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This Annual Information Form is dated as of August 13, 2021 (the “AIF Date”), and unless otherwise indicated, the information contained herein is dated as of the last day of the most recently completed financial year of Alkaline Fuel Cell Power Corp. ended December 31, 2020 (the “Fiscal Year-End Date”).

In this Annual Information Form, unless otherwise indicated or if the context otherwise requires, the “Company”, “we”, “us” and “our” means Alkaline Fuel Cell Power Corp. (formerly, Black Isle Resources Corporation) and, where the context so requires, includes its predecessors and Subsidiaries. All financial information and all dollar amounts in this Annual Information Form are prepared in Canadian dollars, unless otherwise indicated, and in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

All capitalized terms used in this Annual Information Form, including the Schedules hereto, but not otherwise defined have the meanings set forth under “Glossary of Terms”.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

“AIF Date” has the meaning ascribed thereto under the heading “Annual Information Form”.

“Annual Financial Statements” has the meaning ascribed thereto under the heading “Certain Documents Incorporated by Reference”.

“Annual Information Form” means this annual information form of the Company for the financial year ended December 31, 2020 dated August 13, 2021.

“Applicable Securities Laws” means, as applicable, the securities legislation, securities regulation and securities rules, and the policies, notices, instruments and blanket orders of each Canadian securities regulator having the force of applicable Law and in force from time to time.

“April and May Private Placements” has the meaning ascribed thereto under the heading “General Development of the Business”.

“Audit Committee Charter” means the charter for the Audit Committee, as adopted and amended from time to time.

“Audit Committee” means the audit committee of the Board, as constituted from time to time.

“Authorizations” means, collectively, all consents, licenses, registrations, permits, authorizations, permissions, orders, approvals, clearances, waivers, certificates, and declarations issued, granted, given or otherwise made available by or under the authority of any Governmental Entity or pursuant to any requirement under applicable Law.

“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.

“BCBCA” means the Business Corporations Act (British Columbia), including any regulations promulgated thereunder, as amended.

“BCSC” means the British Columbia Securities Commission.

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

“Business” means the business carried on by the Company and its Subsidiaries as at the AIF Date, and where the context so requires, includes the business carried on by the Company and its Subsidiaries prior to the AIF Date.
“Change of Business” has the meaning ascribed thereto under the heading “General Development of the Business”.

“CHP” means combined heat and power.

“CO2” means carbon dioxide.

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

“Company”, “we”, “us” and “our” have the meanings ascribed thereto under the heading “Annual Information Form”.

“Compensation Committee” means the compensation committee of the Board, as constituted from time to time.

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

“COVID-19” means the Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

“Energy For All” means Energy For All BV.

“Escrow Agreement” means the escrow agreement dated as of July 14, 2021 and entered into by and between the Company, National Securities Administrators Ltd. and Mr. Jef Spaepen.

“Escrowed Securities” has the meaning ascribed thereto under the heading “Escrowed Securities and Securities subject to Contractual Restrictions on Transfer”.

“First Private Placement” has the meaning ascribed thereto under the heading “General Development of the Business”.

“Fiscal Year-End Date” has the meaning ascribed thereto under the heading “Annual Information Form”.

“forward-looking statements” has the meaning ascribed thereto under the heading “Cautionary Statements”.

“Founder Shares” has the meaning ascribed thereto under the heading “General Development of the Business”.

“FSE” means the Frankfurt Stock Exchange.

“Fuel Cell IP” has the meaning ascribed thereto under the heading “General Development of the Business”.

“Governmental Entities” means: (a) any international, multi-national, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, minister, cabinet, governor in council, ministry, agency or instrumentality, domestic or foreign, (b) any subdivision or authority of any of the foregoing, (c) any quasigovernmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange, including, for greater certainty, the NEO.

“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.

“Indenture” means the warrant indenture between the Company and National Securities Administrators Ltd., as warrant agent, dated March 29, 2021, as supplemented on May 7, 2021.

“IP Consideration Shares” has the meaning ascribed thereto under the heading “General Development of the Business”.

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“IP Consideration Shares” has the meaning ascribed thereto under the heading “General Development of the Business”.
“January Private Placements” has the meaning ascribed thereto under the heading “General Development of the Business”.

“kW” means kilowatt.

“La Jolla” means La Jolla Capital Inc.

“Laws” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended, unless expressly specified otherwise.


“Management” means the management of the Company, as constituted from time to time.

“Material Adverse Effect” means a material adverse effect on the business, the properties, assets, liabilities (including contingent liabilities), results of operations, financial performance, financial condition, or the market and trading price of the securities, of the Company and its Subsidiaries, taken as a whole.

“NEO” means the NEO Exchange Inc.

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


“Non-Exhaustive List of Risk Factors” has the meaning ascribed thereto under the heading “Risk Factors”.

“Options” means the incentive stock options of the Company granted pursuant to the Stock Option Plan.

“Orion Annual Filings” has the meaning ascribed thereto under the heading “Directors and Officers”.

“Orion” means Orion Nutraceuticals Inc.

“Person” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative or government (including any Governmental Entity), syndicate or other entity, whether or not having legal status.

“Restricted Rights Agreement” has the meaning ascribed thereto under the heading “General Development of the Business”.

“Second Private Placement” has the meaning ascribed thereto under the heading “General Development of the Business”.

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

“Share Consolidation” has the meaning ascribed thereto under the heading “Corporate Structure”.

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

“Spotlite360” means Spotlite360 Technologies, Inc. (formerly 1014379 B.C. Ltd.).
“Stock Option Plan” means the 10% rolling stock option plan of the Company, as amended from time to time.

“Subsidiary” means a Person that is controlled directly or indirectly by another Person and includes a subsidiary of that subsidiary.

“TSXV” means the TSX Venture Exchange.

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

“United States” means the United States of America and its territories and possessions.

“Warrants” means the Common Share purchase warrants of the Company.

MARKET AND INDUSTRY DATA

This Annual Information Form may include market, industry data, and statistical information that has been obtained from third party sources, including industry publications. Market, industry data, and statistical information are subject to variations and cannot be verified with complete certainty due to, among other things, limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Further, 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 the Company believes that market and industry data included in this Annual Information Form is accurate and that its estimates and assumptions are reasonable, there can be no assurance as to the accuracy or completeness of such data. Except as may be reasonable in the circumstances, the Company has not taken additional steps to independently verify any of the data from third-party sources referred to in this Annual Information Form or ascertained the underlying economic assumptions relied upon by such sources. Accordingly, readers are cautioned not to place undue reliance on the market and industry data included in this Annual Information Form. Except as required by Applicable Securities Laws, the Company does not intend, and does not assume any obligation, to update or revise any such information or data, whether as a result of new information, future events or otherwise.

CAUTIONARY STATEMENTS

Certain statements contained in this Annual Information Form, and in the documents incorporated by reference in this Annual Information Form, constitute “forward-looking information” and “forward-looking statements” (together, “forward-looking statements”) within the meaning of Applicable Securities Laws and are based on assumptions, expectations, estimates and projections as at the AIF Date. Forward-looking statements relate to future events or future performance and reflect Management’s expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology.

Forward-looking statements in this Annual Information Form and in documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the Company’s Business objectives and milestones and the anticipated timing of, and costs in connection with, the execution or achievement of such objectives and milestones (including, without limitation, the development of the New System);

- the Company’s future growth prospects and intentions to pursue one or more viable business opportunities;

- the development of the Business and future activities following the AIF Date;
• expectations relating to market size and anticipated growth in the jurisdictions within which the Company may from time to time operate or contemplate future operations;

• expectations with respect to economic, business, regulatory and/or competitive factors related to the Company or the renewable energy industry generally;

• the impact of COVID-19 on the Company’s current and future operations;

• the market for the Company’s current and proposed product offerings, as well as the Company’s ability to capture market share;

• the Company’s strategic investments and capital expenditures, and related benefits;

• the distribution methods expected to be used by the Company to deliver its product offerings;

• the competitive landscape within which the Company operates and the Company’s market share or reach;

• the performance of the Business and the operations and activities of the Company;

• the Company’s ability to generate cash flow from operations and from financing activities;

• the Company’s ability to obtain, maintain, and renew or extend, applicable Authorizations, including the timing and impact of the receipt thereof;

• the Company’s intention to devote resources to the protection of its intellectual property rights, including by seeking and obtaining registered protections including patents for its intellectual property;

• the ability of Fuel Cell Power NV to fill its employment needs;

• the ability of Fuel Cell Power s.r.o. to develop prototypes, deliver catalyst material for the electrodes and facilitate research and development contracts with external partners, and the intention of Fuel Cell Power s.r.o. to fill its staffing needs;

• the Company’s intention to enter into partnerships with universities, research institutes and commercial partners, and its potential eligibility under the European Green Deal Initiative;

• the Company’s ability to complete the electrode, stack and system production process and validate it for large scale manufacturing;

• whether hydrogen power alkaline fuel cell technology, once developed, will offer both environmental and economic benefits;

• the ability of the New System to retain the attributes of the Company’s prototypes currently under construction;

• the ability of the Company to deliver the New System in a containerized format;

• the ability of the containerized format to allow for the New System to be easily scaled up to higher output capacities; and

• the Company’s intention to apply for six patents in connection with the New System.
Forward-looking statements are subject to certain risks and uncertainties. Although Management believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements.

Importantly, forward-looking statements are estimates reflecting Management’s current expectations and beliefs, and are based upon certain assumptions that Management believes to be reasonable based on the information currently available to Management, including, but not limited to, the assumptions that: (a) current and future Management will abide by the business objectives and strategies from time to time established by the Company, (b) the Company will retain and supplement its Board and Management, or otherwise engage consultants and advisors, having knowledge of the industries (or segments thereof) within which the Company may from time to time participate, (c) the Company will have sufficient working capital and the ability to obtain the financing required in order to develop the Business and continue operations, (d) the Company will continue to attract, develop, motivate and retain highly qualified and skilled consultants and/or employees, as the case may be, (e) no adverse changes will be made to the regulatory framework governing renewable energy, taxes and all other applicable matters in the jurisdictions in which the Company conducts its Business and any other jurisdiction in which the Company may from time to time conduct its Business, (f) the Company will be able to generate cash flow from operations, (g) the Company will be able to execute on its Business strategy, as in place from time to time, (h) the Company will be able to meet the requirements necessary to obtain and/or maintain Authorizations required to conduct its Business, (i) general economic, financial market, regulatory and political conditions in the jurisdictions within which the Company operates from time to time will remain the same, (j) the Company will be able to compete in, and remain competitive within, the renewable energy space, (k) the Company will be able to effectively manage anticipated and unanticipated costs, (l) the Company will be able to maintain internal controls over financial reporting and disclosure, and procedures in order to ensure compliance with applicable Laws, (m) current and future economic conditions, including the impact of COVID-19, will not negatively affect the Company and its Business, (n) the Company will be able to conduct its operations in a safe, efficient and effective manner, (o) the Company’s resources and ability to obtain the patents sought in connection with the New System, (p) the Company will have the ability and/or resources available to enter into agreements with universities, research institutes and commercial partners, (q) the Company having the resources to scale up manufacturing, and (r) general market conditions will be favourable with respect to the Company’s future plans and goals.

By their very nature 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. Some of the risks that could cause results to differ materially from those expressed in forward-looking statements in this Annual Information Form and in documents incorporated by reference herein include:

- the Company’s inability to attract and retain qualified members of Management to grow its Business and operations;
- unanticipated changes in economic and market conditions (including changes resulting from COVID-19) or in applicable Laws;
- the Company continuing as a going concern;
- potential competition from other businesses in the energy industry;
- the Company’s limited operating history in the renewable energy business;
- no history of earning;
- negative cash flow;
- ability to raise additional funds;
- product liability;
- dependence on key personnel;
- protection of intellectual property;
- results of early testing;
- the Company’s products not complying with sustainability requirements;
- environmental and occupational health and safety laws and regulations;
- ability to manage growth strategy effectively;
- litigation;
- insurance;
- no guarantees dividends will be paid;
- volatility in the market price of the Common Shares;
- future sales of the Company’s securities causing the market price of the Common Shares to fall;
- maintenance of adequate internal controls over financial reporting;
- unanticipated changes in the energy industry in the jurisdictions within which the Company may from time to time conduct its Business and operations, including the Company’s inability to respond or adapt to such changes;
- the inability of Fuel Cell Power NV to fill its employment needs;
- the inability of Fuel Cell Power s.r.o. to develop the prototypes, deliver catalyst material for the electrodes and facilitate research and development contracts with external partners;
- the inability of Fuel Cell Power s.r.o. to fill its staffing needs;
- the Company’s inability to enter into partnerships with universities, research institutes and commercial partners, and its ineligibility under the European Green Deal Initiative;
- the Company’s inability to complete the electrode, stack and system production process and validate it for large scale manufacturing;
- hydrogen power alkaline fuel cell technology, once developed, being unable to offer both environmental and economic benefits;
- the Company’s inability to develop the prototypes in a containerized format;
- the Company’s inability to scale up production of the containerized format;
- the inability of the New System to retain all the attributes of the Company’s prototypes;
- the Company’s inability to apply for and/or attain patents in connection with the New System;
- risks relating to projections of the Company’s operations; and
the Company’s inability to effectively manage unanticipated costs and expenses, including costs and expenses associated with product recalls and judicial or administrative proceedings against the Company.

Readers are cautioned that the foregoing list of factors are not exhaustive. The Company provides 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. Accordingly, readers should not place undue reliance on forward-looking statements, and, in evaluating these forward-looking statements, readers should specifically consider various factors, including the risks outlined under the heading “Risk Factors”, which may cause actual results to differ materially from the results, performance or achievements of the Company expressed or implied by any forward-looking statements.

The forward-looking statements contained herein are made as of the AIF Date, and except as required by Applicable Securities Laws, the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

CERTAIN DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed by the Company with the Canadian securities regulatory authorities are specifically incorporated by reference into, and form an integral part of, this Annual Information Form:

(a) the material change report of the Company dated January 20, 2021 in respect of the closing of the January Private Placements and the entering into of the Consulting Agreements;

(b) the audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019 and the notes thereto, together with the auditor’s report thereon (the “Annual Financial Statements”);

(c) the management’s discussion and analysis of the Company for the Annual Financial Statements;

(d) the material change reports of the Company dated April 16, 2021 and May 14, 2021 in respect of the closing of the April and May Private Placements;

(e) the Listing Statement;

(f) the material change report of the Company dated July 16, 2021 in respect of the Company’s NEO listing;

(g) the material change report of the Company dated July 26, 2021 in respect of the Company’s name change from “Black Isle Resources Corporation” to “Alkaline Fuel Cell Power Corp.”, Warrant extension and Corporate Secretary changes;

(h) the material change report of the Company dated April 5, 2021 in respect of the Company’s key management appointments; and

(i) the material change report of the Company dated April 5, 2021 in respect of the Company’s appointment of a business development director and engagement of the investment relations and marketing firm First Marketing GmbH.

Any statement contained in this Annual Information Form or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Annual Information Form, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is
necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this Annual Information Form.

Copies of the documents incorporated by reference in this Annual Information Form may be obtained upon request in writing or by telephone from Garfinkle Biderman LLP, legal counsel to the Company, without charge at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9 (Telephone: 416-869-1234) or from the Company by e-mail, without charge, at corporate@partumadvisory.com. These documents are also available under the Company’s profile on SEDAR at www.sedar.com.

CORPORATE STRUCTURE

Name, Address and Incorporation

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 ten old Common Shares being consolidated into one Common Share (the “Share Consolidation”). As a result of the Share Consolidation, the outstanding Common Shares were reduced to approximately 11,618,177.

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.”.

The Company is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. The Common Shares are listed on the NEO under the trading symbol “PWWR” and on the FSE under the trading symbol “77R”.

Intercorporate Relationships

As at the AIF Date, 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:

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GENERAL DEVELOPMENT OF THE BUSINESS

The following is a description of the general development of the Business during the last three financial years of the Company ended December 31, 2018, 2019 and 2020.
Developments during the Financial Year ended December 31, 2018, 2019 and 2020

There were no significant developments to the Company’s operations or Business during the financial years ended December 31, 2018, 2019 and 2020. During this three-year period, the Company’s predecessor, Black Isle Resources Corporation, 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 at December 31, 2019, the Company decided not to further pursue the Jet Property and recorded a write-off of $1.00.

Developments subsequent to the Fiscal Year-End Date

On January 14, 2021, the Company announced it entered into the Consulting Agreements. Pursuant to the Spaepen Consulting Agreement, Mr. Spaepen was appointed as the Chief Executive Officer of the Company and the Company pays Mr. Spaepen a monthly consulting fee of €15,000. In addition, Mr. Spaepen received 15,200,000 Common Shares at a deemed value of $0.005 per Common 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 received 2,800,000 Common Shares at a deemed value of $0.005 per Common Share (the “IP Consideration Shares”). Mr. Spaepen also entered into a 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. The Company paid an arm’s length finder fee of 2,500,000 Common Shares at a deemed value of $0.005 per Common Share.

Pursuant to the Axxentis Consulting Agreement, Mr. Jo Verstappen was appointed as the Chief Operating Officer of the Company and the Company pays Axxentis B.V. a monthly consulting fee of €17,000. In addition, pursuant to the Axxentis Consulting Agreement, Mr. Verstappen received 3,000,000 Options exercisable into Common Shares at an exercise price of $0.25 per Common Share.

Pursuant to the GS Consulting Agreement, Mr. Gerard Sauer, Chief Executive Officer of GS Technology, was appointed as the Chairman of the Company’s advisory board and the Company’s Project Director. The Company pays GS Technology a monthly consulting fee of €5,000. In addition, pursuant to the GS Consulting Agreement, Mr. Sauer received 2,000,000 Options exercisable into Common Shares at an exercise price of $0.33 per Common Share.

By entering into the Consulting Agreements (including the acquisition of the Fuel Cell IP contemplated in the Spaepen Consulting Agreement), the Company believed it had 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”).

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

On April 1, 2021, the Company 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 (collectively, the “April and May Private Placements”). In connection with 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, with each finder’s warrant being exercisable at $0.33 per finder’s warrant for a period of two years following the date of issuance.

On June 24, 2021, the Company changed its name from “Black Isle Resources Corporation” to “Alkaline Fuel Cell Power Corp.”.

On July 1, 2021, Mr. Sven Van Hout was appointed as Financial Controller for the Company’s Subsidiaries.
On July 14, 2021, the Company extended the expiry date of a total of 40,737,098 Warrants and 257,112 finder’s warrants issued pursuant to the April and May Private Placements, all of which are exercisable at $0.75 per warrant for a period of two years, by modifying the Expiry Date (as such term is defined in the Indenture) of the warrants from being the earlier of (a) March 31, 2023, and (b) the Early Expiry Date (as such term is defined in the Indenture) to (i) May 7, 2023, and (ii) the Early Expiry Date.

On July 14, 2021, Eugene Beukman resigned as Corporate Secretary of the Company and Joel Dumaresq was appointed to fill the casual vacancy left by Mr. Beukman’s resignation.

On July 28, 2021 the Company confirmed that it had filled three critical technical roles with the hiring of Radek Kotoucek, Jan Zeman and Tomáš Lhotka. Mr. Kotoucek was hired to Fuel Cell Power s.r.o. as an Electrochemical Engineer and Scientist and Mr. Zeman and Mr. Lhotka were hired to Fuel Cell Power s.r.o. as Electrical Engineers and Balance of Plant Designers.

On August 5, 2021, the Company confirmed that effective July 26, 2021, Mr. Stephan Laux joined Fuel Cell Power NV, in the role of Business Development Director and that the Company had retained First Marketing GmbH, a leading investor relations and marketing firm based in Heidelberg, Germany, to provide marketing services focused on the European markets. Under the agreement, which commenced on August 5, 2021, First Marketing GmbH provides content distribution, translation and advertising services in Europe. The Company shall pay First Marketing GmbH up to €1,500,000 over the coming nine-month period to develop required digital, online and traditional media content, graphics and artwork and to launch comprehensive market awareness programs across the European Union. Three principals of First Marketing GmbH hold a total of 2,825,000 Options with an exercise price of $0.33 per Common Share that expire on April 17, 2026. First Marketing GmbH is arm’s length to the Company; however, its three principals previously purchased shares of the Company representing approximately 19.6% of the Company’s issued and outstanding share capital.

DESCRIPTION OF THE BUSINESS

General

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

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

Following the Change of Business, the Company is in the business of 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) and runs the Belgian company Fuel Cell Power NV and the Czech Republic company Fuel Cell Power s.r.o.

Fuel Cell Power NV is the operational hub of the organization, from out of which all activities within the group are coordinated. Fuel Cell Power NV plans to have up to twelve 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 provide services pursuant to employment contracts. Its role is to assist in the development of the prototypes, deliver catalyst material for the electrodes and facilitate research and development contracts with external partners.

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. Fuel Cell Power NV 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 1930s that Sir Francis Bacon refined the device and developed the first alkaline fuel cell using mainly gold, 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 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.
In the Company’s proposed alkaline fuel cell design, the electrode design virtually eliminates any spurious and unwanted potential differences across the electrode’s surfaces, a feature that greatly enhances repeatability and reliability of operation of a cell.

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.

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

Due to the efficient use of the combination stack configuration, there is a strong element of CHP available from this design at very low implementation costs.

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 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 (a 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 twelve 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 has eight full-time personnel and two part-time 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.

The Company will hire 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 an 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 build up of the New System to speed up the timing to get to commercialization of the New System. Working together with centres 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” or for funding that can be accessed locally through various incentive plans.

There is a growing number of hydrogen associations on a 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 European 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) **Research and development 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 twelve months of operation in respect of the following new inventions related to the New System:

<table>
<thead>
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<tr>
<td>4. Alkaline fuel cell CO2 removal/re-generation system.</td>
</tr>
<tr>
<td>5. Alkaline fuel cell unique heat exchanger design.</td>
</tr>
<tr>
<td>6. Alkaline fuel cell modular stack design.</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 twelve months of the date of this Annual Information Form, 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 or carbon monoxide in the waste gas streams. The alkaline fuel cell 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 nitrogen oxide, carbon monoxide 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. Alkaline fuel cell 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 alkaline fuel cell the catalyst is not affected, and provided that the CO2 is filtered out of the air prior to entering the fuel cell, alkaline fuel cell will perform perfectly for long periods at a time. The Company has also identified that the alkaline fuel cell 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.

_Alkaline Fuel Cell CO2 Removal/Re-generation System. (Proposed Patent #4)_

The Company’s alkaline fuel cell 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 regenerated 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 alkaline fuel cell, 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.
Specialized Skill and Knowledge

All aspects of the Business require specialized skills and knowledge, including in, among other things, the renewable energy research and development with a focus on alkaline fuel cell technology, product development, manufacturing, sales, marketing and distribution, in accordance with applicable Laws. The Management team is comprised of individuals (including consultants and advisors), who bring together strong complementary skills, expertise and experience in various aspects of the renewable energy, alkaline fuel cell technology, retail, wholesale and manufacturing industries, as well as strong capital markets experience. The experienced Management team, along with its other employees, subcontractors and consultants, have the required expertise and specialized knowledge and are well-positioned to implement the Company’s research and development and product development business strategy.

Competitive Conditions

The Company faces, and will continue to face, intense competition from existing and new renewable energy companies, and other applicable participants in the renewable energy sector whose products and proposed products overlap with the Company’s, as well as other segment(s) of the renewable energy sector within which the Company may from time to time be engaged in. Some of the competitors of the Company may have greater financial resources, intellectual property, research and development teams, market access and manufacturing and marketing experience than the Company.

Increased competition by numerous start-ups and larger and better financed competitors (including new entrants), could have a Material Adverse Effect.

The Company believes that its competition can be broadly grouped into the following two categories:

(a) **Large Established Renewable Energy / Research and Development Companies**: This class of competitors includes well-financed competitors with established research and development teams, and significant scale.

(b) **Start-ups**: This class of competitors includes early-stage and semi-developed renewable energy businesses, which may be well capitalized, and which may also have established research and development teams.

To remain competitive, The Company will require a continued high level of investment in research and development, product development, intellectual property protection, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, product development, intellectual property protection, marketing, sales and client support efforts on a competitive basis which could have a Material Adverse Effect. However, the Company believes that the experience of Management in the renewable energy and alkaline fuel cell technology spaces has and will continue to provide the Company with a competitive advantage in navigating the complexities of a highly evolving and quickly advancing sector and that its competitive position is at least equivalent to that of other renewal energy start-ups in Canada of a similar size and at a similar stage of development.

Intangible Properties

As described herein, the Company is and will be substantially dependent on the protection of its intangible property. Accordingly, the Company intends to make provisional filings within the first twelve months of operation in respect of the following new inventions related to the New System as more particularly described under the heading “Description of the Business- Intellectual Property”:

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</tr>
<tr>
<td>4. <strong>Alkaline fuel cell CO2 removal/re-generation system.</strong></td>
</tr>
</tbody>
</table>
The Company’s portfolio of inventions are expected to be valuable assets that distinguish the Company’s brand and product. As such, the Company has devoted, and expects to continue to devote, significant resources to the protection of its intellectual property rights, through, among other things, patents, inventions, trade secrets, technical know-how and proprietary information. The Company will continue to seek protection of its intellectual property by seeking and obtaining registered protection (including patents) where possible, developing and implementing standard operating procedures and entering into agreements with parties that have access to the Company’s inventions, trade secrets, technical know-how and proprietary information such as business partners, collaborators, employees and consultants, to protect the confidentiality and ownership of intellectual property.

Foreign Operations

As at the AIF Date, the Company conducts the majority of its operations in Belgium and the Czech-Republic through a wholly-owned Belgian subsidiary, Fuel Cell Power NV, which was incorporated on March 12, 2021 and a wholly-owned Czech Republic entity, Fuel Cell Power s.r.o.

Cycles

The Business is not cyclical or seasonal. However, the Business may, from time to time, be affected by supply constraints and disruptions and seasonal variations that impact the supply of components on which the Company may from time to time be dependent on. The impact of such supply constraints and disruptions and seasonal variations on the Business and its operating results cannot be predicted at this time.

RISK FACTORS

The Company is subject to a number of risks. A non-exhaustive list of certain specific and general risks that Management is aware of and believes to be material to, and could affect, the business, results of operations, prospects and financial condition of the Company (the “Non-Exhaustive List of Risk Factors”) is attached as Schedule “A” to this Annual Information Form. When reviewing forward-looking statements and other information contained in this Annual Information Form, readers should carefully consider the Non-Exhaustive List of Risk Factors, as well as other uncertainties, potential events and industry and company-specific factors that may have a Material Adverse Effect on the Company.

The Non-Exhaustive List of Risk Factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Business. Additional risks and uncertainties not presently known to Management or that Management does not currently anticipate will be material may impair the Company’s business operations and its operating results, and as a result could materially impact the business, results of operations, prospects and financial condition of the Company. Further, the Company operates in a regulated and rapidly changing environment. New risk factors emerge from time to time and it is not possible for Management to predict all risk factors or the impact of such factors on the Business. Except as required by Applicable Securities Laws, the Company does not intend, and does not assume any obligation, to update or revise the Non-Exhaustive List of Risk Factors attached as Schedule “A” to this Annual Information Form or other information contained in this Annual Information Form.

DIVIDENDS AND DISTRIBUTIONS

To date, the Company has not declared or paid any cash dividends on any of its issued securities. Other than requirements imposed under applicable corporate Law, there are no other restrictions on the ability of the Company to pay dividends under the articles and other constating documents of the Company.

As at the AIF Date, the Company does not have any intention of paying dividends in the foreseeable future. Any determination to pay any future dividends in any of the Company’s issued securities will remain at the discretion of
the Board and will be made based an assessment of various factors, including, the Company’s earnings, financial requirements and other conditions deemed relevant by the Board.

DESCRIPTION OF CAPITAL STRUCTURE

The Company’s authorized share capital consists of an unlimited number of Common Shares without par value. As at the Fiscal Year-End Date, there were 11,618,167 Common Shares issued and outstanding. As at the AIF Date, there are 168,057,561 Common Shares issued and outstanding.

Common Shares

Holders of Common Shares are entitled to one vote for each Common Share held at all meetings of the shareholders of the Company, to receive dividends if, as and when declared by the Board at its discretion from funds legally available for the payment of dividends, and, upon the liquidation, dissolution or winding up of the Company, to participate rateably in any distribution of the remaining property or assets of the Company, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares of the Company ranking senior in priority to, or on a pro rata basis with, the holders of Common Shares with respect to dividends or liquidation.

The Common Shares do not carry any pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase rights, nor do they contain any sinking fund or purchase fund provisions. There are no provisions requiring a holder of Common Shares to contribute additional capital, and there are no restrictions on the issuance of additional Common Shares by the Company.

Options

The Company has adopted the Stock Option Plan which was approved by the Board on January 27, 2020, 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 such Option. As at the AIF Date, there are 17,012,500 Options outstanding under the Stock Option Plan. Based on the number of Common Shares issued and outstanding as of the AIF Date, Nil Options may be issued under the Stock Option Plan.

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 the Common 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 Common 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 Compensation Committee 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.

The following summary of certain terms of the Stock Option Plan is qualified, in its entirety, by the full text of the Stock Option Plan, which is included in the Listing Statement incorporated by reference herein, and available under the Company’s profile on SEDAR at www.sedar.com:
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 Compensation Committee at the time such Options are granted, provided that Options will not be permitted to exceed a term of ten years;

the exercise price of any Options granted under the Stock Option Plan will be determined by the Compensation Committee, 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 Common Shares are not listed on any securities exchange, the exercise price may not be less than the fair market value of the Common Shares as may be determined by the Compensation Committee on the day immediately preceding the date of the grant of such Option;

the Compensation Committee 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 twelve 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 Compensation Committee, 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 Common Shares issuable upon the exercise of all Options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding Common Shares from time to time;

no single participant may be granted Options to purchase a number of Common Shares equaling more than 5% of the issued Common Shares in any twelve-month period;

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

if the Option holder ceases to be a director of the Company, then the Options granted shall expire on no later than the ninetieth 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 Options granted shall expire on the thirtieth 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 Options 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 twelve month period, exceeding 10% of the issued Common Shares; and (iii) any grant of Options to any one individual, within a twelve 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 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 at the AIF Date, the Company has 17,012,500 unexercised Options issued and outstanding. The following table describes the material terms of the issued and outstanding Options.

<table>
<thead>
<tr>
<th>Date Issued</th>
<th>Number of Underlying Common Shares</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>
<tr>
<td>April 17, 2021</td>
<td>11,312,500</td>
<td>$0.33</td>
<td>April 17, 2026</td>
</tr>
<tr>
<td>July 15, 2021</td>
<td>200,000¹</td>
<td>$0.33</td>
<td>July 15, 2026</td>
</tr>
</tbody>
</table>

Notes
(1) On July 15, 2021, the Company issued 200,000 Options at an exercise price of $0.33 per Common Share expiring five years from the date of grant. These Options only vest and become exercisable when there is available room pursuant to the terms of the Stock Option Plan.

Warrants

As at the AIF Date, the Company has an aggregate of 43,939,394 unexercised Warrants plus an additional 3,075,756 finder’s warrants issued and outstanding. The following table describes the material terms of the issued and outstanding Warrants.

<table>
<thead>
<tr>
<th>Date Issued</th>
<th>Number of Underlying Common Shares</th>
<th>Exercise Price</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 2021</td>
<td>19,085,383²</td>
<td>$0.75</td>
<td>May 7, 2023¹</td>
</tr>
<tr>
<td>April 1, 2021</td>
<td>257,112³</td>
<td>$0.33</td>
<td>April 1, 2023</td>
</tr>
<tr>
<td>April 1, 2021</td>
<td>1,078,864⁴</td>
<td>$0.33</td>
<td>April 1, 2023</td>
</tr>
<tr>
<td>April 9, 2021</td>
<td>21,651,715⁵</td>
<td>$0.75</td>
<td>May 7, 2023¹</td>
</tr>
<tr>
<td>April 9, 2021</td>
<td>1,515,620⁶</td>
<td>$0.33</td>
<td>April 9, 2023</td>
</tr>
<tr>
<td>May 7, 2021</td>
<td>3,202,296⁷</td>
<td>$0.75</td>
<td>May 7, 2023¹</td>
</tr>
<tr>
<td>May 7, 2021</td>
<td>224,160⁸</td>
<td>$0.33</td>
<td>May 7, 2023</td>
</tr>
</tbody>
</table>

Notes
(1) In the event that the closing price (or closing bid price on days when there are no trades) of the Common Shares on the NEO is at least $1.50 for a minimum of ten consecutive trading days, 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 thirty days following the date of dissemination of the press release.
(2) On April 1, 2021, the Company issued 19,085,383 Units pursuant to a private placement at $0.33 per Unit for gross proceeds of $6,298,176.39. Each Unit was comprised of a Common Share and a Warrant.
(3) On April 1, 2021, the Company issued an arm’s length finder fee of 257,112 finder’s warrants pursuant to a private placement of Units which was completed on the same day.
(4) On April 1, 2021, the Company issued an arm’s length finder fee of 1,078,864 finder’s unit warrants pursuant to a private placement of Units which was completed on the same day. Each unit warrant shall entitle the holder, upon exercise, to receive one Common Share and one Warrant.
(5) 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. Each Unit was comprised of a Common Share and a Warrant.
(6) On April 9, 2021, the Company issued an arm’s length finder fee of 1,515,620 finder’s unit warrants pursuant to a private placement of Units which was completed on the same day. Each unit warrant shall entitle the holder, upon exercise, to receive one Common Share and one Warrant.
(7) On May 7, 2021, the Company issued 3,202,296 Units pursuant to a private placement at $0.33 per Unit for gross proceeds of $1,056,757.68. Each Unit was comprised of a Common Share and a Warrant.
(8) On May 7, 2021, the Company issued an arm’s length finder fee of 224,160 finder’s unit warrants pursuant to a private placement of Units which was completed on the same day. Each unit warrant shall entitle the holder, upon exercise, to receive one Common Share and one Warrant.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares were listed on the NEO effective July 16, 2021, and as at the AIF Date, continue to be listed on the NEO under the trading symbol “PWWR”. Prior to July 16, 2021, the Common Shares were listed on the TSXV
under the trading symbol “BIT”, until November 30, 2018. With approval of the TSXV, which was granted on November 19, 2018, the Company delisted from the TSXV and became an unlisted reporting issuer in the Provinces of Alberta and British Columbia from the date of its voluntarily delisting, being November 30, 2018, until its listing on the NEO on July 16, 2021. On July 16, 2021, the Company also became a reporting issuer in Ontario. On July 26, 2021, the Common Shares were listed on the FSE under the trading symbol “77R”.

The following table sets forth information relating to the trading of the Common Shares on the NEO for the months indicated:

<table>
<thead>
<tr>
<th>Month</th>
<th>High</th>
<th>Low</th>
<th>Trading Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2021</td>
<td>$0.95</td>
<td>$0.60</td>
<td>6,286,808</td>
</tr>
<tr>
<td>July 2021</td>
<td>$1.25</td>
<td>$0.54</td>
<td>473,601</td>
</tr>
</tbody>
</table>

Notes:
1. From August 1, 2021 to August 13, 2021.

Prior Sales

During the financial year of the Company ended December 31, 2020, the Company did not issue any securities (including, Options and Warrants), which are convertible into Common Shares but are not listed or quoted on a marketplace. Subsequent to the financial year ended December 31, 2020, the Company issued the following securities (including, Options and Warrants):

<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>Options¹</td>
<td>3,000,000</td>
<td>$0.25</td>
</tr>
<tr>
<td>January 14, 2021</td>
<td>Options²</td>
<td>2,000,000</td>
<td>$0.33</td>
</tr>
<tr>
<td>January 14, 2021</td>
<td>Shares³</td>
<td>16,000,000</td>
<td>$0.005</td>
</tr>
<tr>
<td>January 14, 2021</td>
<td>Shares⁴</td>
<td>20,500,000</td>
<td>$0.005</td>
</tr>
<tr>
<td>January 14, 2021</td>
<td>Shares⁵</td>
<td>76,000,000</td>
<td>$0.02</td>
</tr>
<tr>
<td>March 12, 2021</td>
<td>Options⁶</td>
<td>500,000</td>
<td>$0.33</td>
</tr>
<tr>
<td>April 1, 2021</td>
<td>Units⁷</td>
<td>19,085,383</td>
<td>$0.33</td>
</tr>
<tr>
<td>April 1, 2021</td>
<td>Finder’s warrants⁸</td>
<td>1,335,976</td>
<td>$0.33</td>
</tr>
<tr>
<td>April 9, 2021</td>
<td>Units⁹</td>
<td>21,651,715</td>
<td>$0.33</td>
</tr>
<tr>
<td>April 9, 2021</td>
<td>Finder’s warrants¹⁰</td>
<td>1,515,620</td>
<td>$0.33</td>
</tr>
<tr>
<td>April 17, 2021</td>
<td>Options¹¹</td>
<td>11,312,500</td>
<td>$0.33</td>
</tr>
<tr>
<td>May 7, 2021</td>
<td>Units¹²</td>
<td>3,202,296</td>
<td>$0.33</td>
</tr>
<tr>
<td>May 7, 2021</td>
<td>Finder’s warrants¹³</td>
<td>224,160</td>
<td>$0.33</td>
</tr>
<tr>
<td>July 15, 2021</td>
<td>Options¹⁴</td>
<td>200,000</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 Common Share expiring five years from the date of grant.
2. On January 14, 2021, the Company issued 2,000,000 Options at an exercise price of $0.33 per Common Share expiring five 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 Common Shares at a price of $0.005 per Common Share for gross proceeds of $80,000.

4. On January 14, 2021, the Company announced it had issued 15,200,000 Common Shares to Jef Spaepen pursuant to the Spaepen Consulting Agreement, 2,800,000 Common Shares to Mr. Spaepen in consideration for contributing his intellectual property and inventions to the Company, and 2,500,000 Common Shares to an arm’s length finder, all at a deemed price of $0.005 per Common Share.

5. On January 14, 2021, the Company announced it closed a non-brokered private placement of 76,000,000 Common Shares at a price of $0.02 per Common Share for gross proceeds of $1,520,000.

6. On March 12, 2021, the Company issued 500,000 Options at an exercise price of $0.33 per Common Share expiring five 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. Each Unit was comprised of a Common Share and a Warrant.

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. Each unit warrant shall entitle the holder, upon exercise, to receive one Common Share and one Warrant.

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. Each Unit was comprised of a Common Share and a Warrant.

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. Each unit warrant shall entitle the holder, upon exercise, to receive one Common Share and one Warrant.

11. On April 17, 2021, the Company issued 11,312,500 Options at an exercise price of $0.33 per Common Share expiring five 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. Each Unit was comprised of a Common Share and a Warrant.

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. Each unit warrant shall entitle the holder, upon exercise, to receive one Common Share and one Warrant.

14. On July 15, 2021, the Company issued 200,000 Options at an exercise price of $0.33 per Common Share expiring five years from the date of grant. These Options only vest and become exercisable when there is available room pursuant to the terms of the Stock Option Plan.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

The following table sets out the securities of the Company that were, to the knowledge of the Company, subject to escrow or subject to a contractual restriction on transfer as of the end of the Company’s most recently completed financial year ended December 31, 2020.

<table>
<thead>
<tr>
<th>Designation of Class</th>
<th>Number of Securities Held in Escrow</th>
<th>Percentage of Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares</td>
<td>Nil¹</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Note:
(1) Pursuant to the Escrow Agreement, 18,000,000 Common Shares (collectively, the “Escrowed Securities”) were deposited into escrow in connection with the listing of the Common Shares on the NEO. Pursuant to the terms of the Escrow Agreement, 25% of the Escrowed Securities were released from escrow on the date the Common Shares were listed on the NEO, with the remaining Escrowed Securities to be released in increments of 25% every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 - Escrow for Initial Public Offering.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets out certain information with respect to the directors and officers of the Company. Each director of the Company is elected to hold office until the next annual meeting of the shareholders of the Company or until their successor is duly elected or appointed.

<table>
<thead>
<tr>
<th>Name, and Province, and Country of Residence</th>
<th>Position</th>
<th>Principal Occupation(s) for Past Five Years</th>
<th>Director or Officer Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jef Spaepen, Kasterlee, Belgium</td>
<td>Chief Executive Officer</td>
<td>Chief Executive Officer of Energy For All, Powermec Systems BVBA.</td>
<td>January 4, 2021</td>
</tr>
<tr>
<td>Eugene Beukman², Vancouver, British Columbia, Canada</td>
<td>Director</td>
<td>Corporate counsel, Pender Group of Companies since January 1994.</td>
<td>May 16, 2018</td>
</tr>
<tr>
<td>Name, and Province, and Country of Residence</td>
<td>Position</td>
<td>Principal Occupation(s) for Past Five Years¹</td>
<td>Director or Officer Since</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------</td>
<td>-----------------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Jo Verstappen Rotselaar, Vlaams Brabant, Belgium</td>
<td>Chief Operating Officer</td>
<td>CEO of Gracious Circle Energy until November 2020; principal and co-founder of Tejest Invest BV</td>
<td>January 4, 2021</td>
</tr>
<tr>
<td>Joel Dumaresq³ Vancouver, British Columbia, Canada</td>
<td>Chief Financial Officer, Corporate Secretary and Director</td>
<td>Chief Financial Officer, Corporate Secretary and Director of the Company; Managing Director of Matrix Partners Inc. since 2008.</td>
<td>May 16, 2018</td>
</tr>
<tr>
<td>Maciej Lis²,³ Vancouver, British Columbia, Canada</td>
<td>Director</td>
<td>Independent business development consultant.</td>
<td>July 5, 2018</td>
</tr>
<tr>
<td>Troy Grant²,³ Vancouver, British Columbia, Canada</td>
<td>Director</td>
<td>Head of corporate finance and head of institutional European sales at Citadel Securities.</td>
<td>July 16, 2018</td>
</tr>
</tbody>
</table>

Notes:
(1) Information with respect to the principal occupation, business or employment is not within the knowledge of the Company and has been furnished by the respective director and/or officer.
(2) Member of the Audit Committee.
(3) Member of the Compensation Committee.

As at the AIF Date, based on the Company’s review of insider reports filed with System for Electronic Disclosure by Insiders (SEDI) and from information furnished by each director and officer of the Company, the directors and officers of the Company, as a group, beneficially owned, directly or indirectly, and exercised control or direction over approximately 18,230,000 Common Shares, representing approximately 10.85% of the issued and outstanding Common Shares as at the AIF Date.

A biography of certain directors and officers of the Company is contained in the Listing Statement, which is incorporated by reference herein, and available under the Company’s profile on SEDAR at www.sedar.com.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Other than as described below, no director or executive officer of the Company is, as at the AIF Date, or has been within ten years before the AIF Date, a director, chief executive officer or chief financial officer of any company (including the Company), that:

(a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that Person was acting in the capacity as director, chief executive officer or chief financial officer.

On May 6, 2019, during the period when Eugene Beukman was acting as a director of Spotlite360, Spotlite360 was subject to a cease trade order issued by the BCSC 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 Chief Executive Officer of La Jolla, La Jolla was subject to a cease trade order under issued by the BCSC 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 which 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 Chief Executive Officer and a director of Orion, Orion was subject to a management cease trade order issued by the BCSC 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.

Bankruptcies

Other than as described below, no director or executive officer of the Company, nor a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the AIF Date, or has been within the ten years before the AIF Date, a director or executive officer of any company (including the Company) 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 ten years before the AIF Date, 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, 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

No director or executive officer of the Company, nor a shareholder of the Company holding a sufficient number of securities of the Company to affect materially the control of the Company, 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.
Conflicts of Interest

The Company’s directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. The Company’s directors and officers may, from time to time, also be engaged in certain outside business interests that do not materially or adversely interfere with their duties to the Company. In some cases, the Company’s directors and officers may have fiduciary obligations associated with such outside business interests, that could interfere with their ability to devote time to the Company’s business and affairs and that could adversely affect the Company’s operations. Further, such outside business interests could require significant time and attention of the Company’s directors and officers.

In addition, the Company may also become involved in other transactions which conflict with the interests of the Company’s directors and the officers who may from time to time deal with Persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these Persons could conflict with those of the Company. In addition, from time to time, these Persons may be competing with the Company for available investment opportunities.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable Laws. In particular, in the event that such a conflict of interest arises at a meeting of the Company’s directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable Laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

PROMOTERS

Except as disclosed below, no Person has, within the two most recently completed financial years of the Company ended December 31, 2020 and 2019 or during the current financial year of the Company, been a promoter of the Company.

Mr. Jef Spaepen, the Chief Executive Officer of the Company, may be considered a promoter of the Company within the meaning of Applicable Securities Laws. As of the AIF Date, Mr. Spaepen beneficially owns, directly or indirectly, an aggregate of 18,000,000 Common Shares representing 10.71% of the Common Shares issued and outstanding.

On January 14, 2021, the Company entered into the Spaepen Consulting Agreement, Mr. Spaepen was appointed as the Chief Executive Officer of the Company and the Company pays Mr. Spaepen a monthly consulting fee of €15,000. In addition, Mr. Spaepen received 15,200,000 Common Shares at a deemed value of $0.005 per Common Share. Additionally, in consideration of Mr. Spaepen contributing his intellectual property, the Fuel Cell IP, Mr. Spaepen shall receive 2,800,000 Common Shares at a deemed value of $0.005 per Common Share. Mr. Spaepen also entered into the Restricted Rights Agreement with the Company which governs the rights and restrictions of the Founder Shares and the IP Consideration Shares.

During the financial year of the Company ended December 31, 2020, Mr. Spaepen received consulting fees in the aggregate of €Nil, pursuant to the terms of the Spaepen Consulting Agreement. During the current financial year of the Company and prior to the AIF Date, Mr. Spaepen received consulting fees in the aggregate of €Nil, pursuant to the terms of the Spaepen Consulting Agreement.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no legal proceedings or material regulatory actions to which the Company is or was a party to, or to which any of its respective property is or was the subject of, during the financial year of the Company ended December 31, 2020, and to the knowledge of the Company, no such proceedings are contemplated. From time to time, however, the
Company may become subject to various claims and legal actions arising in the ordinary course of the Company’s business.

Regulatory Actions

There were no penalties or sanctions imposed against the Company by a court relating to securities legislation, or by a securities regulatory authority, during the financial year of the Company ended December 31, 2020, and to the knowledge of the Company, no such penalties or sanctions are contemplated. Further, there are no penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision.

The Company did not enter into any settlement agreement before a court relating to securities legislation, or with a securities regulatory authority, during the financial year of the Company ended December 31, 2020.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Annual Information Form, the Company is not aware of any material interest, direct or indirect, of (i) any Person that beneficially owns, or exercises control or direction over, directly or indirectly, more than 10% of the voting rights attached to the Common Shares, (ii) any director or officer of the Company, or (iii) any associate or affiliate of any of the foregoing, in any transaction which has been entered into within the three most recently completed financial years of the Company, or during the current financial year, that has materially affected or is reasonably expected to materially affect the Company.

On August 5, 2021, the Company retained First Marketing GmbH, a leading investor relations and marketing firm based in Heidelberg, Germany, to provide marketing services focused on the European markets. Under the agreement, which commenced on August 5, 2021, First Marketing GmbH provides content distribution, translation and advertising services in Europe. The Company shall pay First Marketing GmbH up to €1,500,000 over the coming nine-month period to develop required digital, online and traditional media content, graphics and artwork and to launch comprehensive market awareness programs across the European Union. Three principals of First Marketing GmbH hold a total of 2,825,000 Options with an exercise price of $0.33 per Common Share that expire on April 17, 2026. First Marketing GmbH is arm’s length to the Company; however, its three principals previously purchased shares of the Company representing approximately 19.6% of the Company’s issued and outstanding share capital.

TRANSFER AGENTS AND REGISTRARS

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

MATERIAL CONTRACTS

The following are the only material contracts of the Company that are in effect (other than certain agreements entered into in the ordinary course of business) which are required to be filed with the Canadian securities regulatory authorities in accordance with Section 12.2 of National Instrument 51-102 – Continuous Disclosure Obligations. The summaries described in this Annual Information Form describe the material attributes of each of the material contracts and are subject to, and qualified in their entirety by reference to, the relevant material contract:

- the Indenture;
- the Consulting Agreements;
- the Restricted Rights Agreement; and
- the Escrow Agreement.
Copies of the above-listed material contracts are available for inspection at the offices of the Company’s legal counsel, Garfinkle Biderman LLP, 1 Adelaide Street East, Suite 801, Toronto, Ontario M5C 2V9, at any time during ordinary business hours. Copies of the above-listed material contracts are also available under the Company’s profile on SEDAR at www.sedar.com. Readers are encouraged to read the full text of such material agreements.

INTERESTS OF EXPERTS

The following are the Persons or companies who were named as having prepared or certified a statement, report or valuation in this Annual Information Form, either directly, or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the Person:

- Dale Matheson Carr-Hilton LaBonte LLP, the Company’s independent auditors, have prepared an independent audit report dated December 31, 2020 in respect of the Annual Financial Statements.

The auditors of the Company, Dale Matheson Carr-Hilton LaBonte LLP, are independent with respect to the Company, in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

AUDIT COMMITTEE

Audit Committee Charter

The Company has adopted the Audit Committee Charter, which sets out, among other things, the composition of the Audit Committee, as well as its responsibilities, duties, principles and procedures. A copy of the Audit Committee Charter is attached as Schedule “B” to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is comprised of the following members:

<table>
<thead>
<tr>
<th>Name</th>
<th>Independence</th>
<th>Financial Literacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Troy Grant (Chair)</td>
<td>Independent</td>
<td>Financially literate</td>
</tr>
<tr>
<td>Eugene Beukman</td>
<td>Independent</td>
<td>Financially literate</td>
</tr>
<tr>
<td>Maciej Lis</td>
<td>Independent</td>
<td>Financially literate</td>
</tr>
</tbody>
</table>

Notes:
1. Within the meaning of subsection 6.1.1(3) of NI 52-110, which requires a majority of the members of an audit committee of a venture issuer not to be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer.
2. Within the meaning of subsection 1.6 of NI 52-110.

Relevant Education and Experience

All members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements.

The following is a brief summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles we use to prepare our annual and interim financial statements.

- 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 thirty years’ experience in the acquisition of assets and joint ventures, and serves as
Chief Executive Officer and a director on a number of TSXV and Canadian Securities Exchange 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. He holds an Honors Degree in Economics from the University of Toronto.

- **Mr. Troy J. Grant** – Troy Grant has held senior positions in the financial service sector for over eighteen 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. He is a graduate of St. Francis Xavier University with a Bachelor of Business and Economics.

### 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 auditors in each of the last two fiscal years:

<table>
<thead>
<tr>
<th>Financial Year Ending</th>
<th>Audit Fees¹</th>
<th>Audit-Related Fees²</th>
<th>Tax Fees³</th>
<th>All Other Fees⁴</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, including fees related to the review of the Company’s management’s discussion and analysis.

### ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information concerning the Company, including the remuneration and indebtedness, of the directors and officers of the Company, the principal holders of the Company’s securities, and the securities authorized for issuance under the Company’s equity compensation plans, is contained in the Listing Statement, which is incorporated by reference herein, and available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional financial information concerning the Company, including the Annual Financial Statements and related management’s discussion and analysis, can be found on the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).
SCHEDULE “A”

NON-EXHAUSTIVE LIST OF RISK FACTORS

Risks Related to the Company

Limited Operating History

Following the Change of Business, the Company became 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 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 seeks 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 under the heading “Use Of Available Funds” in the Listing Statement, 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 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 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 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 may 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, licencing, 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 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 Material Adverse Effect on the Company.

**Risks Related to the Common 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 Public Market for the Common Shares

A market for the Common Shares may not sustainably develop in the future. If a market for the Common Shares does not sustainably develop, the Company’s shareholders may have difficulty selling their Common Shares and the market price for the Common 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 is 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 Common Shares are not likely to receive any dividends on such Common Shares for the foreseeable future or at all. Since the Company does not intend to pay dividends, any ability of a holder of Common Shares to receive a return on its investment will depend on any future appreciation in the market value of such Common Shares. There is no guarantee that the Common Shares will appreciate or ever maintain the current price.

Effective Control

Certain insiders, may own or control Common 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 Common 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 Common Shares. So long as such insiders continue to own, directly or indirectly, a significant amount of the Common 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 to the Company’s organizational documents or approvals
of any merger, sale of asset or other corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for the Common Shares that holders of Common Shares may feel are in their best interest.

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.

Licenses and Permits

The ability of the Company to continue the Business is dependent on the good standing of various Authorizations from time to time possessed by the Company and adherence to all regulatory requirements related to such activities. The Company will incur ongoing costs and obligations related to regulatory compliance, and any failure to comply with the terms of such Authorizations, or to renew the Authorizations after their expiry dates, could have a Material Adverse Effect.

Although Management believes that the Company will meet the requirements of applicable Laws for future extensions or renewals of the applicable Authorizations, there can be no assurance that applicable Governmental Entities will extend or renew the applicable Authorizations, or if extended or renewed, that they will be extended or renewed on the same or similar terms. In the event that the applicable Governmental Entities do not extend or renew the applicable Authorizations, or should they renew the applicable Authorizations on different terms, any such event or occurrence could have a Material Adverse Effect.

The Company remains committed to regulatory compliance. However, any failure to comply with applicable Laws may result in additional costs for corrective measures, penalties, or restrictions on the operations of the Company. In addition, changes in applicable Laws or other unanticipated events could require changes to the operations of the Company, increased compliance costs or give rise to material liabilities, which could have a Material Adverse Effect.

Changes in Laws

The Business is subject to a variety of applicable Laws. The Company is also subject to applicable Laws relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As applicable Laws pertaining to the renewable energy industry are relatively new, it is possible that significant legislative amendments may still be enacted (either provincially or federally) that address current or future regulatory issues or perceived inadequacies in the regulatory framework. Changes to applicable Laws could have a Material Adverse Effect.

Third Party Relationships

From time to time, the Company may enter into strategic alliances with third parties that the Company believes will complement or augment its Business or will have a beneficial impact on the Company. Strategic alliances with third parties could present unforeseen integration obstacles or costs, may not enhance the Business, and may involve risks that could adversely affect the Company, including the risk that significant amounts of Management’s time may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the Company incurring additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that the Company’s existing strategic alliances will continue to achieve, the expected benefits to the Business or that the Company will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a Material Adverse Effect.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced and/or
sold by the Company in the future are recalled due to an alleged product defect or for any other reason, the Company may be required to incur unexpected expenses relating to the recall and potentially any legal proceedings that might arise in connection with the recall. In addition, a product recall may require significant attention of, and time from, Management. There can be no assurance that any quality, fitness for use or other problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the products produced by the Company were subject to recall, the image of that product, as well as the Company, could be negatively affected. A recall for any of the foregoing reasons could lead to decreased demand and could have a Material Adverse Effect. Additionally, product recalls may lead to increased scrutiny of the operations by Governmental Entities or other regulatory agencies, requiring further attention from Management and potential legal fees and other expenses which could also have a Material Adverse Effect.

**Epidemics and Pandemics (including COVID-19)**

The Company faces risks related to health epidemics, pandemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and could have a Material Adverse Effect. In particular, the Company could be adversely impacted by the effects of COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). Since December 31, 2019, the outbreak of COVID-19 has led governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include, among other things, the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Such events may result in a period of business disruption, and in reduced operations, any of which could have a Material Adverse Effect.

As at the AIF Date, the duration and immediate and eventual impact of COVID-19 remains unknown. In particular, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its industry partners. To date, a number of businesses have suspended or scaled back their operations and development as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. However, the exact extent to which COVID-19 impacts, or will impact, the Business and the market for the Common Shares, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the pandemic and the actions taken to contain or treat COVID-19 (including recommendations from public health officials). In particular, the continued spread of COVID-19 globally could materially and adversely impact the Business, including without limitation, research and development timelines, employee health, workforce productivity, reduced access to supply, increased insurance premiums, limitations on travel, the availability of experts and personnel and other factors that will depend on future developments beyond the Company’s control, which could have a Material Adverse Effect. There can be no assurance that the personnel of the Company will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased costs as a result of these health risks. In addition, COVID-19 represents a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have a Material Adverse Effect.

**Conflicts of Interest**

The Company may, from time to time, be subject to various potential conflicts of interest due to the fact that some of its officers, directors and consultants may be engaged in a range of outside business activities. The executive officers, directors and consultants of the Company may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the executive officers, directors and consultants of the Company may have fiduciary obligations associated with these outside business interests that interfere with their ability to devote time to the Business and that could have a Material Adverse Effect. These outside business interests could also require significant time and attention of the Company’s executive officers, directors and consultants.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors, officers and consultants who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by the Company. The interests of these persons could conflict with those of the Company. Further, from time to time, these persons may also be competing with the Company for available investment opportunities.
Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable Laws. In particular, in the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable Laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

**Internal Controls**

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company has, and will continue to develop and implement, a number of procedures and safeguards in order to help ensure the reliability of its financial reports, including those imposed on the Company under applicable Laws, in each case the Company cannot be certain that such measures will ensure that the Company maintains adequate control over financial processes and reporting. Any failure to implement required, new, or improved controls, or difficulties encountered in their implementation, could have a Material Adverse Effect or cause the Company to fail to meet its reporting obligations under applicable Laws. Further, in the event that the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market’s confidence in the Company’s consolidated financial statements and could have a Material Adverse Effect.

**General Economic Risks**

The operations of the Company could be affected by the economic context should interest rates, inflation or the unemployment level reach levels that influence consumer trends and spending and, consequently, impact the sales and profitability of the Company. Investors should further consider, among other factors, the prospects for success, of the Company, in light of the risks and uncertainties encountered by companies that, like the Company, are in their early stages. The Company may not be able to effectively or successfully address such risks and uncertainties or successfully implement operating strategies to mitigate the impact of such risks and uncertainties. In the event that the Company fails to do so, such failure could materially harm the Business and could result in a Material Adverse Effect.

**Difficulty to Forecast**

The Company relies, and will need to rely, largely on its own market research to forecast industry statistics as detailed forecasts are not generally obtainable, if obtainable at all, from other sources at this early stage of the alkaline fuel cell technology industry. Failure in the demand for the Company’s alkaline fuel cell products as a result of competition, technological change, change in the regulatory or legal landscape or other factors could have a Material Adverse Effect.

**Additional Capital**

The continued development of the Business may require additional financing, and any failure to raise such capital could result in the delay or indefinite postponement of the current and future business strategy of the Company, or result in the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favourable terms. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders of the Company could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of the Common Shares.

In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may increase the debt levels of the Company above industry standards and impact the ability of the Company to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for the Company to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that the Company would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.
**Product Obsolescence**

The renewable energy sector and associated products and technology are rapidly evolving, both domestically and internationally. As a result, the Company may be unable to anticipate and/or respond to developments in a timely and cost-efficient manner. The process of developing new products is complex and requires significant costs, development efforts, and third-party commitments. Any failure on the part of the Company to develop new products and technologies and/or the potential disuse of the existing products of the Company and technologies could have a Material Adverse Effect. The success of the Company will depend, in part, on the ability of the Company to continually invest in research and development and enhance existing technologies and products in a competitive manner. However, there can be no guarantee that the Company will be able to invest in research and development and enhance existing technologies and products in a competitive and timely manner, and any failure to do so could have a Material Adverse Effect.

**Challenging Global Financial Conditions**

Global financial conditions have been characterized by increased volatility, with numerous financial institutions having either gone into bankruptcy or having to be rescued by Governmental Entities. Global financial conditions could suddenly and rapidly destabilize in response to future events as Governmental Entities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes including natural disasters, the outbreak of communicable disease, geopolitical instability, and changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the ability of the Company, or the ability of the operators of the companies in which the Company may, from time to time, hold interests, to obtain equity or debt financing or make other suitable arrangements to finance their projects. In the event that increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, such events could result in a Material Adverse Effect.

**Uninsured or Uninsurable Risks**

While the Company may have insurance to protect its assets, operations, and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. No assurance can be given that such insurance will be adequate to cover the liabilities of the Company or that it will be available in the future or at all, and that it will be commercially justifiable. The Company may be subject to liability for risks against which the Company cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available to the Company for normal business activities. Payment of liabilities for which the Company does not carry insurance could have a Material Adverse Effect.

**Political and Other Risks Operating in Foreign Jurisdictions**

The Company has operations in foreign markets and may have operations in additional foreign and emerging markets in the future. Such operations expose the Company to the socioeconomic conditions as well as the Laws governing the controlled substances industry in such foreign jurisdictions. Inherent risks with conducting foreign operations include, but are not limited to, high rates of inflation, fluctuations in currency exchange rates, military repression, war or civil unrest, social and labour unrest, organized crime, terrorism, violent crime, expropriation and nationalization, renegotiation or nullification of existing Authorizations, changes in taxation policies, restrictions on foreign exchange and repatriation, and changes political norms, currency controls and governmental regulations that favour or require the Company to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

**Corruption and Anti-Bribery Law Violations**

The Company is subject to Canadian Laws which generally prohibit companies and employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, the Company is subject to the anti-bribery and anti-money laundering Laws of foreign jurisdictions in which it may from time to time conduct the Business. The Company’s employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct, whether prohibited under the Company’s policies and procedures or...
under anti-bribery Laws, for which the Company may be directly or indirectly held responsible. There can be no assurance that the Company’s internal control policies and procedures from time to time in effect will protect it from recklessness, fraudulent behaviour, dishonesty or other inappropriate acts committed by its affiliates, employees, contractors or agents. If the Company’s employees or other agents are found to have engaged in such practices, the Company could suffer severe penalties and other consequences that may have a Material Adverse Effect.
SCHEDULE “B”

AUDIT COMMITTEE CHARTER

(See attached.)
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 Chief Financial Officer 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, management’s discuss and analysis 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 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 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 of Directors.

OTHER

Review any related-party transactions.