$17,500</td>
</tr>
<tr>
<td>Facility Expenses (insurance, rent and repairs and maintenance)</td>
<td>$102,800</td>
</tr>
<tr>
<td><strong>Total General and Administrative Expenses</strong></td>
<td><strong>$879,000.00</strong></td>
</tr>
</tbody>
</table>

**Business Objectives**

The business objectives that the Company expects to accomplish using the Total Funds Available (the “Business Objectives”) are as follows:

- **Milestone 1:** Complete the first electrode and stack production for the prototype systems by the end of Q1 of 2022 at an estimated cost of $2,800,000;
- **Milestone 2:** Complete the first full 4 kW system in a laboratory configuration by the end of Q3 of 2022;
- **Milestone 3:** Complete the first two full prototype 4kW systems by the end of 2022; and
- **Milestone 4:** Complete Conform European (CE) accreditation (a European Union product traceability system) and installation of the first two 4kW prototype systems by the end of Q2 of 2023 at an estimated cost, with Milestone 2 and 3, of $4,600,000.

**Other Sources of Funding**

As at the date of this Listing Statement, the Company does not expect to use any material amounts of other funds in conjunction with working capital, other than the following:
On January 14, 2021, the Company announced it closed the January Private Placements.

In April and May, 2021, the Company announced it closed the April and May Private Placements, whereby the Company issued a total of 43,939,394 Units.

Each Unit is comprised of one Share, and one Warrant. Each Warrant shall entitle the holder thereof to acquire one Share at an exercise price of $0.75 per Share until May 7, 2023, provided however that, in the event that the closing price (or closing bid price on days when there are no trades) of the Shares on the NEO is at least $1.50 for a minimum of 10 consecutive trading days (the “Triggering Event”), the Company may, in its sole discretion, issue a press release and provide written notice to the subscriber that the exercise period has been reduced to 30 days following the date of dissemination of the press release. Following the completion of the April and May Private Placements, the Company has 168,057,561 Shares and 43,939,394 Warrants outstanding.

The net proceeds from the January Private Placements and the April and May Private Placements will be used for general corporate and working capital purposes. Pursuant to applicable securities laws, all securities issued under the April and May Private Placements, the First Private Placement and the Second Private Placement are subject to a statutory hold period of four months and a day from the date of issuance.

As at the date of this Listing Statement, the Company does not expect to receive any other additional funding or grants other than as may be available under various government grants (which may or may not be available within the next 12 months). In the future, the Company may find it necessary to obtain debt or equity financing to support its working capital requirements. See “Risk Factors”.

MARKET FOR SECURITIES

The common shares of the Company previously traded on the TSXV under the symbol “BIT”. The Company sought, and received approval from, the TSXV for the voluntary delisting of its common shares which was granted on November 19, 2018 and effective at the close of business on November 30, 2018. Following the delisting, the Company has continued as an unlisted reporting issuer in the Provinces of Alberta and British Columbia.

The Company has applied to list the Shares on the NEO. Listing on the NEO will be subject to the Company fulfilling all of the requirements of the NEO. There is no guarantee that the NEO or any other exchange will approve the listing of the Shares or that the Shares will be listed on the NEO or any other stock exchange.

A market for the Shares may not sustainably develop in the future. If a market for the Shares does not sustainably develop, shareholders may have difficulty selling their Shares and the market price for Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company’s control.

DIVIDENDS OR DISTRIBUTIONS

The Company has not declared or paid any dividends on the Shares since its incorporation. Any decision to pay dividends on the Shares will be made by the Board on the basis of the Company’s earnings, financial requirements and other conditions existing at such future time. As at the date hereof, there is no plan to change the Company’s dividend policy.

MANAGEMENT’S DISCUSSION AND ANALYSIS

MD&A of the operating and financial results of the Company for the years ended December 31, 2020 and 2019 and the three-month period ended March 31, 2021, are attached as Appendix “B” to this Listing Statement.

CAPITALIZATION OF THE COMPANY

Outstanding Securities

As of the date of this Listing Statement there are 168,057,561 Shares outstanding and there are (i) 43,939,394 Warrants (ii) 3,075,756 Finder’s warrants, and (iii) 16,812,500 options, outstanding.
On January 14, 2021, the Company announced it closed the January Private Placements.

In April and May, 2021, the Company announced it closed the April and May Private Placements, whereby the Company issued a total of 43,939,394 Units.

**Description of the Shares**

The authorized share capital of the Company consists of an unlimited number of Shares (common shares without par value).

**The Shares**

Each holder of Shares is entitled to receive notice of, to attend at, or to vote at meetings of shareholders of the Company on the basis of one vote for each Share registered in their name on the Company’s list of shareholders.

All of the Shares rank equally as to participation in dividends and in the distribution of the Company’s assets on a liquidation, dissolution or winding up, or other distribution of assets for the purpose of winding-up the Company’s affairs.

**Consolidated Capitalization**

As at the date of this Listing Statement, the Company’s capitalization consists of 168,057,561 Shares, 43,939,394 Warrants, 3,075,756 Finder’s warrants, and 16,812,500 options. See “Capitalization of the Company – Outstanding Securities” and “Use of Available Funds - Principal Purposes - Other Sources of Funding”.

**Options to Purchase Securities**

Other than 43,939,394 Warrants and 3,075,756 Finder’s warrants, as at the date of this Listing Statement, there are 16,812,500 options to purchase securities of the Company, or of a subsidiary of the Company. See “Capitalization of the Company – Outstanding Securities” and “Use of Available Funds - Principal Purposes - Other Sources of Funding” for information regarding the April and May Private Placements.

The following tables sets out all of the Options:

<table>
<thead>
<tr>
<th>Category of Option Holder</th>
<th>Number of Options to Acquire Shares held as a Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) All officers and directors</td>
<td>5,000,000</td>
</tr>
<tr>
<td>(b) All consultants as a group</td>
<td>11,812,500</td>
</tr>
<tr>
<td>(c) All other persons or companies</td>
<td>NIL</td>
</tr>
</tbody>
</table>

**Total Number of Outstanding Options:**

16,812,500

The following table provides information as to material provisions of the Options that are outstanding:

<table>
<thead>
<tr>
<th>Date of Grant</th>
<th>Number of Options</th>
<th>Exercise Price</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 14, 2021</td>
<td>3,000,000</td>
<td>$0.25</td>
<td>January 14, 2026</td>
</tr>
<tr>
<td>January 14, 2021</td>
<td>2,000,000</td>
<td>$0.33</td>
<td>January 14, 2026</td>
</tr>
<tr>
<td>March 12, 2021</td>
<td>500,000</td>
<td>$0.33</td>
<td>March 12, 2026</td>
</tr>
</tbody>
</table>

23
Prior Sales

The following table summarizes details of the Shares or other securities convertible or exercisable into Shares issued by the Company during the 12-month period prior to the date of this Listing Statement:

<table>
<thead>
<tr>
<th>Date of Issuance</th>
<th>Security</th>
<th>Number of Securities</th>
<th>Issue Price Per Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 14, 2021</td>
<td>Options(^1)</td>
<td>3,000,000</td>
<td>$0.25</td>
</tr>
<tr>
<td>January 14, 2021</td>
<td>Options(^2)</td>
<td>2,000,000</td>
<td>$0.33</td>
</tr>
<tr>
<td>January 14, 2021</td>
<td>Shares(^3)</td>
<td>16,000,000</td>
<td>$0.005</td>
</tr>
<tr>
<td>January 14, 2021</td>
<td>Shares(^4)</td>
<td>20,500,000</td>
<td>$0.005</td>
</tr>
<tr>
<td>January 14, 2021</td>
<td>Shares(^5)</td>
<td>76,000,000</td>
<td>$0.02</td>
</tr>
<tr>
<td>March 12, 2021</td>
<td>Options(^6)</td>
<td>500,000</td>
<td>$0.33</td>
</tr>
<tr>
<td>April 1, 2021</td>
<td>Units(^7)</td>
<td>19,085,383</td>
<td>$0.33</td>
</tr>
<tr>
<td>April 1, 2021</td>
<td>Finder’s warrants(^8)</td>
<td>1,335,976</td>
<td>$0.33</td>
</tr>
<tr>
<td>April 9, 2021</td>
<td>Units(^9)</td>
<td>21,651,715</td>
<td>$0.33</td>
</tr>
<tr>
<td>April 9, 2021</td>
<td>Finder’s warrants(^10)</td>
<td>1,515,620</td>
<td>$0.33</td>
</tr>
<tr>
<td>April 17, 2021</td>
<td>Options(^11)</td>
<td>11,312,500</td>
<td>$0.33</td>
</tr>
<tr>
<td>May 7, 2021</td>
<td>Units(^12)</td>
<td>3,202,296</td>
<td>$0.33</td>
</tr>
<tr>
<td>May 7, 2021</td>
<td>Finder’s warrants(^13)</td>
<td>224,160</td>
<td>$0.33</td>
</tr>
</tbody>
</table>

Notes:
1. On January 14, 2021, the Company issued 3,000,000 Options at an exercise price of $0.25 per share expiring 5 years from the date of grant.
2. On January 14, 2021, the Company issued 2,000,000 Stock Options at an exercise price of $0.33 per share expiring 5 years from the date of grant.
3. On January 14, 2021, the Company announced it closed a non-brokered private placement of 16,000,000 Shares at a price of $0.005 per Share for gross proceeds of $80,000.
4. On January 14, 2021, the Company announced it had issued 15,200,000 Shares to Mr. Jef Spaepen pursuant to the Spaepen Consulting Agreement, 2,800,000 Shares to Mr. Spaepen in consideration of his contributing his intellectual property and inventions to the Company, and 2,500,000 Shares to an arm’s length finder, all at a deemed price of $0.005 per Share.
5. On January 14, 2021, the Company announced it closed a non-brokered private placement of 76,000,000 Shares at a price of $0.02 per Share for gross proceeds of $1,520,000.
6. On March 12, 2021, the Company issued 500,000 Stock Options at an exercise price of $0.33 per share expiring 5 years from the date of grant.
7. On April 1, 2021, the Company issued 19,085,383 Units pursuant to the private placement at $0.33 per Unit for gross proceeds of $6,298,176.39.
8. On April 1, 2021, the Company issued an arm’s length finder fee of 1,335,976 Finder’s warrants pursuant to the private placement.
9. On April 9, 2021, the Company issued 21,651,715 Units pursuant to the private placement at $0.33 per Unit for gross proceeds of $7,145,065.95.
10. On April 9, 2021, the Company issued an arm’s length finder fee of 1,515,620 Finder’s warrants pursuant to the private placement.
11. On April 17, 2021, the Company issued 11,312,500 Stock Options at an exercise price of $0.33 per share expiring 5 years from the date of grant.
12. On May 7, 2021, the Company issued 3,202,296 Units pursuant to the private placement at $0.33 per Unit for gross proceeds of $1,056,757.68.
13. On May 7, 2021, the Company issued an arm’s length finder fee of 224,160 Finder’s warrants pursuant to the private placement.

**Escrowed Securities**

In accordance with NP 46-201, subject to certain exceptions, all equity securities and convertible securities of an issuer owned or controlled by its Principals (as defined below) are required to be held in escrow in accordance with the escrow regime applicable to initial public offerings, unless the securities held by the Principal represent less than 1% of the voting rights attached to an issuer’s outstanding securities immediately after its initial public offering.

Under NP 46-201, a “Principal” is defined to include all persons or companies that, on the completion of an initial public offering, fall into one of the following categories:

- a person or company who acted as a promoter of the issuer within two years before the initial public offering listing statement;

- a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the initial public offering listing statement;

- a 20% holder: a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s initial public offering; and

- a 10% holder: a person or company that (i) holds securities carrying more than 10% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s initial public offering; and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

In addition:

- a company, trust, partnership or other entity more than 50% held by one or more Principals will be treated as a Principal; and

- a Principal’s spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the issuer they hold will be subject to escrow requirements.

Immediately after completion of its initial public offering, an issuer will be classified for the purposes of escrow as an “exempt issuer”, an “established issuer” or an “emerging issuer”. As the Company will be an “established issuer”, the following automatic timed releases will apply to the Shares held by its Principals:

<table>
<thead>
<tr>
<th>Date of Automatic Timed Release</th>
<th>Amount of Escrowed Securities Released</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the Listing Date</td>
<td>25% of the escrowed securities</td>
</tr>
<tr>
<td>Six months after the Listing Date</td>
<td>25% of the escrowed securities</td>
</tr>
<tr>
<td>12 months after the Listing Date</td>
<td>25% of the escrowed securities</td>
</tr>
</tbody>
</table>
The automatic time release provisions under NP 46-201 pertaining to “established issuers” (usual case) provide that 25% of each Principal’s escrowed securities are released on the listing date, with an additional 25% being released in equal tranches at six month intervals over 18 months.

The following Shares are subject to the terms of the escrow agreements:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares</th>
<th>Percentage of Shares Issued and Outstanding (on an undiluted basis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jef Spaepen</td>
<td>18,000,000</td>
<td>10.71%</td>
</tr>
</tbody>
</table>

National Securities Administrators Ltd. is expected to be the depositary under the escrow agreements.

Pursuant to the terms of the escrow agreements, the securities of the Company held in escrow may not be transferred during the term of the escrow agreements unless the transfers within the escrow are:

- to existing or, upon their appointment, incoming directors or senior officers of the Company or any of its material operating subsidiaries if the Board has approved the transfer;
- to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to the Company’s outstanding securities;
- to a person or company that after the proposed transfer: (i) will hold more than 10% of the voting rights attached to the Company’s outstanding securities; and (ii) has the right to elect or appoint one or more directors or senior officers of the Company or of any of its material operating subsidiaries;
- to a trustee in bankruptcy or other person or company entitled to such securities on the bankruptcy of a holder of escrowed securities;
- to a financial institution on the realization of escrowed securities pledged, mortgaged or charged by the holder of escrowed securities to the financial institution as collateral for a loan; or
- to or between a RRSP, RRIF or other similar registered plan or fund with a trustee, where the annuitant of the RRSP or RRIF, or the beneficiaries of the other registered plan or fund are limited to the holder of the escrowed securities and his or her spouse, children and parents or, in the case of a trustee of such registered plan or fund, to the annuitant of the RRSP or RRIF, or a beneficiary of the other registered plan or fund, as applicable, or his or her spouse, children and parents.

If a holder of escrowed securities dies, the holder’s escrowed securities will be released from escrow.

In addition, tenders of escrowed securities pursuant to a business combination, which includes: (a) a formal take-over bid for all outstanding equity securities of the issuer or which, if successful, would result in a change of control of the issuer; (b) a formal issuer bid for all outstanding equity securities of the issuer; (c) a statutory arrangement; (d) an amalgamation; (e) a merger; or (f) a reorganization that has an effect similar to an amalgamation or merger, are permitted. In general, escrowed securities subject to a share exchange will continue to be escrowed if the successor entity is not an “exempt issuer”, the holder is a Principal of the successor entity and the holder holds more than 1% of the voting rights of the successor entity’s outstanding securities.

A holder of escrowed securities may exercise any voting rights attached to their escrowed securities and receive distributions on the holder’s escrowed securities.
PRINCIPAL SECURITYHOLDER AND DISTRIBUTING SECURITYHOLDER

As at the date of this Listing Statement, to the knowledge of the Company, the following persons beneficially own, or control or direct, directly or indirectly, 10% or more of the Shares in the amount set opposite their name on both a non-diluted and fully-diluted basis:

<table>
<thead>
<tr>
<th>Principal Securityholder</th>
<th>Non-Diluted Shares Held</th>
<th>Diluted Shares Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jef Spaepen</td>
<td>18,000,000 (10.71%)</td>
<td>18,000,000 (10.71%)</td>
</tr>
</tbody>
</table>

To the knowledge of the Company, Jef Spaepen holds the above-referenced Shares of record and beneficially.

DIRECTORS AND OFFICERS

<table>
<thead>
<tr>
<th>Name and Place of Residence</th>
<th>Position Held</th>
<th>Assumed Office(1)</th>
<th>Shares Held(2)</th>
<th>Principal Occupation and Positions for the Past Five Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jef Spaepen Kasterlee, Belgium</td>
<td>Chief Executive Officer</td>
<td>January 4, 2021</td>
<td>18,000,000 (10.71%)</td>
<td>CEO of Energy For All BV, Powermec Systems BVBA.</td>
</tr>
<tr>
<td>Eugene Beukman (3) Vancouver, British Columbia, Canada</td>
<td>Director</td>
<td>May 16, 2018</td>
<td>Nil</td>
<td>Corporate counsel, Pender Group of Companies since January 1994.</td>
</tr>
<tr>
<td>Jo Verstappen Rotselaar, Vlaams Brabant, Belgium</td>
<td>Chief Operating Officer</td>
<td>January 4, 2021</td>
<td>120,000 0.07%</td>
<td>CEO of Gracious Circle Energy until November 2020; principal and co-founder of Tejest Invest BV</td>
</tr>
<tr>
<td>Joel Dumaresq (4) Vancouver, British Columbia, Canada</td>
<td>Corporate Secretary, Chief Financial Officer and a Director</td>
<td>May 16, 2018</td>
<td>151,515 (0.09%)</td>
<td>CFO of the Company; Managing Director of Matrix Partners Inc. since 2008.</td>
</tr>
<tr>
<td>Maciej Lis (3)(4) Vancouver, British Columbia, Canada</td>
<td>Director</td>
<td>July 5, 2018</td>
<td>Nil</td>
<td>Independent business development consultant.</td>
</tr>
<tr>
<td>Troy Grant (3)(4) Vancouver, British Columbia, Canada</td>
<td>Director</td>
<td>July 16, 2018</td>
<td>230,000 (0.14%)</td>
<td>Head of corporate finance and head of institutional European sales at Citadel Securities.</td>
</tr>
</tbody>
</table>

Notes:
1. The term of office of all directors will expire on the date of the next annual meeting of the Company’s shareholders or until their successors are elected or appointed in accordance with the BCBCA.
2. The figures in this column represent the Shares that, to the knowledge of the Company, the directors and officers of the Company beneficially own, or control or direct, directly or indirectly, as at the date of this Listing Statement.
3. Member of the Audit Committee.
4. Member of the Compensation Committee.

Board of Directors

The Board is comprised of Eugene Beukman, Joel Dumaresq, Maciej Lis, and Troy Grant.
Management Team

The management of the Company is composed of the following individuals:

**Mr. Jef Spaepen – CEO – Age: 47**

Jef Spaepen has been involved in the development of alkaline fuel cell technology since 1997. After completing his Master Degree in Commercial Engineering in 1997, Mr. Spaepen worked at ZeTek Power plc (“ZeTek Power”) in the role of Director of Business Development and subsequently promoted to Managing Director for the Research and Development facility overseeing 35 people in Belgium and France. During his time at ZeTek Power Mr. Spaepen focused on experimenting and testing of alkaline fuel cell technology and specifically the commercialization and application of stationary power plants using alkaline fuel cell technology. ZeTek Power eventually ceased to operate and as a part of the winding up of its operation, Mr. Spaepen acquired equipment and the intellectual property relating to alkaline fuel cell technology. In 2014 Mr. Spaepen started Energy For All BV, an entity he wholly owned, through which he offered consulting services to external clients and focused internally on the development of a 6kW micro-CHP system based on alkaline fuel cell technology, including the process for CE accreditation. One notable external project for Energy For All was for Electrawinds SE, a Belgian company on the development of a 20 megawatt wood-based bio-mass power plants. In January 2021, pursuant to the Spaepen Consulting Agreement, the Company acquired the Fuel Cell IP in an arm’s length transaction.

**Mr. Eugene Beukman – Director - Age: 62**

Eugene Beukman is the Corporate Counsel of the Pender Group of Companies, a position he has held since January 1994. He graduated from the Rand University of Johannesburg, South Africa with a Bachelor of Law degree and a Bachelor of Law Honors Postgraduate degree in 1987. After practicing as a lawyer, Mr. Beukman was employed as a legal advisor to the BHP Billiton group companies, a leading global resources company, and a producer of major commodities, including iron ore, metallurgical coal, copper and uranium, with substantial interests in conventional and unconventional oil and gas and energy coal. He also has over 30 years’ experience in the acquisition of assets and joint ventures, and serves as CEO and Director on a number of TSXV and CSE listed companies. He is also a director of the Company.

**Mr. Joel Dumaresq – Corporate Secretary, CFO and Director - Age: 56**

Joel Dumaresq has 30 years of experience in the financial sector, and for the last 12 years he has been the Managing Director of the Vancouver-based private equity firm, Matrix Partners Inc. Mr. Dumaresq also has Oil and Gas executive management experience in United Kingdom, East Africa and Asia, and has been instrumental in raising over $100M for Oil and Gas ventures from public markets and industry farm-downs. He has extensive expertise in mergers and acquisitions and previously worked in a financial and investment banking role with RBC Dominion Securities. He is also the Corporate Secretary, CFO and Director of the Company.

**Mr. Maciej Lis - Director - Age: 38**

Maciej Lis currently holds interests in various sales, distribution and logistics companies which he helped build over the preceding decade. He has also previously acted in a number of business development roles for both public and private small-cap and mid-cap natural resource and technology sector companies, operating globally. Mr. Lis acts as a director for International Cobalt Corp., Global Care Capital Inc. and Gold’n Futures Mineral Corp., all public companies listed on the CSE. Mr. Lis holds an Honors Degree in Economics from the University of Toronto, and is fluent in three languages.

**Mr. Jo Verstappen – Chief Operating Officer – Age: 63**

Jo Verstappen became acquainted with the fuel cell technology five years ago and immediately recognized the market potential and opportunities. His professional experience is focused on business operations and ensuring the appropriate project set-up and to prepare companies for product development and growth, especially companies focused on manufacturing technologies. Mr. Verstappen began his career in the restaurant business, as a R&D manager within the food industry servicing restaurants. In 1996, Mr. Verstappen was appointed as the General Manager of Vaco BV
in Belgium, part of the Bakkavor PLC group (the “Group”). During the initial three years of his tenure as General Manager, he quadrupled the size of the business by introducing new technologies, building strong long term commercial relationships and appointing and retaining a strong management team. In 2001, Mr. Verstappen transitioned to a similar role as General Manager of Bourne Stir Fry, based in the United Kingdom, where he once again implemented his innovative approach. He returned to the Group in 2005 as Managing Director covering North and Central Europe, responsible for growth strategy, commercial tactics and investments for the respective local businesses. In 2015, Mr. Verstappen left the Group to establish Gracious Circle Energy, a Portuguese based bio-charcoal business, and as CEO, he developed and built out the production process, commercial portfolio, supply base and manufacturing team.

Mr. Troy J. Grant - Director - Age: 47

Troy Grant has held senior positions in the financial service sector for over 18 years. He has spent most of his career in the brokerage field and has also been instrumental in venture formation, financing and the development of a number of resource, technology and agriculture companies operating globally. Previously, he held the position of head of corporate finance and head of institutional European sales at Citadel Securities where he focused primarily on the resource sector. Currently, Mr. Grant is a director of Auxly Cannabis Group, Inc. and he is also the founder and CEO of Elcora Advanced Materials, a TSXV-listed graphene materials company, which he took public in June 2011. Mr. Grant is a graduate of St. Francis Xavier University with a Bachelor of Business and economics.

Mr. Gerard Sauer – Chairman of the Advisory Board and Project Director - Age: 74

Gerard Sauer has extensive experience in the hydrogen fuel cell and battery field, having created a number of fuel cell systems and balance of plant, associated with applications in static generation, automotive, industrial applications. Mr. Sauer is a founding father of AFC Energy, an AIM stock market quoted alkaline fuel cell manufacturer in the United Kingdom and was the CEO from 2005 until 2010. Mr. Sauer studied internal combustion architecture at the Apeldoorn Institute, with a specialization in squish band technology. Following this, he went on to privately study into fuel atomisation aspects of the combustion process. In 1989, Mr. Sauer began focusing on renewable energy technology and specifically fuel cell tech and electrical machines and batteries as well as electrode construction and development of low cost structures. Mr. Sauer co-authored patents on electrode cathode and anode designs and high volume electrode production features.

Corporate Cease Trade Orders or Bankruptcies

To the Issuer’s knowledge and other than as disclosed herein, no director or executive officer or promoter of the Issuer is, as at the date of this Listing Statement, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or corporation, including the Issuer, that:

(a) was subject to (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an “order”) that was issued while the director or executive officer or promoter was acting in the capacity of a director, the chief executive officer, or the chief financial officer thereof; or

(b) was subject to an order that was issued after the director or executive officer or promoter ceased to be a director, the chief executive officer, or the chief financial officer thereof and which resulted from an event that occurred while that person was acting in such capacity.

On May 6, 2019, during the period when Eugene Beukman was acting as a director of Spotlite360 Technologies, Inc. (formerly 1014379 B.C. Ltd.) (“Spotlite360”), Spotlite360 was subject to a cease trade order issued by the British Columbia Securities Commission for failure to file its financial statements within the required time period. The cease trade order was revoked on November 7, 2019.

On November 4, 2015, during the period when Eugene Beukman was a director and CEO of La Jolla Capital Inc. (“La Jolla”), La Jolla was subject to a cease trade order under issued by the British Columbia Securities Commission for failure to file its financial statements within the required time period. On November 9, 2015, the company was subject to a management cease trade order issued by the Ontario Securities Commission for failure to file its financial
statements within the required time period. The management cease trade order was replaced with a cease trade order was revoked on December 11, 2015 when the La Jolla Financials were filed.

On October 1, 2019, during the period when Joel Dumaresq was acting as the CEO and Director of Orion Nutraceuticals Inc. (“Orion”), Orion was subject to a management cease trade order issued by the British Columbia Securities Commission to provide Orion with additional time in order to file its annual audited financial statements and accompanying management’s discussion and analysis for the year-ended May 31, 2019 (the “Orion Annual Filings”). Orion was granted an extension until November 29, 2019 to submit the Orion Annual Filings. On November 26, 2019, Orion made a subsequent application to the BCSC in order to extend the term of the management cease trade order until December 13, 2019. The application was subsequently not accepted by the BCSC. On December 4, 2019, the BCSC issued a cease trade order against Orion for failure to file the Orion Annual Filings, Orion subsequently submitted the Orion Annual Filings on December 4, 2019 and on December 5, 2019, the cease trade order was revoked.

To the Issuer’s knowledge and other than as disclosed herein, no director or executive officer or promoter of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer:

(a) is, as at the date of this Listing Statement, or has been within the 10 years before the date hereof, a director or executive officer of any person or company, including the Issuer, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of the director, executive officer, or shareholder.

On April 30, 2015, Elte Trading BV (0476.563.968) of which Mr. Spaepen was a director, officer and shareholder was declared bankrupt by the Commercial Court of Antwerp, Hasselt. The bankruptcy was closed on June 27, 2019.

On January 5, 2021, Energy For All BV (“Energy For All”), of which Mr. Spaepen was a director, officer and shareholder, received an order of the Commercial Court of Antwerp appointing an administrator as receiver over Energy For All’s assets at the request of creditors of Energy For All. The procedure was uncontested and was endorsed by Mr. Spaepen to enable Energy For All’s creditors to realize payment on approximately €20,000 of unpaid accounts through the remaining assets of Energy For All. The matter is ongoing.

**Penalties or Sanctions**

To the Issuer’s knowledge and other than as disclosed herein, no director or executive officer or promoter of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Personal Bankruptcies**

No director or officer of the Issuer, nor any shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, nor any personal holding company of any such person has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.
Potential Conflicts

The directors and officers of the Company are engaged in, and will continue to be engaged in, other activities in the energy industry and, as a result of these and other activities, the directors and officers of the Company may become subject to conflicts of interest.

Mr. Jef Spaepen owns or controls 18,000,000 Shares and that ownership or control is material. As a result, Mr. Spaepen will have the ability to control or veto matters submitted to the Company’s shareholders for approval. This may negatively affect the attractiveness of the Company to third-parties considering an acquisition of the Company or cause the market price of the Shares to decline. The interests of Mr. Spaepen may not in all cases be aligned with the interests of the Company’s shareholders. See “Risk Factors - Risks Related to the Shares - Effective Control”.

The management may, from time to time, make investments in other companies and in its own research and development initiatives. As such, the management may acquire interests in companies or otherwise develop businesses that directly or indirectly compete with all or certain portions of the Company’s business or that are suppliers to, or customers of, the Company. See “Risk Factors - Risks related to the Company - Conflicts of Interest”.

The BCBCA provides that, in the event that a director or officer has an interest in a contract or proposed contract or agreement, the director or officer shall disclose his or her interest in such contract or agreement and a director shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Other than as described herein, as at the date of this Listing Statement, the Company is not aware of any existing or potential material conflicts of interest between the Company and a director or officer of the Company.
C**APITALIZATION**

**Issued Capital**

The Company’s capitalization consists of 168,057,561 Shares, 43,939,394 Warrants, 3,075,756 Finder’s warrants, and 16,812,500 options.

<table>
<thead>
<tr>
<th>Public Float</th>
<th>Number of Shares (non-diluted)</th>
<th>Number of Shares (fully-diluted)</th>
<th>% of Issued (non-diluted)</th>
<th>% of Issued (fully diluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total outstanding (A)</td>
<td>168,057,561</td>
<td>231,885,211</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)</td>
<td>18,501,515</td>
<td>23,501,515</td>
<td>11.01%</td>
<td>10.13%</td>
</tr>
<tr>
<td>Total Public Float (A-B)</td>
<td>149,556,046</td>
<td>208,383,696</td>
<td>88.99%</td>
<td>89.87%</td>
</tr>
</tbody>
</table>

**Freely-Tradeable Float**

<table>
<thead>
<tr>
<th>Freely-Tradeable Float</th>
<th>Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)</th>
<th>Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)</th>
<th>% of Issued (non-diluted)</th>
<th>% of Issued (fully diluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)</td>
<td>18,000,000</td>
<td>18,000,000</td>
<td>10.71%</td>
<td>7.76%</td>
</tr>
<tr>
<td>Total Tradeable Float (A-C)</td>
<td>150,057,561</td>
<td>213,885,211</td>
<td>89.29%</td>
<td>92.24%</td>
</tr>
</tbody>
</table>
Public Securityholders (Registered)

The Company’s capitalization includes 149,556,046 Shares held by approximately 669 registered public securityholders.

<table>
<thead>
<tr>
<th>Size of Holding</th>
<th>Number of Holders</th>
<th>Total Number of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 99 securities</td>
<td>279</td>
<td>7,994</td>
</tr>
<tr>
<td>100 – 499 securities</td>
<td>76</td>
<td>15,386</td>
</tr>
<tr>
<td>500 – 999 securities</td>
<td>31</td>
<td>20,070</td>
</tr>
<tr>
<td>1,000 – 1,999 securities</td>
<td>17</td>
<td>25,229</td>
</tr>
<tr>
<td>2,000 – 2,999 securities</td>
<td>7</td>
<td>15,920</td>
</tr>
<tr>
<td>3,000 – 3,999 securities</td>
<td>1</td>
<td>3,600</td>
</tr>
<tr>
<td>4,000 – 4,999 securities</td>
<td>8</td>
<td>33,635</td>
</tr>
<tr>
<td>5,000 or more securities</td>
<td>250</td>
<td>149,434,212</td>
</tr>
<tr>
<td>Total</td>
<td>669</td>
<td>149,556,046(1)</td>
</tr>
</tbody>
</table>

(1) Excludes 18,501,515 Shares over which a directors and senior officer of the Company beneficially owns or exercises control or direction over.

Non-Public Securityholders (Registered)

The Company’s capitalization includes 18,501,515 Shares held by four registered non-public securityholders.

<table>
<thead>
<tr>
<th>Size of Holding</th>
<th>Number of Holders</th>
<th>Total Number of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000 or more securities</td>
<td>4</td>
<td>18,501,515</td>
</tr>
</tbody>
</table>

Securities convertible or exchangeable into any class of listed securities:

The Company’s capitalization includes 43,939,394 Warrants, 3,075,756 Finder’s warrants and 16,812,500 Options.

<table>
<thead>
<tr>
<th>Convertible Security</th>
<th>Number of Convertible / Exchangeable Securities Outstanding</th>
<th>Number of Shares Issuable Upon Conversion / Exercise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warrants</td>
<td>43,939,394</td>
<td>43,939,394</td>
</tr>
<tr>
<td>Finder’s warrants</td>
<td>3,075,756</td>
<td>3,075,756</td>
</tr>
<tr>
<td>Options</td>
<td>16,812,500</td>
<td>16,812,500</td>
</tr>
<tr>
<td>TOTAL</td>
<td>52,515,150</td>
<td>52,515,150</td>
</tr>
</tbody>
</table>
EXECUTIVE COMPENSATION

The following table sets out the anticipated compensation of the Company’s Chief Executive Officer, Chief Financial Officer and Chief Operating Officer for the financial year ended December 31, 2021:

<table>
<thead>
<tr>
<th>Name and principal position</th>
<th>Year</th>
<th>Salary ($) (1)</th>
<th>Share-based awards ($) (2)</th>
<th>Option-based awards ($)</th>
<th>Non-equity incentive plan compensation ($)</th>
<th>All other compensation ($) (4)</th>
<th>Total compensation ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jef Spaepen Chief Executive Officer</td>
<td>2021</td>
<td>274,212†</td>
<td>90,000#</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>300,000</td>
</tr>
<tr>
<td>Joel Dumaresq Chief Financial Officer</td>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jo Verstappen Chief Operating Officer</td>
<td>2021</td>
<td>314,813†</td>
<td>-</td>
<td>$15,000#</td>
<td>-</td>
<td>-</td>
<td>137,129</td>
</tr>
</tbody>
</table>

Notes
1. Represents the base salary expected to be paid in the financial year ended December 31, 2021.
2. The Company has yet to establish equity compensation levels for its NEOs.
3. The Company has yet to establish an annual incentive plan.
4. None of the NEOs are entitled to perquisites or other personal benefits which, in the aggregate, are worth over $50,000 or over 10% of their base salary.
5. Pursuant to the Spaepen Consulting Agreement, Mr. Spaepen is entitled to a €15,000 monthly consulting fee. The consulting fee has been denoted in Canadian dollars based on the Bank of Canada March 3, 2021 exchange rate for the conversion of European Euros into Canadian dollars being 1.5432.
6. Pursuant to the Spaepen Consulting Agreement, Mr. Spaepen received an aggregate of 18,000,000 Shares at a deemed value of $0.005 for an aggregate deemed value of $90,000.
7. Pursuant to the Axxentis Consulting Agreement, Axxentis B.V. is entitled to a €17,000 monthly consulting fee. The consulting fee has been denoted in Canadian dollars based on the Bank of Canada March 3, 2021 exchange rate for the conversion of European Euros into Canadian dollars being 1.5432.
8. Pursuant to the Axxentis Consulting Agreement, Mr. Verstappen is entitled to receive 3,000,000 options exercisable into Shares at an exercise price of $0.25 per share. The value of the options were set at $0.005 per option for aggregate deemed value of $15,000.

The Company’s director and NEO compensation program (the “Compensation Program”) will be developed and determined by the Compensation Committee. The Compensation Program will be reviewed at least annually and then adjusted and modified as necessary from time to time. The Company expects that its Compensation Program will provide executive officers incentives for the achievement of short-term and long-term objectives, without motivating them to take unnecessary risk. As part of its review and discussion of executive compensation, the Board may note the following factors that could discourage the Company’s executives from taking unnecessary or excessive risk: (i) the Company’s business strategy and related compensation philosophy; and (ii) the effective balance, in each case, between short-term and long-term focus, corporate and individual performance, and financial and non-financial performance.

Director Compensation

As at the date of this Listing Statement, the Company has not yet determined its director compensation program. The Company’s Compensation Committee will determine such program.
Stock Option Plan

The Company has adopted the Stock Option Plan, which is a “rolling” stock option plan under which options may be granted equal in number to 10% of the issued and outstanding capital of the Company at the time of the grant of the stock option. Following the completion of the Aprils and May Private Placement, up to 11,305,757 additional options are issuable under the Stock Option Plan, being 10% of the Shares issued and outstanding following the completion of the April and May Private Placements.

The Stock Option Plan was established to provide incentives to qualified parties to increase their interest in the Company and thereby encourage their continuing association with the Company. The Stock Option Plan is administered by the Compensation Committee. The Stock Option Plan provides that options may be issued to directors, officers, employees and consultants of the Company.

The objective of the Stock Option Plan is to provide for and encourage ownership of Shares by its directors, officers, employees and consultants and those of any subsidiary companies so that such persons may increase their stake in the Company and benefit from increases in the value of the Shares. The Stock Option Plan is designed to be competitive with the benefit programs of the Company’s industry peers.

The Company expects that options will normally be recommended by management and approved by the Board upon the commencement of an individual’s employment with the Company based on the individual’s level of responsibility within the organization and their contribution to the Company’s success. Additional grants may be made periodically to ensure that the number of options granted to any particular individual is commensurate with the individual’s level of ongoing responsibility within the Company. Previous grants are taken into account when considering new grants.

The use of options by the Company is expected to result in a significant portion of senior officer compensation being “at risk” and will be directly linked to the achievement of business results and long-term value creation for the Company’s shareholders. As at the date of this Listing Statement, there were 16,812,500 options outstanding under the Stock Option Plan.

The material attributes of the Stock Option Plan are as follows:

- options may be granted to directors, officers, employees and consultants;
- the term of any options granted under the Stock Option Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of 10 years;
- the exercise price of any options granted under the Stock Option Plan will be determined by the Board, in its sole discretion, but shall not be less than the market price of the Company’s stock as calculated on the date of the grant and the exercise price must not be less than the lowest price permitted by the applicable securities exchange, or if the Shares are not listed on any securities exchange, the exercise price may not be less than the fair market value of the Shares as may be determined by the Board on the day immediately preceding the date of the grant of such option;
- the Board may, from time to time in its sole discretion, attach restrictions relating to the exercise of an option, including vesting provisions save and except any options granted to consultants performing investor relations activities must include a vesting schedule whereby the options must vest in stages over at least 12 months with not more than one-quarter vesting in any three-month period;
- all options issuable under the Stock Option Plan are non-assignable and non-transferable;
- the exercise price of options shall be determined by the Board, subject to applicable stock exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by applicable laws;
- the aggregate number of Shares issuable upon the exercise of all options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding Shares from time to time;
• no single participant may be granted options to purchase a number of Shares equaling more than 5% of the issued Shares in any 12-month period;

• no employee or consultant performing investor relations activities may be granted options to purchase a number of Shares equaling more than 2% of the issued Shares in any 12-month period;

• if the option holder ceases to be a director of the Company, then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director of the Company, subject to the terms and conditions set out in the Stock Option Plan. If the option holder ceases to be an Employee or Consultant of the Company (as such terms are defined in the Stock Option Plan), then the option granted shall expire on the 30th day following the date the option holder ceases to be an Employee or Consultant, subject to the terms and conditions set out in the Stock Option Plan. If the option holder is a Consultant or Employee engaged in performing investor relations activities and ceases to be an Employee or Consultant of the Company, then the option granted shall expire on the day the option holder ceases to be a Consultant or Employee subject to the terms and conditions set out in the Stock Option Plan;

• disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders, within a 12 month period, exceeding 10% of the Company’s issued common shares; and (iii) any grant of options to any one individual, within a 12 month period, exceeding 5% of the Company’s issued common shares; and

• options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company’s common shares.

Other than the Stock Option Plan, the Company does not have any stock option plan, stock option agreement made outside of a stock option plan, plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units and any other incentive plan or portion of a plan under which awards are granted.

As of the date of this Listing Statement, there were 16,812,500 options outstanding under the Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or executive officer of the Company, or any associate or affiliate of any such director or senior officer, is or has been indebted to the Company since the date of its incorporation. No director or executive officer of the Company, or associate or affiliate of any such director or senior officer, is or has been indebted to the Company since the beginning of its last completed financial year.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

Audit Committee Charter

The Audit Committee is expected to adopt an audit committee charter, substantially in the form attached as Appendix “C” to this Listing Statement.

Composition of the Audit Committee

The Audit Committee will consist of three individuals, each of whom is financially literate within the meaning of NI 52-110.
The persons below are expected to be the members of the Audit Committee:

<table>
<thead>
<tr>
<th>Name</th>
<th>Status</th>
<th>Financially literate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eugene Beukman</td>
<td>Independent</td>
<td></td>
</tr>
<tr>
<td>Maciej Lis</td>
<td>Independent</td>
<td></td>
</tr>
<tr>
<td>Troy Grant(1)</td>
<td>Independent</td>
<td></td>
</tr>
</tbody>
</table>

Note:
1. Chair of the Audit Committee.

Relevant Education and Experience

In addition to each member’s general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

Mr. Eugene Beukman – Eugene Beukman is the Corporate Counsel of the Pender Group of Companies, a position he has held since January 1994. He graduated from the Rand University of Johannesburg, South Africa with a Bachelor of Law degree and a Bachelor of Law Honors Postgraduate degree in 1987. He also has over 30 years’ experience in the acquisition of assets and joint ventures, and serves as CEO and Director on a number of TSXV and CSE listed companies.

Mr. Maciej Lis – Maciej Lis currently holds interests in various sales, distribution and logistics companies which he helped build over the preceding decade. He has also previously acted in a number of business development roles for both public and private small-cap and mid-cap natural resource and technology sector companies, operating globally. Mr. Lis holds an Honors Degree in Economics from the University of Toronto.

Troy J. Grant – Troy Grant has held senior positions in the financial service sector for over 18 years. He has spent most of his career in the brokerage field. Previously, he held the position of head of corporate finance and head of institutional European sales at Citadel Securities where he focused primarily on the resource sector. Mr. Grant is a graduate of St. Francis Xavier University with a Bachelor of Business and economics.

Reliance on Section 6.1

Pursuant to section 6.1 of NI 52-110, as a venture issuer the Company will rely on the exemption from the audit committee composition requirements and certain reporting obligations found in Parts 3 and Part 5 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee will adopt specific policies and procedures for the engagement of non-audit services as described in the Audit Committee’s charter.

External Auditor Service Fees

The following tables sets out the Audit Fees, Audit Related Fees, Tax Fees or Other Fees (each within the meaning of NI 52-110F1) billed by the Company’s auditor in each of the last two fiscal years:

<table>
<thead>
<tr>
<th>Financial Year Ending</th>
<th>Audit Fees(^1)</th>
<th>Audit-Related Fees(^2)</th>
<th>Tax Fees(^3)</th>
<th>All Other Fees(^4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$7,500</td>
<td>$Nil</td>
<td>$Nil</td>
<td>$92</td>
</tr>
<tr>
<td>2019</td>
<td>$7,500</td>
<td>$Nil</td>
<td>$Nil</td>
<td>$92</td>
</tr>
</tbody>
</table>

Notes:
1. Audit Fees consist of the aggregate fees billed by the auditor for audit services.
2. Audit-Related Fees consist of the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported under “Audit Fees” above and
may include the provision of comfort letters and consents, the consultation concerning financial accounting and reporting of specific issues and the review of documents filed with regulatory authorities.

3. **Tax Fees** include fees billed for tax compliance, tax advice and tax planning services, including the preparation of original tax returns and claims for refund; tax consultations, such as assistance for representation in connection with tax audits and appeals, tax advice related to mergers and acquisitions and requests for ruling or technical advice from taxing authorities; tax planning services; and consultation and planning services.

4. **All Other Fees** include the aggregate fees billed for products and services provided by the auditor, other than the services reported above.

**Corporate Governance**

**Board of Directors**

The Board will exercise independent supervision over management by scheduling meetings of only independent directors to ensure that non-independent directors are not unduly influencing independent directors. The independent directors of the Company will be Maciej Lis and Troy J. Grant within the meaning of NI 52-110. None of Eugene Beukman or Joel Dumaresq will be an independent director as each of Messrs. Beukman and Dumaresq are officers of the Company.

**Directorships**

The following directors of the Company serve as a director or officer of other reporting issuers as at the date of this Listing Statement:

<table>
<thead>
<tr>
<th>Director</th>
<th>Other Reporting Company</th>
</tr>
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<tbody>
<tr>
<td>Eugene Beukman</td>
<td>Spotlite 360 Technologies, Inc.</td>
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<td></td>
<td>Boksburg Ventures Ltd.</td>
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<td></td>
<td>International Cobalt Corp.</td>
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<td></td>
<td>La Jolla Capital Inc.</td>
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<td>Range Energy Resources Inc.</td>
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<td>Reliq Health Technologies Inc.</td>
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<td>SLAM Exploration Ltd.</td>
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<tr>
<td>Joel Dumaresq</td>
<td>ArcWest Exploration Inc.</td>
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<td></td>
<td>Boksburg Ventures Ltd.</td>
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<td></td>
<td>Powertap Hydrogen Capital Corp. (formerly, Clean Power Capital Corp.)</td>
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<td></td>
<td>Christina Lake Cannabis Corp.</td>
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<td></td>
<td>Major Precious Metals Corp. (formerly, Eastern Zinc Corp.)</td>
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<td></td>
<td>TAAT Global Alternatives Inc. (formerly TAAT Lifestyle &amp; Wellness Ltd.)</td>
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<td></td>
<td>Orion Nutraceuticals Inc.</td>
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<td></td>
<td>Spotlite 360 Technologies, Inc.</td>
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<tr>
<td>Maciej Lis</td>
<td>Canadian GoldCamps Corp. (formerly, Supreme Metals Inc.)</td>
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<td>Gold’n Futures Mineral Corp. (formerly, European Metals Corp.)</td>
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<td>Global Care Capital Inc. (formerly, Resinco Capital Partners Inc.)</td>
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<td></td>
<td>International Cobalt Corp.</td>
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<tr>
<td>Troy J. Grant</td>
<td>Auxly Cannabis Group Inc.</td>
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<td>Elcora Advanced Materials Corp.</td>
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<td>Global Care Capital Inc. (formerly Resinco Capital Partners Inc.)</td>
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<td>i3 Interactive Inc.</td>
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</table>

**Orientation and Continuing Education**

The Board will ensure that new members are provided access to senior management to discuss the current business strategy of the Company. The Board will also encourage new members to meet individually with current Board members to discuss historical information.
**Ethical Business Conduct**

The Board will encourage ethical business conduct by ensuring that all members are experienced in leading corporations with ethical business standards.

**Nomination of Directors**

The Compensation Committee will meet with prospective nominees to ensure compatibility with current members, following which the Audit Committee will propose nominees to the Board for approval.

**Compensation**

The Compensation Program will be developed and determined by the Compensation Committee. See “Executive Compensation”.

**Other Board Committees**

The Board will not have any standing committees other than the Audit Committee and the Compensation Committee.

**Assessments**

The Board does not expect to have a formal process where the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. The Compensation Committee will review the attendance and performance of the committees and individual directors on an informal basis.

**RISK FACTORS**

The business of the Company, and therefore investment in it, is subject to certain risks, including but not restricted to risks related to:

**Risks Related to the Shares**

**Going Concern**

Certain conditions may cast doubt upon the ability of the Company to continue as a going concern: The Company has a limited commercial operating history, and no recent significant revenues to provide ongoing operating capital; and until sufficient cash flows from operations are generated on a consistent basis, the Company will be reliant on debt and equity financing to sustain operations.

The Company’s ability to generate sufficient cash flows to maintain normal operations, if unsuccessful, will result in it not being able to continue as a going concern. The Company has incurred significant losses to date and there is uncertainty about the Company’s ability to continue as a going concern. Management has been able, thus far, to finance operations through debt and equity financings and will continue, as appropriate, to seek financing from these and other sources; however, there are no assurances that any such financings can be obtained on favourable terms, if at all. In view of these conditions, the ability of the Company to continue as a going concern is dependent upon its continued ability to obtain financing, generate sufficient cash flows and, ultimately, achieve profitable operations.

**No Prior Public Market for the Shares**

A market for the Shares may not sustainably develop in the future. If a market for the Shares does not sustainably develop, the Company’s shareholders may have difficulty selling their Shares and the market price for the Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company’s control.
Requirements Associated with being a Public Company

The Company will be subject to the reporting requirements of applicable securities laws and other rules and regulations. The Company is working to identify those areas in which changes should be made to its financial and management control systems to manage the Company’s growth and obligations as a public reporting company. These areas include corporate governance, corporate control, disclosure controls and procedures and financial reporting and accounting systems. The Company has made, and will continue to make, changes in these and other areas. Compliance with various reporting and other requirements applicable to public reporting companies will require considerable time, attention of management and financial resources. In addition, the changes made may not be sufficient to allow the Company to satisfy its obligations as a public reporting company on a timely basis.

Dilution

The Company will need to raise additional funding in order to complete the development of, create additional manufacturing capacity for, and to commercialize its products and to conduct the research and development and regulatory activities necessary to bring its products to market. To the extent that the Company raises additional capital by issuing equity securities, the share ownership of existing stockholders will be diluted. Any future debt financing may involve covenants that restrict the Company’s operations, including limitations on the Company’s ability to incur liens or additional debt, pay dividends, redeem its stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. In addition, if the Company must seek funds through arrangements with collaborative partners, these arrangements may require the Company to relinquish rights to some of its technologies or product candidates or otherwise agree to terms that are unfavorable to the Company.

No Dividends

The Company has never paid cash dividends on any of its share capital, and the Company currently intends to retain future earnings, if any, to fund the development and growth of the business. Therefore, holders of Shares are not likely to receive any dividends on such Shares for the foreseeable future or at all. Since the Company does not intend to pay dividends, any ability of a holder of Shares to receive a return on its investment will depend on any future appreciation in the market value of such Shares. There is no guarantee that the Shares will appreciate or ever maintain the current price.

Effective Control

Certain insiders, may own or control Shares and that ownership or control may be material. As a result, such insiders could have the ability to control or veto matters submitted to the Company’s shareholders for approval. This may negatively affect the attractiveness of the Company to third-parties considering an acquisition of the Company or cause the market price of the Shares to decline. The interests of such insiders may not in all cases be aligned with the interests of the Company’s shareholders. In addition, such insiders may have an interest in pursuing acquisitions, divestitures and other transactions that, in the judgment of its management, could enhance its equity investment, even though such transactions might involve risks to the Company’s shareholders and may ultimately adversely affect the market price of the Shares. So long as such insiders continue to own, directly or indirectly, a significant amount of the Shares, such insiders may be able to strongly influence or effectively control the Company’s decisions.

Certain shareholders may have the ability to influence the Company through their ownership position. These shareholders may be able to determine all matters requiring shareholder approval. For example, these shareholders may be able to control elections of directors, amendments of the Company’s organizational documents or approval of any merger, sale of asset or other corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for the Shares that holders of Shares may feel are in their best interest.

Eligibility for Investment

Considering that the Shares are not currently listed on a designated stock exchange, within the meaning of the Tax Act, the Shares (including the Units acquired pursuant to the April and May Private Placements) may not be a qualified investment under the Tax Act for trusts governed by RRSPs, DPSPs, RRIFs, RESPs, DPSPs, RDSPs and TFSAs. Any trusts governed by RRSPs, RRIFs, RESPs, DPSPs, RDSPs and TFSAs shall consult with their own tax advisors for
specific advice with respect to the receipt and holding of the Shares pursuant to the April and May Private Placements or otherwise.

**Volatility in Capital Markets**

Under present market conditions, publicly traded securities in the industrial technology industry are subject to price volatility. The market for securities of industrial technology companies may be subject to market trends regardless of the success of the Company. A volatile capital market may impede the ability to undertake future financings, strategic alliances and acquisitions.

**Risks Related to the Company**

**Limited Operating History**

Following the Change of Business, the Company will become an alternative battery technology company with a limited operating history in this industry. The Company has not yet built a full working prototype of its power system, obtained regulatory approval for any product candidates in any jurisdiction or generated any revenues from product sales. If any of the Company’s future product candidates fail in testing or development, or do not gain regulatory approval, or if any of the Company’s product candidates following regulatory approval, if any, do not achieve market acceptance, the Company may never become profitable or sustain profitability.

**No History of Earnings**

The Company has incurred net losses since its inception and the Company expects to continue to incur substantial losses for the next several years, and expects these losses to increase as the Company continues the development of, and the seeking of regulatory approval for, its current and future product candidates. In addition, if the Company receives regulatory approval to market any of its future product candidates, it will incur additional losses as it scales its manufacturing operations and builds an internal sales and marketing organization to commercialize any approved products. In addition, the Company expects its expenditures to increase as it adds infrastructure and personnel to support its operations as a public company. The Company anticipates that its net losses and accumulated deficit for the next several years will be significant as the Company conducts its planned operations.

As there are numerous risks and uncertainties associated with the development of hydrogen Alkaline fuel cell battery technology, the Company is unable to accurately predict the timing or amount of associated development expenses or when, or if, the Company will be able to achieve, or maintain, profitability. In addition, the Company’s expenses could increase if there are any delays in the testing and development of future product candidates. The amount of the Company’s future net losses will depend, in part, on the amount and timing of the Company’s expenses, its ability to generate revenue and its ability to raise additional capital. These net losses have had, and will continue to have, an adverse effect on the Company’s working capital and its shareholders’ equity.

**Negative Cash Flow**

The Company has negative cash flow from operating activities. The Company anticipates that it will continue to have negative cash flow until such time that commercial production is achieved with its products. To the extent that the Company has negative operating cash flows in future periods in excess of the amounts disclosed above in the use available funds, it may need to deploy a portion of its existing working capital to fund such negative cash flow.

**Ability to Raise Additional Funds**

Developing hydrogen Alkaline fuel cell technology products, including conducting testing of such products, is expensive. The Company will require substantial additional capital in order to complete the development of its products, create additional manufacturing capacity, commercialize its products and conduct research and development and regulatory activities necessary to bring its product candidates to market. If regulatory authorities require that the Company perform additional testing of its products at any point, or expand or extend the Company’s current testing, the Company’s expenses would further increase beyond what is currently expected, and the anticipated timing of any future development activities and potential regulatory approvals will likely be delayed. Raising funds in the then-
current economic environment may be difficult and additional funding may not be available on acceptable terms, or at all.

Development Risks

The development, commercialization and marketing of hydrogen Alkaline fuel cell technology products are at an early stage, substantially research-oriented and financially speculative. In general, hydrogen Alkaline fuel cell technology products may be susceptible to various risks, including potentially prohibitive costs or other characteristics that may prevent or limit their approval or commercial use. Furthermore, the number of people who may use hydrogen Alkaline fuel cell technology products is difficult to forecast with accuracy. The Company’s future success is dependent on the establishment of a large global market for hydrogen Alkaline fuel cell technology products and its ability to capture a share of this market with its product candidates.

The Company’s development efforts with hydrogen Alkaline fuel cell technology products is susceptible to the same risks of failure inherent in the development and commercialization of product candidates based on new technologies. The novel nature of hydrogen Alkaline fuel cell technology products creates significant challenges in the areas of product development and optimization, manufacturing, government regulation, third-party reimbursement and market acceptance.

The ability of the Company to compete and expand will also be dependent on its access, at a reasonable cost, to equipment, parts and components, which are at least technologically equivalent to those utilized by competitors and to the development and acquisition of new competitive technologies. Failure by the Company to do so could have a material adverse effect on the Company’s business, financial condition, results of operations and cash flow.

The Company’s intentions to seek partnerships with universities and research institutes as well as early stage commercial partners for the purposes of development may not materialize which may affect the development of the hydrogen Alkaline fuel cell technology products and the eligibility for European Government support under the Green Deal Initiative.

Operation and Supplier Risk

The Company outsources certain of its production activities to a series of contract manufacturers and there is a risk that one or more of these subcontractors will not perform its contractual obligations. There is also a risk that long lead times for critical components may affect production lead times. Where possible, the Company addresses these risks through contract frustration insurance. The Company also actively monitors critical component suppliers to the contract manufacturer and in some cases invests to secure longer lead time items. At this stage in the Company’s development, the Company has greater exposure to financial loss due to a concentration of customers.

Results of Early Testing

Hydrogen Alkaline fuel cell technology products development has inherent risk. The Company, or any of its future development partners, will be required to demonstrate through adequate and well-controlled testing that its product candidates are effective, with a favorable risk-benefit profile, for their intended use before the Company can seek regulatory approvals for their commercial sale. Hydrogen alkaline fuel cell technology products development is a long, expensive and uncertain process, and delay or failure can occur at any stage of development, including after commencement of any testing. In addition, success in early testing does not mean that later testing will be successful because product candidates in later-stage testing may fail to demonstrate sufficient safety or efficacy despite having progressed through initial testing. Accordingly, the Company cannot guarantee that it will be able to develop commercially viable products on the timetable that the Company anticipates, or at all.

Market Acceptance

Market acceptance of the Company’s products is a significant factor in achieving the Company’s strategic goals. A key risk in the minds of the Company’s customers is the Company’s financial stability and its continued ability to support its product offerings over a long period of time. The Company’s success will also depend on its ability to enhance its existing technology and products, and its ability to introduce new products and features that meet customer
requirements. There can be no assurance that the Company will successfully market its technology to earn sufficient revenue to permit the level of research and development spending required to maintain a stream of new technological advances and product development. Further, there can be no assurance that the Company will be successful in developing, manufacturing, marketing or enhancing its technology and products. The Company’s business would be adversely affected if it incurs delays in developing its technology, products or enhancements, or if such technology, products or enhancements do not gain market acceptance.

**Emerging Market**

Alternative battery technology is an emerging market. In such emerging markets, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. The development of a mass market for the Company’s products may be affected by many factors, some of which are beyond the Company’s control, including the emergence of newer, more competitive technologies and products, the cost of fuels used by the Company’s products, regulatory requirements, consumer perceptions of the safety of the Company’s products and related fuels, and end-user reluctance to buy a new product. If a mass market fails to develop, or develops more slowly than the Company anticipates, the Company may never achieve profitability. In addition, the Company cannot guarantee that its products will continue to be developed, manufactured or marketed if sales levels do not support the continuation of the product.

**Product Liability**

The use of its future product candidates in testing and the sale of any products for which the Company obtains marketing approval exposes the Company to the risk of product liability claims. Product liability claims might be brought against the Company by consumers, retailers or others selling or otherwise coming into contact with its product candidates and any products for which the Company obtains marketing approval. There is a risk that the Company’s product candidates may induce adverse events, and that such adverse events may not be detected for a long period of time. If the Company cannot successfully defend against product liability claims, it could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims can result in: impairment of business reputation; increased costs due to related litigation; distraction of management’s attention from the Company’s primary business; substantial monetary awards to claimants; the inability to commercialize or develop product candidates; and decreased demand for the Company’s product candidates, if approved for commercial sale.

The Company carries product liability insurance that it believes is sufficient in light of its current activities, however, the Company may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect against losses due to liability. If and when the Company obtains marketing approval for product candidates, it intends to expand its insurance coverage to include the sale of commercial products; however, the Company may be unable to obtain product liability insurance on commercially reasonable terms or in adequate amounts. On occasion, large judgments have been awarded in lawsuits based on product liability claims. A successful product liability claim or series of claims brought against the Company or any third-parties whom the Company is required to indemnify could cause the Company’s stock price to decline and, if judgments exceed the Company’s insurance coverage, could adversely affect results of operations and the Company’s business.

**Dependence on Key Personnel**

The Company’s success is dependent on certain key management personnel, primarily its executives, which is key to the existence and continuity of the Company. Furthermore, competition for qualified employees among industrial technology companies is intense and the loss of key personnel or inability to attract and retain the additional highly skilled employees required for the expansion of activities could adversely affect the Company’s business.

**Competitive Market for the Company’s Products and Services**

The fuel cell technology industry is highly competitive. Since the Company is a first-mover in an emerging market, there is a higher than normal risk that the Company will face unexpected competition in the form of new technologies and new competitors. Overall, most of the Company’s competitors in the industry are larger than the Company and might have greater financial, and other, resources, which could enable them to invest significant amounts of capital and other resources in their businesses, including expenditures for research and development. Further, many of the
Company’s competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater sales, marketing, technical and other resources than the Company. If one of its current or future competitors develops innovative proprietary products, some of the Company’s products could be rendered obsolete.

The Company operates within competitive markets and the Company believes that it has adopted a competitive business strategy. However, the Company’s business, results, operations and financial condition could be materially adversely affected by the actions of its competitors (including their marketing and pricing strategies and product and services development). The Company may be forced to change the nature of its business as a result of competitive factors and there is no assurance that the Company will be able to compete successfully in the market place in which it seeks to operate.

**Manufacturing Cost Targets**

The Company’s business model assumes that it will be able to achieve manufactured cost targets that will enable it to achieve industry standard margins. Delays in reaching adequate rates and efficiencies in production could impair the profitability of the Company. The Company’s ability to manufacture products that are cost effective depends on reaching efficient production levels. The failure to reach adequate production levels and efficiencies could impair the Company’s ability to profitably market its products and could have a material adverse effect on its business, results of operation and financial condition. The Company cannot control the cost of required raw materials. The Company’s principal raw materials are Catalysts, Carbon Powder Teflon and Acrylonitrile Butadiene Styrene. The prices for these raw materials are subject to market forces largely beyond the Company’s control and have varied significantly and may vary significantly in the future. The Company may not be able to adjust its product prices, especially in the short-term, to recover the cost of increases in these raw materials. The Company’s future profitability may be adversely affected to the extent that the Company is unable to pass on higher raw material or reduce its costs to compensate for such changes.

**Protection of Intellectual Property**

The Company’s success depends in part on its ability to obtain and maintain patent protection and trade secret protection for its product candidates, proprietary technologies and their uses, as well as its ability to operate without infringing upon the proprietary rights of others. The Company relies on patent, trade secret, trademark and copyright laws to protect its intellectual property. However, some of the Company’s intellectual property is not covered by any patent or patent application. The Company’s present or future-issued patents may not protect its technological leadership, and a patent portfolio may not continue to grow at the same rate as it has in the past. Accordingly, there can be no assurance that the Company’s patent applications or those of its licensors, as applicable, will result in additional patents being issued or that issued patents will afford sufficient protection against competitors with similar technology, nor can there be any assurance that the patents issued will not be infringed, designed around or invalidated by third-parties. Even issued patents may later be found unenforceable or may be modified or revoked in proceedings instituted by third-parties before various patent offices or in courts. The degree of future protection afforded to the Company’s proprietary rights is uncertain. Only limited protection may be available and may not adequately protect the Company’s rights or permit the Company to gain or keep any competitive advantage. This failure to properly protect the intellectual property rights relating to these product candidates could have a material adverse effect on the Company’s financial condition and results of operations.

The Company also seeks to protect its proprietary intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements. The Company can provide no assurance that these agreements will not be breached, that the Company will have adequate remedies for any breach, or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

The Company may become subject to lawsuits in which it is alleged that it has infringed the intellectual property rights of others or commence lawsuits against others who the Company believes are infringing upon its rights. The Company’s involvement in intellectual property litigation could result in significant expense, adversely affecting the development of sales of the challenged product or intellectual property and diverting the efforts of the Company’s technical and management personnel, whether or not such litigation is resolved in favour of the Company.

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and the Company’s intellectual property rights in some countries outside Canada can be less
extensive than those in Canada. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as laws in Canada. Consequently, the Company may not be able to prevent third-parties from practicing its inventions in all countries outside Canada, or from selling or importing products made using its inventions in all countries outside Canada or other jurisdictions. Competitors may use the Company’s technologies in jurisdictions where the Company has not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where it does have patent protection, but enforcement is not as strong as that in Canada. These products may compete with the Company’s product candidates and the Company’s patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Regulation

In both domestic and foreign markets, the design, manufacturing, packaging, labelling, handling, distribution, import, export,licensing, sale and storage of the Company’s products are affected by a body of laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial or local levels in Canada and at all levels of government in foreign jurisdictions. There can be no assurance that the Company is in compliance with all of these laws, regulations and other constraints. Failure by the Company to comply with these laws, regulations and other constraints or new laws, regulations and other constraints could lead to the imposition of significant penalties or claims and could negatively impact the Company’s business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements might result in significant compliance costs or lead the Company to discontinue product sales and could have an adverse effect, resulting in significant loss of sales.

Risks of Foreign Exchange Rate Fluctuation

The Company is exposed to fluctuations of the Canadian dollar against certain other currencies because it publishes its financial statements in Canadian dollars, while a portion of its liabilities, revenues and costs could be denominated in other currencies. Exchange rates for currencies of the countries in which the Company operates may fluctuate in relation to the Canadian dollar, and such fluctuations may have a material adverse effect on the Company’s future earnings or assets when translating foreign currency into Canadian dollars. In general, the Company does not execute hedging transactions to reduce its exposure to foreign currency exchange rate risks. Accordingly, the Company may experience economic loss and a negative impact on earnings solely as a result of foreign exchange rate fluctuations, which include foreign currency devaluations against the Canadian dollar. The Company does not typically carry convertibility risk insurance.

Legal Proceedings

While the Company is not currently a party to any legal proceedings, such proceedings could be filed against the Company in the future. No assurance can be given as to the final outcome of any legal proceedings or that the ultimate resolution of any legal proceedings will not have a materially adverse effect on the Company.

PROMOTER

Jef Spaepen, the CEO of the Company, may be considered a promoter of the Company within the meaning of applicable securities laws. As of the date of this Listing Statement, Jef Spaepen beneficially owns, directly or indirectly, an aggregate of 18,000,000 Shares representing 10.71% of the Company’s Shares issued and outstanding.

Other than as disclosed in this section or elsewhere in this Listing Statement, no person who was a promoter of the Company within the law two years:

- received anything of value directly or indirectly from the Company or a subsidiary;
- sold or otherwise transferred any asset to the Company or a subsidiary within the last two years; and
- has personally, or has been a director, chief executive officer or chief financial officer of any company that during the past 10 years was the subject to a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days.
or became bankrupt, made a proposal under any legislation relating to a bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As of the date of this Listing Statement, the Company is not a party to any material legal proceedings or any regulatory actions, the Company has not been party to any material legal proceeding since December 31, 2020, and the Company has not been party to any regulatory action in the three years immediately preceding the date of this Listing Statement.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Listing Statement, no director, executive officer or principal shareholder of the Company, or an associate or affiliate of a director, executive officer or principal shareholder of the Company, has any material interest, direct or indirect, in any transactions which has occurred since the incorporation, or in any proposed transaction that has materially affected or will materially affect the Company.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The Company’s auditor is Dale Matheson Carr-Hilton LaBonte LLP at its office of 1140 Pender Street West, Suite 1500, Vancouver, British Columbia, Canada V6E 4G1.

Transfer Agent, Registrar and Other Agents

The Company's transfer agent and registrar for the Shares is National Securities Administrators Ltd. at its principal offices of Suite 702 – 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4 (or any other trust company, bank or financial institution acceptable to the Company in its sole discretion).

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the Company has not entered into a material contract during the two years prior to the date of this Listing Statement other than the following:

- the Consulting Agreements; and
- escrow agreement.

INTERESTS OF EXPERTS

The Company’s auditor, Dale Matheson Carr-Hilton LaBonte LLP, reports that it is independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia as at the date of their audit report.

OTHER MATERIAL FACTS

There are no material facts about the Company and its securities that are not disclosed under the preceding items that are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Company and its securities.

FINANCIAL STATEMENTS

This Listing Statement includes the audited financial statements of the Company as at and for the years ended December 31, 2020 and 2019 and the unaudited interim financial statements of the Company for the three-month period ended March 31, 2021, attached as Appendix “A”:
The financial statements have been prepared in accordance with IFRS.

The financial information is not intended to comply with the applicable accounting requirements of the U.S. Securities Act and the related rules and regulations of the SEC which would apply if the Shares were being registered with the SEC.
CERTIFICATE OF THE COMPANY

The foregoing contains full, true and plain disclosure of all material information relating to Alkaline Fuel Cell Power Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated this 13th day of July, 2021.

(signed) “Jef Spaepen”  
Jef Spaepen  
Chief Executive Officer

(signed) “Joel Dumaresq”  
Joel Dumaresq  
Chief Financial Officer

On behalf of the Board

(signed) “Maciej Lis”  
Maciej Lis  
Director

(signed) “Troy Grant”  
Troy Grant  
Director
CERTIFICATE OF THE PROMOTER

The foregoing contains full, true and plain disclosure of all material information relating to Alkaline Fuel Cell Power Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated this 13th day of July, 2021.

(signed) “Jef Spaepen”

Jef Spaepen
APPENDIX “A”
FINANCIAL STATEMENTS
(see attached)
BLACK ISLE RESOURCES CORP.

Financial Statements
For the year ended December 31, 2020
(Expressed in Canadian Dollars)
INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Black Isle Resources Corp.

Opinion

We have audited the financial statements of Black Isle Resources Corp. (the “Company”), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of loss and comprehensive loss, changes in shareholders’ deficiency and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.
Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 15, 2021
## Black Isle Resources Corp.
### Statements of Financial Position
(Expressed in Canadian Dollars)

<table>
<thead>
<tr>
<th>Note</th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>14,395</td>
<td>34,898</td>
</tr>
<tr>
<td>GST recoverable</td>
<td>405</td>
<td>3,438</td>
</tr>
<tr>
<td><strong>Total Current assets</strong></td>
<td>14,800</td>
<td>38,336</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables and accrued liabilities</td>
<td>219,170</td>
<td>158,377</td>
</tr>
<tr>
<td>Promissory notes</td>
<td>86,961</td>
<td>86,329</td>
</tr>
<tr>
<td><strong>Total Current liabilities</strong></td>
<td>306,131</td>
<td>244,706</td>
</tr>
<tr>
<td><strong>Shareholders’ Deficiency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>12,853,398</td>
<td>12,853,398</td>
</tr>
<tr>
<td>Reserves</td>
<td>1,983,409</td>
<td>1,983,409</td>
</tr>
<tr>
<td>Deficit</td>
<td>(15,128,138)</td>
<td>(15,043,177)</td>
</tr>
<tr>
<td><strong>Total Shareholders’ Deficiency</strong></td>
<td>(291,331)</td>
<td>(206,370)</td>
</tr>
<tr>
<td><strong>Total Liabilities and Shareholders’ Deficiency</strong></td>
<td>14,800</td>
<td>38,336</td>
</tr>
</tbody>
</table>

Nature and continuance of operations (Note 1)
Subsequent events (Note 12)

Approved on behalf of the Board on April 15, 2021:

“Maciej Lis”
Director

“Troy Grant”
Director

The accompanying notes are an integral part of these financial statements
## BLACK ISLE RESOURCES CORP.
### STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
**(EXPRESSED IN CANADIAN DOLLARS)**
### YEAR ENDED

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

<table>
<thead>
<tr>
<th>Note</th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and consulting fee</td>
<td>8</td>
<td>36,375</td>
</tr>
<tr>
<td>Office and sundry</td>
<td></td>
<td>1,248</td>
</tr>
<tr>
<td>Interest expense</td>
<td>6</td>
<td>632</td>
</tr>
<tr>
<td>Professional fees</td>
<td>8</td>
<td>42,591</td>
</tr>
<tr>
<td>Transfer agent and filing fees</td>
<td></td>
<td>4,115</td>
</tr>
<tr>
<td><strong>Other items</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment of exploration and evaluation assets</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td><strong>Loss and comprehensive loss for the year</strong></td>
<td>(84,961)</td>
<td>(92,989)</td>
</tr>
<tr>
<td><strong>Loss and comprehensive loss per share – basic and diluted</strong></td>
<td>(0.01)</td>
<td>(0.01)</td>
</tr>
<tr>
<td><strong>Weighted average number of common shares outstanding - basic and diluted</strong></td>
<td>11,618,177</td>
<td>9,070,231</td>
</tr>
</tbody>
</table>
The accompanying notes are an integral part of these financial statements 6
BLACK ISLE RESOURCES CORP.
STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
YEAR ENDED

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the year</td>
<td>(84,961)</td>
<td>(92,989)</td>
</tr>
<tr>
<td>Items not affecting cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued interest</td>
<td>631</td>
<td>630</td>
</tr>
<tr>
<td>Write-off of exploration and</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>evaluation asset</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in non-cash working</td>
<td></td>
<td></td>
</tr>
<tr>
<td>capital items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in GST recoverable</td>
<td>3,033</td>
<td>1,048</td>
</tr>
<tr>
<td>Increase in trade payables and</td>
<td>60,794</td>
<td>64,925</td>
</tr>
<tr>
<td>accrued liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in operating</strong></td>
<td>(20,503)</td>
<td>(26,385)</td>
</tr>
<tr>
<td>activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from share issuances</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Proceeds from promissory notes</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Net cash provided by</strong></td>
<td>-</td>
<td>60,000</td>
</tr>
<tr>
<td><strong>financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Change in cash</strong></td>
<td>(20,503)</td>
<td>33,615</td>
</tr>
<tr>
<td>Cash, beginning of the year</td>
<td>34,898</td>
<td>1,283</td>
</tr>
<tr>
<td><strong>Cash, end of the year</strong></td>
<td>14,395</td>
<td>34,989</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements
1. Nature and continuance of operations

Black Isle Resources Corp. (the “Company”) is incorporated under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of exploration and evaluation assets in the United States. The Company has received approval from the TSX Venture Exchange (“TSX-V”) to delist all its common shares from the TSX-V, effective at the close of business on November 30, 2018. The Company remains a reporting issuer.

The head office and registered office of the Company are located at 810 – 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2020, the Company had written off its exploration and evaluation assets and is not able to finance day to day activities through operations. The Company has working capital deficit at December 31, 2020 of $291,331 (2019 – $206,370) and a deficit of $15,128,138 (2019 - $15,043,177). The Company’s continuation as a going concern is dependent upon its ability to seek additional exploration properties and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These uncertainties cast significant doubt about the Company’s ability to continue as a going concern Management intends to finance operating costs and fund its exploration activities over the next twelve months with a private placement of common shares and/or loans from directors and companies controlled by directors.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. Statement of compliance and significant accounting policies

These audited financial statements were authorized for issue on April 15, 2021 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards


Basis of presentation

These financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company’s functional currency.
2. Statement of compliance and significant accounting policies (Cont’d)

**Significant estimates and assumptions**

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets and the recoverability and measurement of deferred tax assets.

**Significant judgments**

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company’s financial statements include:

- the assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

**Functional and presentation currency**

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined to be the Canadian dollar for the Company. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in a currency other than the Canadian dollar are translated at the exchange rate at the reporting date, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of comprehensive income (loss) in the period in which they arise.

**Exploration and evaluation expenditures**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.
2. Statement of compliance and significant accounting policies (Cont’d)

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company’s common shares, preferred shares, and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Proceeds received on the issuance of units, consisting of common shares and warrants are allocated to share capital.

Share-based payments

The Company has an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When the options are exercised, the applicable amounts of option reserves are transferred to share capital.

Loss per share

Basic loss per share is calculated by dividing the income attributable to common shareholders by the weighted average number of common shares outstanding in the year. In calculating the diluted income per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive loss (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the Company’s classification of financial assets and liabilities under IFRS 9:

<table>
<thead>
<tr>
<th>Financial asset / liability</th>
<th>Classification under IFRS 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>FVTPL</td>
</tr>
<tr>
<td>Trade payables</td>
<td>Amortized cost</td>
</tr>
<tr>
<td>Promissory Notes</td>
<td>Amortized cost</td>
</tr>
</tbody>
</table>
2. Statement of compliance and significant accounting policies (Cont’d)

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive loss.

Financial assets through other comprehensive income (“FVTOCI”)

Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not currently hold any financial instruments designated as FVTOCI.

Equity instruments designated as FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in Other Comprehensive Income (“OCI”). The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings. The Company does not currently hold any equity instruments designated as FVTOCI.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.
3. Statement of compliance and significant accounting policies (Cont’d)

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

Impairment of assets
The carrying amount of the Company’s long-lived assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount is the greater of an asset’s fair value, less cost to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows, largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
2. Statement of compliance and significant accounting policies (Cont’d)

   The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

   Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

   Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, the income taxes relate to the same taxable entity and the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

   **Restoration and environmental obligations**

   The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets, when those obligations result from the acquisition, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

   The Company’s estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

   Changes in the net present value, excluding changes in the Company’s estimates of reclamation costs, are charged to profit or loss for the year.

   The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the year incurred.

   The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company’s accounting policy for exploration and evaluation assets.

3. Accounting standards issued but not yet effective

   There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company’s financial statements.

4. Exploration and evaluation assets

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jet Property</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Acquisition</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Write-off of property</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
4. Exploration and evaluation assets (Cont’d)

Jet Property, Nevada, USA

On March 1, 2015 and amended on March 5, 2016, the Company entered into an option agreement to acquire up to a 100% interest in certain claims comprising the Jet Property, located in Elko County, Nevada, for the following consideration:

- Payment of US$2,000 (paid) (CDN$2,453), issuance of 20,000 common shares (issued at a fair value of $12,000), on execution of the agreement;
- Payment of US$10,000 (CDN$13,372) (paid), issuance of 40,000 common shares by the date TSX-V approval to the amendment agreement is obtained (issued at a fair value of $20,000). As a result, the Company had earned a 30% interest in the property;
- Payment of US$50,000 (not paid), issuance of 40,000 common shares by March 1, 2017 (not paid). Upon completion of this stage, the Company will have earned a 50% interest in the property;
- Payment of US$100,000, issuance of 50,000 common shares by 2018 (not paid), and incur US$250,000 of exploration expenditures on the property by March 1, 2018 (not paid). Upon completion of this stage, the Company will have earned a 75% interest in the property;
- Payment of US$250,000 (not paid) and incur US$250,000 in exploration expenditures on the property by March 1, 2019 (not paid); and
- Complete a NI 43-101 resource calculation on the property by March 1, 2020. Upon completion of this stage, the Company will have earned a 100% interest in the property.

The Company retains a 30% interest in the property as it did not make payments or issue shares due in 2017 and 2018 or 2019 to obtain an additional interest in the property.

The property is subject to a 2.5% NSR, of which the Company has the right to purchase a minimum of 0.5% for US$500,000 and up to 2% for US$2,500,000.

As at December 31, 2019, the Company decided not to pursue and further exploration work on the Jet Property and recorded a write-off of $1.

5. Account payables and accrued liabilities

The components of account payables and accrued liabilities are as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account payables</td>
<td>23,538</td>
<td>28,745</td>
</tr>
<tr>
<td>Amounts due to related parties (Note 8)</td>
<td>185,632</td>
<td>119,632</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td><strong>219,170</strong></td>
<td><strong>158,377</strong></td>
</tr>
</tbody>
</table>
6. Promissory and loan payable

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Balance, beginning of the year</td>
<td>$86,329</td>
<td>$35,699</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Interest</td>
<td>$632</td>
<td>$630</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$86,961</td>
<td>$86,329</td>
</tr>
</tbody>
</table>

During the year ended December 31, 2018, the Company entered into an arm’s length promissory note (“Promissory Note”). The Principal amount of the Promissory Note is $5,250. The Promissory Note bears interest at 12% per annum and is due on demand. Interest of $632 was accrued for the year ended December 31, 2020 (December 31, 2019 - $630). As at December 31, 2020 an amount of $6,961 (December 31, 2019 - $6,329) is outstanding.

During the year ended December 31, 2018, the Company received arm’s length short term advances (“Loan”) of $30,000 and a further of $50,000 during the year ended December 31, 2019. The Loan is non-interest bearing, due on demand and has no fixed date of repayment. As at December 31, 2020, the balance on the Loan is $80,000 (2019 - $80,000).

7. Share capital and reserves

Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consist only of common shares and are fully paid.

Issued share capital

As at December 31, 2020, the Company had 11,618,177 (December 31, 2019 – 11,618,177) shares outstanding. On July 17, 2019, the Company consolidated its share capital on the basis of one new share for every ten old shares. All share capital issued have been updated retroactively to reflect this change.

During the year ended December 31, 2020

During the year ended December 31, 2020, no shares were issued.

During the year ended December 31, 2019

On April 4, 2019, the Company issued 10,000,000 shares at $0.001 in a non-brokered private placement for gross proceeds of $10,000
7. Share capital and reserves (cont’d)

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, officers, employees and consultants to acquire up to 10% of the Company’s issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company’s stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors. There were no stock options outstanding during the years ending December 31, 2020 and 2019.

Share purchase warrants

There were no share purchase warrants outstanding during the years ending December 31, 2020 and 2019.

Reserves

The reserve account records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be reallocated to share capital.

8. Related party transactions

Included in accounts payable and accrued liabilities and loans at December 31, 2020 is $185,632 (December 31, 2019 - $119,632) owing to companies controlled by directors and former directors. These amounts are non-interest bearing with no stated terms of repayment.

During the years ended December 31, 2020 and 2019, the Company entered into the following transactions with related parties and incurred payments to key management personnel, which were in the normal course of operations.

<table>
<thead>
<tr>
<th>Year ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2020</td>
<td>December 31, 2019</td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Professional fees to a company controlled by a director and former director of the Company</td>
<td>36,000</td>
<td>36,450</td>
</tr>
<tr>
<td>Corporate service fees to a company controlled by a director of the Company</td>
<td>36,375</td>
<td>36,150</td>
</tr>
<tr>
<td></td>
<td>72,375</td>
<td>72,600</td>
</tr>
</tbody>
</table>

9. Financial instrument fair value and risk factors

Fair value

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 or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.
9. Financial instrument fair value and risk factors (Cont’d)

The Company’s financial instruments include cash, trade payables and promissory notes. The carrying value of these financial instruments approximates their fair value. Cash is measured based on Level 1 input of the fair value hierarchy.

The following is an analysis of the Company’s financial assets measured at fair value as at December 31, 2020 and December 31, 2019:

<table>
<thead>
<tr>
<th></th>
<th>As at December 31, 2020</th>
<th>As at December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Cash</td>
<td>$14,395</td>
<td>$</td>
</tr>
</tbody>
</table>

Risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has cash and short-term loan balances. The bank account is held with a major Canadian bank. As all of the Company’s cash is held by one bank, there is a concentration of credit risk with the bank. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company’s secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in United States dollar while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company’s cash is held in Canadian dollars.

Interest Rate Risk

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and interest-bearing debt with fixed rates; therefore, interest rate risk is nominal.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company’s objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances.
9. Financial instrument fair value and risk factors (Cont’d)

Funding risk is the risk that market conditions will impact the Company’s ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk have been assessed as high.

10. Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional exploration and evaluation interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders’ equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company’s approach to capital management from fiscal 2020.

11. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss for the year</td>
<td>$ (84,961)</td>
<td>$ (92,989)</td>
</tr>
<tr>
<td>Statutory tax rate</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Expected income tax recovery</td>
<td>(22,939)</td>
<td>(25,107)</td>
</tr>
<tr>
<td>Adjustment to prior year provision versus statutory tax returns</td>
<td>(406,963)</td>
<td>-</td>
</tr>
<tr>
<td>Change in valuation allowance</td>
<td>429,902</td>
<td>25,107</td>
</tr>
<tr>
<td>Income tax recovery</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration and evaluation assets</td>
<td>$ 1,398,287</td>
<td>$ 1,398,287</td>
</tr>
<tr>
<td>Non-capital loss carry-forwards</td>
<td>$ 658,155</td>
<td>$ 228,253</td>
</tr>
<tr>
<td>Net deferred tax assets</td>
<td>$ 2,056,442</td>
<td>$ 1,626,540</td>
</tr>
</tbody>
</table>
11. Income taxes (Cont’d)

The tax pools relating to these deductible temporary differences expire as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-capital losses</th>
<th>Resource pools</th>
</tr>
</thead>
<tbody>
<tr>
<td>2030</td>
<td>$27,367</td>
<td>-</td>
</tr>
<tr>
<td>2031</td>
<td>170,753</td>
<td>-</td>
</tr>
<tr>
<td>2032</td>
<td>158,503</td>
<td>-</td>
</tr>
<tr>
<td>2034</td>
<td>133,808</td>
<td>-</td>
</tr>
<tr>
<td>2035</td>
<td>39,634</td>
<td>-</td>
</tr>
<tr>
<td>2036</td>
<td>28,742</td>
<td>-</td>
</tr>
<tr>
<td>2037</td>
<td>1,605,277</td>
<td>-</td>
</tr>
<tr>
<td>2038</td>
<td>95,579</td>
<td>-</td>
</tr>
<tr>
<td>2039</td>
<td>92,988</td>
<td>-</td>
</tr>
<tr>
<td>2040</td>
<td>84,961</td>
<td>-</td>
</tr>
<tr>
<td>No expiry</td>
<td>-</td>
<td>5,178,842</td>
</tr>
<tr>
<td></td>
<td>$2,437,612</td>
<td>$5,178,842</td>
</tr>
</tbody>
</table>

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at December 31, 2020, the Company has approximately $2,437,612 in non-capital losses that can be offset against taxable income in future years which begin expiring at various dates commencing in 2030.

The potential deferred tax benefit of these losses has not been recorded as a deferred tax asset valuation allowance has been provided due to the uncertainty regarding the realization of these losses.

12. Subsequent events

a) In January 2021, the Company closed a non-brokered private placement for the sale of 16,000,000 common shares of the Company at a price of $0.005 per common share for gross proceeds of $80,000. In connection with the private placement, the Company also issued 2,500,000 common shares pursuant to a finder’s fee agreement with a non-arm’s length party.

b) In January 2021, the Company closed a separate non-brokered private placement for the sale of 76,000,000 common shares of the Company at a price of $0.02 per common share for gross proceeds of $1,520,000.

c) On December 31, 2020, the Company entered into a consulting agreement with the incoming CEO in which the CEO will receive 18,000,000 common shares of the Company and a monthly consulting fee of €15,000. The agreement commenced January 4, 2021 and will be in effect until termination by either party. On January 14, 2021, the Company issued the 18,000,000 common shares to the incoming CEO.

d) On January 4, 2021, the Company entered into a consulting agreement with a new director in which the director will be entitled to 1,500,000 stock options on terms to be agreed upon and a monthly consulting fee of €7,000. The agreement commenced January 4, 2021 and will be in effect until termination by either party.

e) On January 4, 2021, the Company entered into a consulting agreement with the incoming Chairman of the Company’s Advisory Board in which the Chairman will receive a monthly consulting fee of €15,000. The agreement commenced January 4, 2021 and will be in effect until termination by either party.
12. Subsequent events (Cont’d)

f) On March 12, 2021, the Company incorporated a wholly owned subsidiary in Belgium named Fuel Cell Power NV. A capital investment of $384,815 (€250,000) was advanced to this subsidiary.

g) On April 1, 2021, the Company closed a non-brokered private placement for the sale of 19,085,383 units of the Company at a price of $0.33 per unit for gross proceeds of $6,298,176. Each Unit consists of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional Share at a price of $0.75 per Warrant Share for a period of two years from the date of issuance, subject to an accelerated expiry if the closing price of the Company's Shares is greater than $1.50 per Share for a minimum of 10 consecutive trading days. The Company will give notice to the holders of the warrants of such accelerated expiry and the warrants will expire 30 days thereafter.

h) On April 9, 2021, the Company closed a non-brokered private placement for the sale of 21,651,715 units at a price of $0.33 per unit for gross proceeds of $7,145,066. Each unit consists of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional Share at a price of $0.75 per Warrant Share for a period of two years from the date of issuance, subject to an accelerated expiry if the closing price of the Company's Shares is greater than $1.50 per Share for a minimum of 10 consecutive trading days. The Company will give notice to the holders of the warrants of such accelerated expiry and the warrants will expire 30 days thereafter.
BLACK ISLE RESOURCES CORP.

Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)
<table>
<thead>
<tr>
<th>Note</th>
<th>March 31, 2021</th>
<th>December 31, 2020 (Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>5,961,456</td>
<td>14,395</td>
</tr>
<tr>
<td>Sales tax recoverable</td>
<td>13,181</td>
<td>405</td>
</tr>
<tr>
<td>Prepaids</td>
<td>5,9</td>
<td>20,078</td>
</tr>
<tr>
<td><strong>Total Current assets</strong></td>
<td>5,994,715</td>
<td>14,800</td>
</tr>
<tr>
<td><strong>Long-term assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>4</td>
<td>30,462</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>6,025,177</td>
<td>14,800</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables and accrued liabilities</td>
<td>6, 9</td>
<td>289,367</td>
</tr>
<tr>
<td>Promissory notes</td>
<td>7</td>
<td>87,116</td>
</tr>
<tr>
<td><strong>Total Current liabilities</strong></td>
<td>376,483</td>
<td>306,131</td>
</tr>
<tr>
<td><strong>SHAREHOLDERS’ EQUITY (DEFICIENCY)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>8</td>
<td>14,555,898</td>
</tr>
<tr>
<td>Reserves</td>
<td>8</td>
<td>1,968,300</td>
</tr>
<tr>
<td>Subscriptions received in advance</td>
<td>8</td>
<td>4,588,612</td>
</tr>
<tr>
<td>Deficit</td>
<td>(15,464,116)</td>
<td>(15,128,138)</td>
</tr>
<tr>
<td><strong>Total Shareholders’ Equity (Deficiency)</strong></td>
<td>5,648,694</td>
<td>(291,331)</td>
</tr>
<tr>
<td><strong>Total Liabilities and Shareholders’ Equity (Deficiency)</strong></td>
<td>6,025,177</td>
<td>14,800</td>
</tr>
</tbody>
</table>

Nature and continuance of operations (Note 1)
Subsequent events (Note 12)

Approved on behalf of the Board on May 28, 2021:

“Maciej Lis”
Director

“Troy Grant”
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements
<table>
<thead>
<tr>
<th>Expenses</th>
<th>March 31, 2021</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and consulting fee</td>
<td>243,543</td>
<td>9,000</td>
</tr>
<tr>
<td>Office and sundry</td>
<td>38,531</td>
<td>1,168</td>
</tr>
<tr>
<td>Interest expense</td>
<td>264</td>
<td>157</td>
</tr>
<tr>
<td>Professional fees</td>
<td>34,563</td>
<td>10,500</td>
</tr>
<tr>
<td>Regulatory and filing fees</td>
<td>6,565</td>
<td>2,210</td>
</tr>
<tr>
<td>Transaction cost</td>
<td>12,500</td>
<td>-</td>
</tr>
<tr>
<td>Amortization</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net loss for the period</strong></td>
<td>(335,978)</td>
<td>(23,035)</td>
</tr>
<tr>
<td><strong>Other comprehensive loss</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translating foreign operations</td>
<td>(15,109)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive loss for the period</strong></td>
<td>(351,087)</td>
<td>(23,035)</td>
</tr>
<tr>
<td><strong>Loss per share – basic and diluted</strong></td>
<td>(0.00)</td>
<td>(0.01)</td>
</tr>
<tr>
<td><strong>Weighted average number of common shares outstanding - basic and diluted</strong></td>
<td>106,618,177</td>
<td>1,618,183</td>
</tr>
</tbody>
</table>
## Share capital

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of shares</th>
<th>Amount</th>
<th>Reserves</th>
<th>Foreign currency translation reserve</th>
<th>Subscription received in advance</th>
<th>Deficit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2019</td>
<td>11,618,177</td>
<td>12,853,398</td>
<td>1,983,409</td>
<td>-</td>
<td>-</td>
<td>(15,043,177)</td>
<td>(206,370)</td>
</tr>
<tr>
<td>Loss and comprehensive loss for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(23,035)</td>
</tr>
<tr>
<td><strong>Balance at March 31, 2020</strong></td>
<td>11,618,177</td>
<td>12,853,398</td>
<td>1,983,409</td>
<td>-</td>
<td>-</td>
<td>(15,066,212)</td>
<td>(229,405)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of shares</th>
<th>Amount</th>
<th>Reserves</th>
<th>Foreign currency translation reserve</th>
<th>Subscription received in advance</th>
<th>Deficit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2020</td>
<td>11,618,177</td>
<td>12,853,398</td>
<td>1,983,409</td>
<td>-</td>
<td>-</td>
<td>(15,128,138)</td>
<td>(291,331)</td>
</tr>
<tr>
<td>Private Placement (Note 8)</td>
<td>92,000,000</td>
<td>1,600,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,600,000</td>
</tr>
<tr>
<td>Subscriptions received in advance (Note 8)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,588,612</td>
<td>-</td>
<td>-</td>
<td>4,588,612</td>
</tr>
<tr>
<td>Shares for services (Note 8)</td>
<td>20,500,000</td>
<td>102,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>102,500</td>
</tr>
<tr>
<td>Net loss for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(335,978)</td>
<td>(335,978)</td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(15,109)</td>
<td>(15,109)</td>
</tr>
<tr>
<td><strong>Balance at March 31, 2021</strong></td>
<td>124,118,177</td>
<td>14,555,898</td>
<td>1,983,409</td>
<td>(15,109)</td>
<td>4,588,612</td>
<td>(15,464,116)</td>
<td>5,648,694</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.
BLACK ISLE RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSSED IN CANADIAN DOLLARS - UNAUDITED)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>March 31, 2021</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the period</td>
<td>(335,978)</td>
<td>(23,035)</td>
<td></td>
</tr>
<tr>
<td>Items not affecting cash:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued interest</td>
<td>155</td>
<td>157</td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>12</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Shares issued for management and consulting fee</td>
<td>90,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Shares issued for transaction cost</td>
<td>12,500</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Changes in non-cash working capital items:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (Increase) in taxes recoverable</td>
<td>(12,776)</td>
<td>314</td>
<td></td>
</tr>
<tr>
<td>Prepaid</td>
<td>(20,078)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Increase in trade payables and accrued liabilities</td>
<td>70,197</td>
<td>3,512</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(195,968)</td>
<td>(19,052)</td>
<td></td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment purchase</td>
<td>(30,474)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in Investing activities</strong></td>
<td>(30,474)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from share issuances</td>
<td>1,600,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Subscriptions received in advance</td>
<td>4,588,612</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>6,188,612</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Effects of foreign exchange on cash</strong></td>
<td>(15,109)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Change in cash</td>
<td>5,947,061</td>
<td>(19,052)</td>
<td></td>
</tr>
<tr>
<td>Cash, beginning of the period</td>
<td>14,395</td>
<td>34,898</td>
<td></td>
</tr>
<tr>
<td>Cash, end of the period</td>
<td>5,961,456</td>
<td>15,846</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.
1. Nature and continuance of operations

Black Isle Resources Corp. (the “Company”) is incorporated under the laws of the province of British Columbia, Canada, and its principal activity is the development, production, sale, maintenance of renewable energy and fuel cells. The Company has received approval from the TSX Venture Exchange (“TSX-V”) to delist all its common shares from the TSX-V, effective at the close of business on November 30, 2018. The Company remains a reporting issuer.

The head office and registered office of the Company are located at 810 – 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

These interim condensed consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2021, the Company had written off its exploration and evaluation assets and has changed the course of its business to pursue new opportunities in the growing field of renewable energy and fuel cells development. The Company is not able to finance day to day activities through operations. The Company has working capital at March 31, 2021 of $5,618,232 (December 31, 2020 – working capital deficit of $291,331) and a deficit of $15,464,116 (December 31, 2020 - $15,128,138). The Company’s continuation as a going concern is dependent upon its ability to develop renewable energy and fuel cell technology and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These uncertainties cast significant doubt about the Company’s ability to continue as a going concern Management intends to finance operating costs and fund its renewable energy and fuel cells development activities over the next twelve months with private placements of common shares and/or loans from directors and companies controlled by directors.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. Statement of compliance and significant accounting policies

These unaudited condensed interim consolidated financial statements were authorized for issue on May 28, 2021 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim consolidated financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim consolidated financial statements be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2020.
2. Statement of compliance and significant accounting policies (Cont’d)

Basis of presentation

These condensed interim consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company’s functional currency.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiary. The financial statements of the subsidiary are included in the financial statements from the date that control commences until the date that control ceases. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.


Significant estimates and assumptions

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company’s financial statements include:

- the assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

3. Accounting standards issued but not yet effective

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company’s condensed interim consolidated financial statements.
4. Property and Equipment

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisition costs</strong></td>
<td>$</td>
</tr>
<tr>
<td>Balance as at December 31, 2019 and 2020</td>
<td>$</td>
</tr>
<tr>
<td>Addition</td>
<td>30,474</td>
</tr>
<tr>
<td>Balance as at March 31, 2021</td>
<td>30,474</td>
</tr>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td>$</td>
</tr>
<tr>
<td>Balance as at December 31, 2019 and 2020</td>
<td>$</td>
</tr>
<tr>
<td>Addition</td>
<td>12</td>
</tr>
<tr>
<td>Balance as at March 31, 2021</td>
<td>12</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td>$</td>
</tr>
<tr>
<td>December 31, 2020</td>
<td>$</td>
</tr>
<tr>
<td>March 31, 2021</td>
<td>30,462</td>
</tr>
</tbody>
</table>

5. Prepaids

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2021</th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting fees</td>
<td>$18,602</td>
<td>$-</td>
</tr>
<tr>
<td>Professional fees</td>
<td>$1,476</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$20,078</td>
<td>$-</td>
</tr>
</tbody>
</table>

6. Account payables and accrued liabilities

The components of account payables and accrued liabilities are as follows:

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2021</th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account payables</td>
<td>$25,567</td>
<td>$23,538</td>
</tr>
<tr>
<td>Amounts due to related parties (Note 9)</td>
<td>$263,800</td>
<td>$185,632</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>$-</td>
<td>$10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$289,367</td>
<td>$219,170</td>
</tr>
</tbody>
</table>

7. Promissory and loan payable

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2021</th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of the period</td>
<td>$86,961</td>
<td>$86,329</td>
</tr>
<tr>
<td>Interest</td>
<td>$155</td>
<td>$632</td>
</tr>
<tr>
<td><strong>Balance, end of period</strong></td>
<td>$87,166</td>
<td>$86,961</td>
</tr>
</tbody>
</table>
7. Promissory and loan payable (cont’d)

During the year ended December 31, 2018, the Company entered into an arm’s length promissory note (“Promissory Note”). The Principal amount of the Promissory Note is $5,250. The Promissory Note bears interest at 12% per annum and is due on demand. Interest of $155 was accrued for the period ended March 31, 2021 (2020 - $157). As at March 31, 2021 an interest amount of $7,116 (December 31, 2020 - $6,961) is outstanding.

During the year ended December 31, 2018, the Company received arm’s length short term advances (“Loan”) of $30,000 and a further of $50,000 during the year ended December 31, 2019. The Loan is non-interest bearing, due on demand and has no fixed date of repayment. As at March 31, 2021, the balance on the Loan is $80,000 (December 31, 2020 - $80,000).

8. Share capital and reserves

Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consist only of common shares and are fully paid.

Issued share capital

As at March 31, 2021, the Company had 124,118,177 (December 31, 2020 – 11,618,177) shares outstanding.

During the three-month period ended March 31, 2021

On January 14, 2021, the Company closed a non-brokered private placement for the sale of 16,000,000 common shares of the Company at a price of $0.005 per common share for gross proceeds of $80,000.

On January 14, 2021, the Company issued 2,500,000 common shares at a value of $0.005 per share for total value of $12,500 pursuant to a finder’s fee agreement with a non-arm’s length party for services regarding the finding of the new CEO for the Company. This was recorded as a transaction cost in the statement of comprehensive loss (Note 9).

On January 14, 2021, the Company issued 18,000,000 common shares of the Company to the incoming CEO pursuant to a consulting agreement entered with the incoming CEO. The 18,000,000 common shares were issued at a value of $0.005 per share for total value of $90,000, which was recorded to consulting fees in the statement of comprehensive loss (Note 9).

On January 14, 2021, the Company closed a separate non-brokered private placement for the sale of 76,000,000 common shares of the Company at a price of $0.02 per common share for gross proceeds of $1,520,000.

During the three-month period ended March 31, 2020

During the three-month period ended March 31, 2020, no shares were issued.
8. Share capital and reserves (cont’d)

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, officers, employees and consultants to acquire up to 10% of the Company’s issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company’s stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors. There were no stock options outstanding during the three months ended March 31, 2021 and 2020.

Share purchase warrants

There were no share purchase warrants outstanding during the three months ended March 31, 2021 and 2020.

Subscriptions received in advance

During the three months ended March 31, 2021, the Company received $4,588,612 (2020 - $Nil) in advance for shares to be issued.

Share-based payment reserve

The reserve account records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be reallocated to share capital.

Foreign currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of group companies that have a functional currency other than the Company’s reporting currency.

9. Related party transactions

Included in accounts payable and accrued liabilities and loans at March 31, 2021 is $263,800 (December 31, 2020 - $185,632) owing to companies controlled by directors, former directors and officers of the Company. As at March 31, 2021, the Company also prepaid $18,602 (December 31, 2020 - $Nil) to companies controlled by officers of the Company for consulting fees. These amounts are non-interest bearing with no stated terms of repayment.

On January 14, 2021, the Company issued 2,500,000 common shares at a value of $0.005 per share for total value of $12,500 pursuant to a finder’s fee agreement with a non-arm’s length party for services regarding the finding of the new CEO for the Company. This was recorded as a transaction cost in the statement of comprehensive loss (Note 8).

On January 14, 2021, the Company issued 18,000,000 common shares of the Company to the incoming CEO pursuant to a consulting agreement entered with the incoming CEO. The 18,000,000 common shares were issued at a value of $0.005 per share for total value of $90,000, which was recorded to consulting fees in the statement of comprehensive loss (Note 8).

During the three months ended March 31, 2021 and 2020, the Company entered into the following transactions with related parties and incurred payments to key management personnel, which were in the normal course of operations.
9. Related party transactions (Cont’d)

<table>
<thead>
<tr>
<th>Professional fees to a company controlled by a director and former director of the Company</th>
<th>March 31, 2021</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$9,000</td>
<td>$9,000</td>
</tr>
<tr>
<td>Corporate service fees to a company controlled by a director of the Company</td>
<td>$9,000</td>
<td>$9,000</td>
</tr>
<tr>
<td>Rent to a company controlled by a former director of the Company</td>
<td>$1,500</td>
<td>-</td>
</tr>
<tr>
<td>Consulting fees to a company controlled by the CEO of the Company</td>
<td>$68,703</td>
<td>-</td>
</tr>
<tr>
<td>Consulting fees to a company controlled by the COO of the Company</td>
<td>$47,550</td>
<td>-</td>
</tr>
<tr>
<td>Consulting fees to a company controlled by the chairman of the advisory board of the Company</td>
<td>$27,469</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$163,222</td>
<td>$18,000</td>
</tr>
</tbody>
</table>

10. Financial instrument fair value and risk factors

*Fair value*

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 or liabilities;
- **Level 2** – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- **Level 3** – Inputs that are not based on observable market data.

The Company’s financial instruments include cash, trade payables and promissory notes. The carrying value of these financial instruments approximates their fair value. Cash is measured based on Level 1 input of the fair value hierarchy.

The following is an analysis of the Company’s financial assets measured at fair value as at March 31, 2021 and December 31, 2020:

<table>
<thead>
<tr>
<th>As at March 31, 2021</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$5,961,456</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As at December 31, 2020</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$14,395</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

*Risk factors*

The Company is exposed in varying degrees to a variety of financial instrument related risks.
10. Financial instrument fair value and risk factors (Cont’d)

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has cash and short-term loan balances. The bank account is held with a major Canadian bank. As all of the Company’s cash is held by one bank, there is a concentration of credit risk with the bank. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company’s secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in United States dollar while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company’s cash is held in Canadian dollars.

Interest Rate Risk

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and interest-bearing debt with fixed rates; therefore, interest rate risk is nominal.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company’s objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances.

Funding risk is the risk that market conditions will impact the Company’s ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk have been assessed as high.

11. Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders’ equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.
11. Capital management (Cont’d)

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company’s approach to capital management from fiscal 2020.

12. Subsequent events

a) On April 1, 2021, the Company closed a non-brokered private placement for the sale of 19,085,383 units of the Company at a price of $0.33 per unit for gross proceeds of $6,298,176. Each unit consists of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional share at a price of $0.75 per warrant share for a period of two years from the date of issuance, subject to an accelerated expiry if the closing price of the Company's shares is greater than $1.50 per Share for a minimum of 10 consecutive trading days. The Company will give notice to the holders of the warrants of such accelerated expiry and the warrants will expire 30 days thereafter.

b) On April 9, 2021, the Company closed a non-brokered private placement for the sale of 21,651,715 units of the Company at a price of $0.33 per unit for gross proceeds of $7,145,066. Each unit consists of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional share at a price of $0.75 per warrant share for a period of two years from the date of issuance, subject to an accelerated expiry if the closing price of the Company's shares is greater than $1.50 per Share for a minimum of 10 consecutive trading days. The Company will give notice to the holders of the Triggering Event and the Warrants will expire 30 days thereafter.

c) On May 7, 2021, the Company closed a non-brokered private placement for the sale of 3,202,296 units of the Company at a price of $0.33 per unit for gross proceeds of $1,056,758. Each unit consists of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional share at a price of $0.75 per warrant share for a period of two years from the date of issuance, subject to an accelerated expiry if the closing price of the Company's shares is greater than $1.50 per Share for a minimum of 10 consecutive trading days. The Company will give notice to the holders of the Triggering Event and the Warrants will expire 30 days thereafter.
APPENDIX “B”

MANAGEMENT’S DISCUSSION AND ANALYSIS

(see attached)
BLACK ISLE RESOURCES CORP.

Management’s Discussion and Analysis

For the year ended December 31, 2020
Date of this report and forward-looking statements

This management's discussion and analysis (“MD&A”) provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the year ended December 31, 2020, compared to the year ended December 31, 2019. This report prepared as at April 15, 2021 intends to complement and supplement our audited financial statements (the “financial statements”) as at December 31, 2020 and should be read in conjunction with the financial statements and the accompanying notes. Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say “we”, “us”, “our”, the “Company” or “Black Isle”, we mean Black Isle Resources Corp., as it may apply.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Overall Performance

The Company is a natural resource company engaged in the acquisition and exploration of mineral properties. The Company currently has an option to acquire a 100% interest in the Jet Property, located in Nevada, USA. The Company trades on the TSX Venture Exchange (“TSX-V”) under the symbol BIT. During the year ended December 31, 2018, the Company received approval to voluntarily delist its common shares from the TSX-V. Capital markets remain difficult and as a consequence accessing sufficient capital to meet exploration budgets has led to an extended time frame for completing anticipated exploration programs. The Company has deferred activity on its Nevada property generally referred to as the Jet property. The property remains in good standing with the State of Nevada although payments to certain of the vendors remain deferred given the current capital market issue. We have been in negotiations to attract sufficient capital to execute our exploration program on our Nevada property generally referred to as Jet.

Jet Property, Nevada, USA

On March 1, 2015 (and amended on March 5, 2016), the Company entered into an option agreement to acquire up to a 100% interest in certain claims comprising the Jet Property, located in Elko County, Nevada, for the following consideration:

- Payment of US$2,000 (paid) (CDN$2,453), issuance of 20,000 common shares (issued at a fair value of $12,000), on execution of the agreement;
Overall Performance (cont’d)

- Payment of US$10,000 (CDN$13,372) (paid), issuance of 40,000 common shares by the date TSX-V approval to the amendment agreement is obtained (issued with a fair value of $20,000). As a result, the Company has earned a 30% interest in the property;
- Payment of US$50,000 (not paid), issuance of 40,000 common shares by March 1, 2017 (not paid). Upon completion of this stage, the Company will have earned a 50% interest in the property;
- Payment of US$100,000, issuance of 50,000 common shares by 2018 (not paid), and incur US$250,000 of exploration expenditures on the property by March 1, 2018 (not paid). Upon completion of this stage, the Company will have earned a 75% interest in the property;
- Payment of US$250,000 (not paid) and incur US$250,000 in exploration expenditures on the property by March 1, 2019 (not paid); and
- Complete a NI 43-101 resource calculation on the property by March 1, 2020. Upon completion of this stage, the Company will have earned a 100% interest in the property.

The property is subject to a 2.5% NSR of which the Company has the right to purchase a minimum of ½% for US$500,000 and up to 2% for US$2,500,000.

The property has been impaired to $1 and the Company retains a 30% interest in the property as it did not make payments or issue shares due in 2017 and 2018 and 2019 to obtain an additional interest in the property.

As at December 31, 2019, the Company decided not to further pursue the Jet Property and recorded a write-off of $1.

Fuel Cell Power NV

On March 12, 2021, the Company incorporated a wholly owned subsidiary in Belgium named Fuel Cell Power NV. An intercompany loan of $384,815 (€250,000) was advanced to this subsidiary.

Appointments and Resignations

On January 4, 2021, Eugene Beukman resigned as Chief Executive Officer of the Company and was replaced by Jef Spaepen.

Capital Activities

In January 2021, the Company closed a non-brokered private placement for the sale of 16,000,000 common shares of the Company at a price of $0.005 per common share for gross proceeds of $80,000. In connection with the private placement, the Company also issued 2,500,000 common shares pursuant to a finder’s fee agreement with a non-arm’s length party.

In January 2021, the Company closed a separate non-brokered private placement for the sale of 76,000,000 common shares of the Company at a price of $0.02 per common share for gross proceeds of $1,520,000.

On December 31, 2020, the Company entered into a consulting agreement with the incoming CEO in which the CEO will receive 18,000,000 common shares of the Company and a monthly consulting fee of €15,000. The agreement commenced January 4, 2021 and will be in effect until termination by either party. On January 14, 2021, the Company issued the 18,000,000 common shares to the incoming CEO.

On January 4, 2021, the Company entered into a consulting agreement with a new director in which the director will be entitled to 1,500,000 stock options on terms to be agreed upon and a monthly consulting fee of €7,000. The agreement commenced January 4, 2021 and will be in effect until termination by either party.
Overall Performance (cont’d)

On April 1, 2021, the Company closed a non-brokered private placement for the sale of 19,085,383 units of the Company at a price of $0.33 per unit for gross proceeds of $6,298,176. Each Unit consists of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional Share at a price of $0.75 per Warrant Share for a period of two years from the date of issuance, subject to an accelerated expiry if the closing price of the Company's Shares is greater than $1.50 per Share for a minimum of 10 consecutive trading days. The Company will give notice to the holders of the warrants of such accelerated expiry and the warrants will expire 30 days thereafter.

On April 9, 2021, the Company closed a non-brokered private placement of 21,651,715 units at a price of $0.33 per Unit for gross proceeds of $7,145,065.95. Each Unit consists of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional Share at a price of $0.75 per Warrant Share for a period of two years from the date of issuance, subject to an accelerated expiry if the closing price of the Company's Shares is greater than $1.50 per Share for a minimum of 10 consecutive trading days. The Company will give notice to the holders of the warrants of such accelerated expiry and the warrants will expire 30 days thereafter.

Results of Operations

During the year ended December 31, 2020, the Company recorded a loss of $84,961 compared to a loss of $92,989 during the year ended December 31, 2019 (the “comparative year”). Some of the significant changes to operations are as follows:

- Professional fees of $42,591 (2019 - $48,640) include audit, accounting and legal fees. The decrease is attributed to management’s effort to limit expenditures during parts of the year when Company activities were disrupted by COVID-19 related economic recession.
- Management and Consulting fees of $36,375 (2019 - $36,150) are fees accrued to directors, and officers of the Company. Expenses during the year were comparable to the comparative year as management and consulting fees were minimized in both years due to low levels of company activities.
- Transfer agent and filing fees of $4,115 (2019 - $5,366) relates to filing and listing fees and transfer agent fees. Fees in the comparative year were higher due to the completion of a private placement.
- Office and sundry expenses of $1,248 (2019 – $2,202) consists of corporate administration and bank charges. The Company incurred these fees to maintain the Company’s good standing. Decrease in expense during the year is attributed to decrease in office activities during COVID-19.
- Interest expenses of $632 (2019 - $630) relate to interest accrual on promissory note see Note 6 of the financial statements for the year ending December 31, 2020.

For the three-month period ended December 31, 2020, the Company recorded a loss of $23,175 (2019 - $26,803). The decrease in expenses is attributed to disruption in Company activities during COVID-19. In comparison to the three months ended December 31, 2019, there was an increase in the management and consulting fees, and decrease in professional fees incurred in the three-month period ended December 31, 2020 and is mainly due to accounting adjustments between the two expenses during the three months ended December 31, 2019. Overall, expenses incurred during the three-month periods ended December 31, 2020 and 2019 are comparable as the Company limited expenditures and refocused its strategic objectives over the course of 2019 - 2020.

The Company has not paid any dividends on its common shares and has no present intention of paying dividends, as it anticipates that all available funds for the foreseeable future will be used to finance its business activities.

Cash Flow Analysis

Operating Activities

During the year ended December 31, 2020 and 2019, cash used in operating activities was $20,503 and 26,385 respectively, for reasons given above.
Cash Flow Analysis (cont’d)

Investing activities

During the year ended December 31, 2020 and 2019, the company did not use any cash in investing activities.

Financing activities

During the year ended December 31, 2020 and 2019, cash provided by financing activities was $Nil and $60,000 respectively. The increase during 2019 is attributed to an arm’s length promissory note of $50,000 and share issuance for proceeds of $10,000 for working capital purpose.

Summary of Quarterly Results

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$14,800</td>
<td>$14,818</td>
<td>$14,456</td>
<td>$18,970</td>
</tr>
<tr>
<td>Working capital deficiency</td>
<td>(291,331)</td>
<td>(268,156)</td>
<td>(252,387)</td>
<td>(229,405)</td>
</tr>
<tr>
<td>Loss for the period</td>
<td>(23,175)</td>
<td>(15,769)</td>
<td>(22,982)</td>
<td>(23,035)</td>
</tr>
<tr>
<td>Loss per share</td>
<td>(0.00)</td>
<td>(0.00)</td>
<td>(0.00)</td>
<td>(0.01)</td>
</tr>
</tbody>
</table>

Fluctuations in assets are mostly due to cash being used in operational activities. Over the eight quarters, operational losses have remained fairly consistent due to attempts to preserve cash spending on general and administrative and the fact that the company is still seeking operational opportunities. Working capital deficiency increased over the course of the eight quarters as the Company maintained operations and had difficulty raising capital from capital markets.

Liquidity and Capital Resources

The Company is in the acquisition and exploration stage and therefore has no regular cash flow. The financial statements for the year ended December 31, 2020 have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.
Liquidity and Capital Resources (cont’d)

The working capital deficiency of the Company is as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash</td>
<td>14,395</td>
<td>34,898</td>
</tr>
<tr>
<td>GST recoverable</td>
<td>405</td>
<td>3,438</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(219,170)</td>
<td>(158,377)</td>
</tr>
<tr>
<td>and accrued liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promissory notes</td>
<td>(86,961)</td>
<td>(86,329)</td>
</tr>
<tr>
<td></td>
<td>(291,331)</td>
<td>(206,370)</td>
</tr>
</tbody>
</table>

The continuing operations of the Company are dependent upon its ability to obtain support from its creditors, to raise adequate financing and to commence profitable operations in the future. Management intends to finance operating costs and fund its exploration activities over the next twelve months with a private placement of common shares and/or loans from directors and companies controlled by directors.

To date, the Company has not earned significant revenues and is considered to be in the exploration stage. As at December 31, 2020, the Company had a working capital deficiency of $291,331 and cash on hand of $14,395 compared to a working capital deficiency of $206,370 and cash on hand of $34,898 at December 31, 2019.

Risk, Uncertainties and Outlook

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company’s properties has a known commercial ore deposit. Other risks facing the Company include competition for mineral properties, environmental and insurance risks, fluctuations in metal prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

Contingencies

The Company has no contingencies as at the date of this MD&A.

Off Balance Sheet Arrangements

The Company has no off-Balance Sheet arrangements as at the date of this MD&A.

Related Party Transactions

The Directors and Executive Officers of the Company are as follows:

- Jef Spaepen, Chief Executive Officer
- Eugene Beukman, Former Chief Executive Officer, Corporate Secretary and Director
- Joel Dumaresq, Chief Financial Officer and Director
- Troy Grant, Director
- Maciej Lis, Director

Included in accounts payable and accrued liabilities and loans at December 31, 2020 is $185,632 (December 31, 2019 - $119,632) owing to companies controlled by directors and former directors. These amounts are non-interest bearing with no stated terms of repayment.

During the years ended December 31, 2020 and 2019, the Company entered into the following transactions with related parties and incurred payments to key management personnel, which were in the normal course of operations.
Related Party Transactions (cont’d)

<table>
<thead>
<tr>
<th>Year ended</th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionals fees to a company controlled by a director and former director of the Company</td>
<td>36,000</td>
<td>36,450</td>
</tr>
<tr>
<td>Corporate service fees to a company controlled by a director of the Company</td>
<td>36,375</td>
<td>36,150</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>72,375</strong></td>
<td><strong>72,600</strong></td>
</tr>
</tbody>
</table>

Voluntary De-listing from the TSX-V

The Company received approval from the TSX-V to delist all of its common shares from the TSX-V, effective at the close of business on December 31, 2018. The Company obtained approval for the delisting by way of written consent from a majority of the shareholders of the common shares, excluding those common shares held by officers or directors. Subsequent to delisting, the Company will continue to be a reporting issuer in certain jurisdictions in Canada and will remain subject to continuous disclosure requirements. Black Isle’s current shareholders will remain shareholders of the Company.

Proposed Transactions

There are no proposed transactions.

Critical accounting estimates

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company’s financial statements include:

- the assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Changes in Accounting Policies including Initial Adoption

The preparation of financial statements requires that the Company’s management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company’s assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company’s financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively.

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

Financial Instruments and Other Instruments

The Company’s financial instruments consist of cash, receivables, and trade and other payables. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant credit, liquidity or market risks arising from these financial instruments.

The Company’s financial instruments are exposed to certain financial risks and the risk exposure is summarized as follows:
Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has cash and short-term loan balances. The bank account is held with a major Canadian bank. As all of the Company’s cash is held by one bank, there is a concentration of credit risk with the bank. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company’s secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in United States dollar while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company’s cash is held in Canadian dollars.

Interest rate risk

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and no-interest bearing debt; therefore, interest rate risk is nominal.

Liquidity and funding risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due. The Company is currently in default of its loans payable and convertible debenture. Management is investigating raising equity financing as required to carry on operations. Funding risk is the risk that market conditions will impact the Company’s ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions both liquidity and funding risk have been assessed as high.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. Management believes that interest rate risk to the Company is nominal as it is subject to this risk only on its bank account. The Company is not exposed to currency rate risk as it does not hold any loans payable or convertible debentures in a foreign currency. The Company is not affected by price risk as its mineral property is still in the exploration stage.

Management of industry risk

The Company is engaged primarily in mineral property exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.
Other Requirements

Outstanding Share Data

As at April 15, 2021, the Company has:

a) 164,855,265 common shares outstanding;
b) 1,500,000 stock options outstanding; and
c) 40,994,210 share purchase warrants outstanding.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.SEDAR.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Forward-Looking Statements

This MD&A contains certain forward-looking statements relating, but not limited to, the Company’s operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "may", "will", "should", "expects", "projects", "plans", "anticipates" or similar expressions suggesting future outcomes.

Black Isle does not have a history of earnings. These statements represent management’s expectations or beliefs concerning, among other things, future performance and financial results and various components thereof. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking assumptions will not be achieved by the Corporation. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, including but not limited to: changes in business strategies; general economic and business conditions; the effects of competition; changes in laws and regulations, including environmental and regulatory laws; and various events that could disrupt operations. Actual performance and financial results in future periods may differ materially from any projections of future performance or results expressed or implied by forward-looking statements.

Black Isle undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise, or the foregoing list of factors affecting such information.
BLACK ISLE RESOURCES CORP.

Management’s Discussion and Analysis

For the three months ended March 31, 2021
Date of this report and forward-looking statements

This management's discussion and analysis ("MD&A") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the three months ended March 31, 2021, compared to the three months ended March 31, 2020. This report prepared as at May 28, 2021 intends to complement and supplement our condensed interim consolidated financial statements (the "financial statements") as at March 31, 2021 which have been prepared in accordance with International Financial Reporting Standards, and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the financial statements and the accompanying notes. Readers are also advised to read the Company’s audited financial statements (the “financial statements”) and accompanying notes for the year ended December 31, 2020, (the “financial statements”), which have been prepared in accordance with International Financial Reporting Standards.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say “we”, “us”, “our”, the “Company” or “Black Isle”, we mean Black Isle Resources Corp., as it may apply.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Overall Performance

The Company is a renewable energy technology company engaged in the development of renewable energy and fuel cell technology. The Company is no longer engaged in the acquisition and exploration of exploration and evaluation assets in the United States and has written off its exploration and evaluation assets. The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol BIT. During the year ended December 31, 2018, the Company received approval to voluntarily delist its common shares from the TSX-V. Capital markets have been active during COVID-19 with high interest from investors in the renewable energy technology and consequently the Company was able to gain access to sufficient capital through recent private placements. The Company recently formed Fuel Cell Power NV, its operating subsidiary which resides in Belgium and has begun operations in Europe.

Fuel Cell Power NV

On March 12, 2021, the Company incorporated a wholly owned subsidiary in Belgium named Fuel Cell Power NV.

Appointments and Resignations

On January 4, 2021, Eugene Beukman resigned as Chief Executive Officer of the Company and was replaced by Jef Spaepen.
Overall Performance (cont’d)

On March 18, 2021, Jo Verstappen was appointed to act as the Chief Operating Officer of the Company and the Chief Executive Officer of the Company’s subsidiary, Fuel Cell Power NV.

On March 18, 2021, Gerard Sauer was appointed to act as the Chairman of the Company’s Advisory Board and the Project Manager of the Company’s subsidiary, Fuel Cell Power NV.

On March 18, 2021, Luc Pauwels was appointed to act as the Business Director of the Company’s subsidiary, Fuel Cell Power NV.

Capital Activities

On January 14, 2021, the Company closed a non-brokered private placement for the sale of 16,000,000 common shares of the Company at a price of $0.005 per common share for gross proceeds of $80,000. In connection with the private placement, the Company also issued 2,500,000 common shares pursuant to a finder’s fee agreement with a non-arm’s length party.

On January 14, 2021, the Company closed a separate non-brokered private placement for the sale of 76,000,000 common shares of the Company at a price of $0.02 per common share for gross proceeds of $1,520,000.

On December 31, 2020, the Company entered into a consulting agreement with the incoming CEO in which the CEO will receive 18,000,000 common shares of the Company and a monthly consulting fee of €15,000. The agreement commenced January 4, 2021 and will be in effect until termination by either party. On January 14, 2021, the Company issued the 18,000,000 common shares to the incoming CEO.

On January 14, 2021, the Company issued 2,500,000 common shares at deemed price of $0.005 per share for total value of $12,500 pursuant to a finder’s fee agreement with a non-arm’s length party for services regarding the finding of the new CEO for the Company.

On April 1, 2021, the Company closed a non-brokered private placement for the sale of 19,085,383 units of the Company at a price of $0.33 per unit for gross proceeds of $6,298,176. Each unit consists of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional share at a price of $0.75 per warrant share for a period of two years from the date of issuance, subject to an accelerated expiry if the closing price of the Company's shares is greater than $1.50 per Share for a minimum of 10 consecutive trading days. The Company will give notice to the holders of the warrants of such accelerated expiry and the warrants will expire 30 days thereafter.

On April 9, 2021, the Company closed a non-brokered private placement for the sale of 21,651,715 units of the Company at a price of $0.33 per unit for gross proceeds of $7,145,066. Each unit consists of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional share at a price of CDN$0.75 per warrant Share for a period of two years from the date of issuance, subject to an accelerated expiry if the closing price of the Company's shares is greater than CDN$1.50 per Share for a minimum of 10 consecutive trading days. The Company will give notice to the holders of the Triggering Event and the Warrants will expire 30 days thereafter.

On May 7, 2021, the Company closed a non-brokered private placement for the sale of 3,202,296 units of the Company at a price of $0.33 per unit for gross proceeds of $1,056,758. Each unit consists of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional share at a price of CDN$0.75 per warrant Share for a period of two years from the date of issuance, subject to an accelerated expiry if the closing price of the Company's shares is greater than CDN$1.50 per Share for a minimum of 10 consecutive trading days. The Company will give notice to the holders of the Triggering Event and the Warrants will expire 30 days thereafter.
Results of Operations

During the three-month period ended March 31, 2021, the Company recorded a loss of $335,978 compared to a loss of $23,035 during the three-month period ended March 31, 2020 (the “comparative period”). The increase in loss is primarily due to increased activities related to changing its principal business to the development of renewable energy and fuel cell technology. Some of the significant changes to operations are as follows:

- Professional fees of $34,563 (2020- $10,500) include audit, accounting and legal fees. The increase is attributed to legal and accounting costs associated with the costs incurred for the formation of Fuel Cell Power NV.
- Management and Consulting fees of $243,543 (2020 - $9,000) are fees accrued to directors, and officers of the Company. Expenses during the period increased due to fees charged by incoming officers of the Company for the management of the Company and its subsidiary.
- Transfer agent and filing fees of $6,565 (2020 - $2,210) relates to filing and listing fees and transfer agent fees. Fees incurred during the period were higher due to the completion of multiple private placements.
- Office and sundry expenses of $38,531 (2020 – $1,168) consists of corporate administration, rent and bank charges. The Company incurred these fees to maintain the Company’s good standing. Increase in expense during the period is due to increase in upkeeping costs for the subsidiary’s office operating in Belgium.
- Transaction cost of $12,500 (2020 - $Nil) is due to finder’s fee charged by a third-party vendor for the finding of the Company’s new CEO.

The Company has not paid any dividends on its common shares and has no present intention of paying dividends, as it anticipates that all available funds for the foreseeable future will be used to finance its business activities.

Cash Flow Analysis

Operating Activities

During the three-month period ended March 31, 2021 and 2020, cash used in operating activities was $195,968 and $19,052 respectively. The increase in cash outflow is due to increase in operating costs for the Company’s recent activities related to changing its principal business. During the comparative period, the Company was largely inactive.

Investing activities

During the three-month period ended March 31, 2021 and 2020, the cash used in investing activities was $30,474 and $Nil respectively. The increase in cash outflow is due to equipment purchased for the newly formed subsidiary. During the comparative period, the Company did not use any cash in investing activities.

Financing activities

During the three-month period ended March 31, 2021 and 2020, cash provided by financing activities was $6,188,612 and $Nil respectively. The increase in cash inflow is due to proceeds from share issuances of $1,600,000 and $4,588,612 from subscriptions received in advance for private placements completed in the subsequent period. During the comparative period, the Company did not raise any cash from financing activities.
Summary of Quarterly Results

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$6,025,177</td>
<td>$14,800</td>
<td>$14,818</td>
<td>$14,456</td>
</tr>
<tr>
<td>Working capital (deficiency)</td>
<td>5,618,232</td>
<td>(291,331)</td>
<td>(268,156)</td>
<td>(252,387)</td>
</tr>
<tr>
<td>Loss for the period</td>
<td>(335,978)</td>
<td>(23,175)</td>
<td>(15,769)</td>
<td>(22,982)</td>
</tr>
<tr>
<td>Loss per share</td>
<td>(0.00)</td>
<td>(0.00)</td>
<td>(0.00)</td>
<td>(0.00)</td>
</tr>
</tbody>
</table>

Fluctuations in assets are mostly due to cash being used in operational activities. Over the eight quarters, operational losses have remained fairly consistent due to attempts to preserve cash spending on general and administrative and the fact that the company is still seeking operational opportunities. Working capital deficiency increased over the course of the prior seven quarters as the Company maintained operations and had difficulty raising capital from capital markets. During the three months ended March 31, 2021, the Company was able to raise capital from private placements as it changed its principal business to the development of renewable energy and fuel cell technology.

Liquidity and Capital Resources

The Company is in a new entrant in the renewable energy technology market and is in early stages of technology development and therefore has no regular cash flow. The financial statements for the period ended March 31, 2021 have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The working capital deficiency of the Company is as follows:

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2021</th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>5,961,456</td>
<td>14,395</td>
</tr>
<tr>
<td>Sales tax recoverable</td>
<td>13,181</td>
<td>405</td>
</tr>
<tr>
<td>Prepaids</td>
<td>20,078</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(289,367)</td>
<td>(219,170)</td>
</tr>
<tr>
<td>Promissory notes</td>
<td>(87,116)</td>
<td>(86,961)</td>
</tr>
<tr>
<td></td>
<td>5,618,232</td>
<td>(291,331)</td>
</tr>
</tbody>
</table>
Liquidity and Capital Resources (cont’d)

The continuing operations of the Company are dependent upon its ability to obtain support from its creditors, to raise adequate financing and to commence profitable operations in the future. Management intends to finance operating costs and fund its renewable energy and fuel cell technology development activities over the next twelve months with private placements of common shares and/or loans from directors and companies controlled by directors.

To date, the Company has not earned significant revenues and is considered to be in the development stage. As at March 31, 2021, the Company had a working capital of $5,618,232 and cash on hand of $5,961,456 compared to a working capital deficiency of $291,331 and cash on hand of $14,395 at December 31, 2020.

Risk, Uncertainties and Outlook

The business of renewable energy and fuel cell development involves a high degree of risk. The Company’s success depends on the development of marketable proprietary technology which cannot be guaranteed. At present, the Company has not developed a prototype energy cell or fuel cell. Other risks facing the Company include competition with players that have successfully developed energy or fuel cell technology, as well as other new entrants in the field due to high interest from capital markets. Other risks include rights to intellectual property, rapid technological change, fluctuations in energy prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

Contingencies

The Company has no contingencies as at the date of this MD&A.

Off Balance Sheet Arrangements

The Company has no off-Balance Sheet arrangements as at the date of this MD&A.

Related Party Transactions

The Directors and Executive Officers of the Company are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jef Spaepen</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Jo Verstappen</td>
<td>Chief Operating Officer, Chief Executive Officer of Fuel Cell Power NV</td>
</tr>
<tr>
<td>Gerard Sauer</td>
<td>Chairman of the Company’s Advisory Board, Project Manager of Fuel Cell Power NV</td>
</tr>
<tr>
<td>Luc Pauwels</td>
<td>Business Director of Fuel Cell Power NV</td>
</tr>
<tr>
<td>Eugene Beukman</td>
<td>Former Chief Executive Officer, current Corporate Secretary and Director</td>
</tr>
<tr>
<td>Joel Dumaresq</td>
<td>Chief Financial Officer and Director</td>
</tr>
<tr>
<td>Troy Grant</td>
<td>Director</td>
</tr>
<tr>
<td>Maciej Lis</td>
<td>Director</td>
</tr>
</tbody>
</table>

Included in accounts payable and accrued liabilities and loans at March 31, 2021 is $263,800 (December 31, 2020 - $185,632) owing to companies controlled by directors, former directors and officers of the Company. As at March 31, 2021, the Company also prepaid $18,602 (December 31, 2020 - $Nil) to companies controlled by officers of the Company for consulting fees. These amounts are non-interest bearing with no stated terms of repayment.

During the three months ended March 31, 2021 and 2020, the Company entered into the following transactions with related parties and incurred payments to key management personnel, which were in the normal course of operations.
Related Party Transactions (cont’d)

<table>
<thead>
<tr>
<th>Three months ended</th>
<th>March 31, 2021</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional fees to a company controlled by a director and former director of the Company</td>
<td>$9,000</td>
<td>$9,000</td>
</tr>
<tr>
<td>Corporate service fees to a company controlled by a director of the Company</td>
<td>$9,000</td>
<td>$9,000</td>
</tr>
<tr>
<td>Rent to a company controlled by a former director of the Company</td>
<td>$1,500</td>
<td>$-</td>
</tr>
<tr>
<td>Consulting fees to a company controlled by the CEO of the Company</td>
<td>$68,703</td>
<td>$-</td>
</tr>
<tr>
<td>Consulting fees to a company controlled by the COO of the Company</td>
<td>$47,550</td>
<td>$-</td>
</tr>
<tr>
<td>Consulting fees to a company controlled by the chairman the advisory board of the Company</td>
<td>$27,469</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$163,222</strong></td>
<td><strong>$18,000</strong></td>
</tr>
</tbody>
</table>

Voluntary De-listing from the TSX-V

The Company received approval from the TSX-V to delist all of its common shares from the TSX-V, effective at the close of business on December 31, 2018. The Company obtained approval for the delisting by way of written consent from a majority of the shareholders of the common shares, excluding those common shares held by officers or directors. Subsequent to delisting, the Company will continue to be a reporting issuer in certain jurisdictions in Canada and will remain subject to continuous disclosure requirements. Black Isle’s current shareholders will remain shareholders of the Company.

Proposed Transactions

There are no proposed transactions.

Critical accounting estimates

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company’s financial statements include:

- the assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Changes in Accounting Policies including Initial Adoption

The preparation of financial statements requires that the Company’s management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company’s assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company’s financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively.

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.
Financial Instruments and Other Instruments

The Company’s financial instruments consist of cash, receivables, and trade and other payables. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant credit, liquidity or market risks arising from these financial instruments.

The Company’s financial instruments are exposed to certain financial risks and the risk exposure is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has cash and short-term loan balances. The bank account is held with a major Canadian bank. As all of the Company’s cash is held by one bank, there is a concentration of credit risk with the bank. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company’s secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in European euro while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company’s cash is held in both Canadian dollars and European euro.

Interest rate risk

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and no-interest bearing debt; therefore, interest rate risk is nominal.

Liquidity and funding risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due. The Company is currently in default of its loans payable and convertible debenture. Management is investigating raising equity financing as required to carry on operations. Funding risk is the risk that market conditions will impact the Company’s ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions both liquidity and funding risk have been assessed as high.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. Management believes that interest rate risk to the Company is nominal as it is subject to this risk only on its bank account. The Company is not exposed to currency rate risk as it does not hold any loans payable or convertible debentures in a foreign currency. The Company is not affected by price risk as its mineral property is still in the exploration stage.

Management of industry risk

The Company is engaged primarily in mineral property exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.
Other Requirements

Outstanding Share Data

As at May 28, 2021, the Company has:

a) 168,057,561 common shares outstanding;
b) nil stock options outstanding; and
c) 44,196,506 share purchase warrants outstanding.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.SEDAR.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Forward-Looking Statements

This MD&A contains certain forward-looking statements relating, but not limited to, the Company’s operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "may", "will", "should", "expects", "projects", "plans", "anticipates" or similar expressions suggesting future outcomes.

Black Isle does not have a history of earnings. These statements represent management’s expectations or beliefs concerning, among other things, future performance and financial results and various components thereof. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking assumptions will not be achieved by the Corporation. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, including but not limited to: changes in business strategies; general economic and business conditions; the effects of competition; changes in laws and regulations, including environmental and regulatory laws; and various events that could disrupt operations. Actual performance and financial results in future periods may differ materially from any projections of future performance or results expressed or implied by forward-looking statements.

Black Isle undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise, or the foregoing list of factors affecting such information.
APPENDIX “C”

AUDIT COMMITTEE CHARTER

(see attached)
AUDIT COMMITTEE CHARTER

MANDATE

The primary function of the Audit Committee (the “Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements.
- Review and appraise the performance of the Company’s external auditors.
- Provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board of Directors.

COMPOSITION

The Committee shall be comprised of three directors as determined by the Board of Directors, all of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

All members of the Committee shall have accounting or related financial management expertise. For the purposes of the Company’s Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

MEETINGS

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the CFO and the external auditors in separate sessions.

RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Committee shall:

1. **Documents/Reports Review**
   a. Review and update this Charter annually.
   b. Review the Company’s financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are
submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

2. **External Auditors**

   a. Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.

   b. Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.

   c. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

   d. Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.

   e. Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

   f. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company’s accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

   g. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

   h. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

   i. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company’s external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

      i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;

      ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and;

      iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.
3. **Financial Reporting Processes**

   a. In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.

   b. Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

   c. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.

   d. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.

   e. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

   f. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

   g. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

   h. Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.

   i. Review certification process.

   j. Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

**RISK MANAGEMENT**

1. To review, at least annually, and more frequently, if necessary, the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks).

2. To inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk.

3. To request the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.

4. To assess the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board.

**OTHER**

Review any related-party transactions.
APPENDIX “D”

STOCK OPTION PLAN

(see attached)
ALKALINE FUEL CELL POWER CORP.
(formerly, Black Isle Resources Corporation)

STOCK OPTION PLAN

This stock option plan has been adopted by the directors of Alkaline Fuel Cell Power Corp. in connection with its application for listing of its common shares on the Canadian Securities Exchange as governed by their Policy 6 (Subsection 5 “Incentive Stock Options”). Notwithstanding anything herein to the contrary, the terms of this stock option plan and the terms of all options granted pursuant to this stock option plan shall include all terms, conditions and restrictions provided by Policy 6 as if such terms, conditions and restrictions were reproduced herein. In the event of any inconsistency between Policy 6 and this stock option plan, Policy 6 shall prevail.

PART 1
INTERPRETATION

1.1 Definitions. In this Plan the following words and phrases shall have the following meanings, namely:

(a) “Affiliate” means a company that is a parent or subsidiary of the Company, or that is controlled by the same person as the Company;

(b) “Associate” means, where used to indicate a relationship with any person:

(i) a partner, other than a limited partner, of that person;

(ii) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity;

(iii) a company in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the company; or

(iv) a relative, including the spouse or child, of that person or a relative of that person’s spouse, where the relative has the same home as that person;

and for the purpose of this definition, “spouse” includes an individual who is living with another individual in a marriage-like relationship.

(c) “Board” means the Board of Directors of the Company or, if applicable, the Committee.

(d) “Change of Control” means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than 50% of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board.

(e) “Committee” means a committee of the Board appointed in accordance with this Plan or, if no such committee is appointed, the Board itself.

(f) “Company” means Alkaline Fuel Cell Power Corp.

(g) “Consultant” means, in relation to the Company, an individual (or a company wholly-owned by an individual) who:
(i) provides ongoing consulting services to the Company or an Affiliate of the Company under a written contract;

(ii) possesses technical, business or management expertise of value to the Company or an Affiliate of the Company;

(iii) spends a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and

(iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

(h) “Corporation” means unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

(i) “CSE” means the Canadian Securities Exchange.

(j) “Director” means any director of the Company or of any of its subsidiaries.

(k) “Eligible Person” means a bona fide Director, Officer, Employee or Consultant, or a corporation wholly owned by such Director, Officer, Employee or Consultant.

(l) “Employee” means:

(i) an individual who is considered an employee of the Company or any of its subsidiaries under the Income Tax Act (i.e. for whom deductions (income tax, UIC and CPP) must be made at source);

(ii) an individual who works full-time for the Company or any of its subsidiaries providing services normally provided by an employee and is subject to the same control and direction by the Company or its subsidiary over the detail and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source; or

(iii) a part-time dependent contractor, that is an individual who works for the Company or any of its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source;

and includes Management Company Employees and Consultants.

(m) “Exchange” means the CSE or any other stock exchange on which the Shares are listed for trading.

(n) “Exchange Policies” means the policies and related rules of the Exchange governing the granting of stock options by the Company, as amended from time to time.

(o) “Expiry Date” means a date not later than 5 years from the date of grant of an option;

(p) “Income Tax Act” means the Income Tax Act (Canada), as amended from time to time.

(q) “IR service provider” means a Person who, employed or retained as a Consultant by or on behalf
of the Company, engages in activities that promote or reasonably could be expected to promote the purchase or sale of securities of the Company.

(r) “Joint Actor” means a person acting jointly and in concert with another person.

(s) “Management Company Employee” means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged as an IR service provider.

(t) “Market Price” means, subject to the exceptions prescribed by the Exchange from time to time, the greater of the closing market price of the Shares on: (a) the last trading day immediately preceding the date of grant of an option; and (b) the date of grant of an option.

(u) “Officer” means any senior officer of the Company or of any of its subsidiaries.

(v) “Optionee” means an Eligible Person that is granted options under this Plan.

(w) “Person” means an individual or a Corporation.

(x) Plan” means this stock option plan, as may be amended from time to time.

(y) “Securities Act” means the Securities Act (British Columbia), as amended from time to time.

(z) “Shares” means common shares without par value in the capital of the Company.

1.2 Gender. Throughout this Plan, words importing the masculine gender shall be interpreted as including the female gender.

1.3 Governing Law. The validity and construction of this Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

PART 2
PURPOSE OF PLAN

2.01 Purpose. The purpose of this Plan is to attract and retain Consultants, Employees, Officers and Directors and to motivate them to advance the interests of the Company by affording them the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares.

PART 3
GRANTING OR AMENDING OF OPTIONS

3.1 Administration. This Plan shall be administered by the Board or, if the Board so elects, by a committee (consisting of not less than two (2) of its members) appointed by the Board.

3.2 Committee’s Recommendations. The Board may accept all or any part of the recommendations of any committee appointed under Section 3.1 or may refer all or any part thereof back to the Committee for further consideration and recommendation.

3.3 Grant by Resolution. The Board, on its own initiative or, if a committee of the Board shall have been appointed for the purpose of administering this Plan, upon the recommendation of such committee, may
by resolution designate those Eligible Persons to whom options should be granted (unless the Committee has been authorized by the Board to pass such resolution in which case they may do as so authorized).

3.4 **Terms of Options.** The resolution of the Board, or the committee if applicable, shall specify the number of Shares that should be placed under option for each Optionee, the price per Share to be paid upon exercise of the options, and the period during which such options may be exercised, such period not to exceed 5 years.

3.5 **Written Agreements.** Every option granted under this Plan shall be evidenced by a written agreement between the Company and the Optionee and, where not expressly set out in the agreement, the provisions of such agreement shall conform to and be governed by this Plan. In the event of any inconsistency between the terms of the agreement and this Plan, the terms of this Plan shall govern.

3.6 **Regulatory Approvals.** The Board shall obtain all necessary regulatory approvals, which may be required under applicable securities laws or the rules or policies of the Exchange. The Board shall also take reasonable steps to ensure that no options granted under the Plan, or the exercise thereof, shall violate the securities laws of the jurisdiction in which any optionee resides.

3.7 **Amendment of Options.** Options may also be amended under this Plan, whether granted under this Plan or otherwise, and the terms of this Plan shall apply mutatis mutandis.

3.8 **Withholding Taxes.** If the Company is required under the Income Tax Act or any other applicable law to make source deductions in respect of Employee stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of any Shares upon the exercise of options, then any Optionee who is deemed an Employee shall:

(a) pay to the Company, in addition to the exercise price for such options, the amount necessary to satisfy the required tax remittance as is reasonably determined by the Company;

(b) authorize the Company, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Company determines a portion of the Shares issued upon the exercise of such options to realize proceeds to be used to satisfy the required tax remittance; or,

(c) make other arrangements acceptable to the Company to satisfy the required tax remittance.

**PART 4**

**CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS**

4.1 **Exercise Price.** The exercise price of options granted under this Plan shall not be less than the Market Price.

4.2 **Notice.** The Company must comply with Exchange Policy by posting notice (currently, in Form 11) each time options are granted to Eligible Persons.

4.3 **Expiry Date.** Each option shall, unless sooner terminated, expire on a date to be determined by the Board which will not exceed 5 years.

4.4 **Number of Shares.** The number of Shares reserved for issuance to any one person pursuant to options granted under this Plan shall not exceed 5% of the issued and outstanding Shares at the time of granting of the options.

4.5 **Death of Optionee.** If an optionee dies prior to the expiry of his option, his legal representatives may, by the earlier of:
4.6 **Expiry on Termination or Cessation.** If an optionee ceases to be an Eligible Person for any reason other than death, such optionee’s options shall terminate within a reasonable time as specified by the Board at the time of granting the options, such period not to exceed a period of one year from the date of termination, and all rights to purchase Shares under such options shall cease and expire and be of no further force or effect.

4.7 **Leave of Absence.** Employment shall be deemed to continue intact during any sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the optionee’s right to reemployment is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the optionee’s reemployment is not so guaranteed, then his employment shall be deemed to have terminated on the ninety-first day of such leave.

4.8 **Assignment.** No options granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an optionee shall have the right to assign any option granted to him hereunder to a trust or similar legal entity established by such optionee.

4.9 **Notice of Exercise.** Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company at its principal place of business.

4.10 **Payment.** Subject to any vesting requirements described in each individual option agreement, options may be exercised in whole or in part at any time prior to their lapse or termination. The exercise price of all options must be paid in cash. Shares purchased by an optionee on exercise of an option shall be paid for in full at the time of their purchase (i.e. concurrently with the giving of the requisite notice).

4.11 **Evidence of Share Ownership.** Within a reasonable time after due exercise of an option, the Company shall issue to the Optionee evidence of ownership of the Shares with respect to which the option has been exercised. Such evidence may be by way of direct registration advice or share certificate at the discretion of the Company provided however if the Optionee requests a share certificate, the Optionee will pay the Company for any additional issuance costs of the Company’s transfer agent. Until the issuance of such evidence of share ownership, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the share certificate is issued, except as provided in Part 6 hereof.

4.12 **Vesting.** Subject to the discretion of the Board, the options granted to an optionee under this Plan shall fully vest on the date of grant of such options.

**PART 5**

**RESERVE OF SHARES FOR OPTIONS**

5.1 **Maximum Number of Shares Reserved Under Plan.** Subject to adjustment as provided in PART 6, the aggregate number of Shares which may be subject to issuance pursuant to options granted under this Plan shall not exceed 10% of the issued and outstanding Shares of the Company at the time the options are granted. The aggregate number of shares to be delivered upon the exercise of all options
granted under this Plan shall not exceed the maximum number of shares permitted under the rule of any stock exchange on which Shares are then listed or other regulatory body having jurisdiction.

5.2 **Sufficient Authorized Shares to be Reserved.** Whenever the Articles of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of options granted under this Plan or otherwise. Shares that were the subject of options that have lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.

**PART 6**  
**CHANGES IN SHARES**

6.1 **Share Consolidation or Subdivision.** In the event that the Shares are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any Shares that are then subject to option shall be adjusted accordingly.

6.2 **Stock Dividend.** In the event that the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as they deem proper in their absolute discretion.

6.3 **Reorganization.** Subject to any required action by its shareholders, if the Company shall be a party to a reorganization, merger, dissolution or sale or lease of all or substantially all of its assets, whether or not the Company is the surviving entity, the option shall be adjusted so as to apply to the securities to which the holder of the number of shares of capital stock of the Company subject to the option would have been entitled by reason of such reorganization, merger or sale or lease of all or substantially all of its assets, provided however that the Company may satisfy any obligations to an optionee hereunder by paying to the said optionee in cash the difference between the exercise price of all unexercised options granted hereunder and the fair market value of the securities to which the optionee would be entitled upon exercise of all unexercised options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied. Adjustments under this paragraph or any determinations as to the fair market value of any securities shall be made by the Board, or any committee thereof specifically designated by the Board to be responsible therefor, and any reasonable determination made by the said Board or committee thereof shall be binding and conclusive.

6.4 **Rights Offering.** If at any time the Company grants to the holders of its capital stock rights to subscribe for and purchase pro rata additional securities of the Company or of any other corporation or entity, there shall be no adjustments made to the number of shares or other securities subject to the option in consequence thereof and the said stock option of the optionee shall remain unaffected.

**PART 7**  
**EXCHANGE’S RULES AND POLICIES APPLY**

7.01 **Exchange’s Rules and Policies Apply.** This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in the rules and policies on stock options of the Exchange and any securities commission having jurisdiction and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern.

**PART 8**  
**AMENDMENT OF PLAN**

8.1 **Board May Amend.** Subject to Part 5 the Board may, by resolution, amend or terminate this Plan, but
no such amendment or termination shall, except with the written consent of the Optionees concerned, affect the terms and conditions of options previously granted under this Plan which have not then been exercised or terminated.

PART 9
MISCELLANEOUS PROVISIONS

9.1 **Other Plans Not Affected.** This Plan shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers and Employees.

9.2 **Effective Date of Plan.** This Plan shall become effective upon receipt of shareholder approval.

9.3 **Use of Proceeds.** Proceeds from the sale of Shares pursuant to the options granted and exercised under the Plan shall constitute general funds of the Company and shall be used for general corporate purposes.

9.4 **Headings.** The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.

9.5 **No Obligation to Exercise.** Optionees shall be under no obligation to exercise options granted under this Plan.

9.6 **Termination of Plan.** This Plan shall only terminate pursuant to a resolution of the Board or the Company’s shareholders.