

**ALKALINE FUEL CELL POWER CORP.**

Management's Discussion and Analysis

For the period ended September 30, 2022

# **ALKALINE FUEL CELL POWER CORP. MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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## **Date of this report and forward-looking statements**

This management's discussion and analysis (“MD&A”) provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. This report prepared as at November 14, 2022 intends to complement and supplement our condensed interim consolidated financial statements (the “financial statements”) as at September 30, 2022, which have been prepared in accordance with International Financial Reporting Standards, and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and should be read in conjunction with the financial statements and the accompanying notes. Readers are also advised to read the Company’s audited financial statements (the “financial statements”) and accompanying notes for the year ended December 31, 2021, (the “financial statements”), which have been prepared in accordance with International Financial Reporting Standards.

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

Where we say “we”, “us”, “our”, the “Company” or “AFCP”, we mean Alkaline Fuel Cell Power Corp., as it may apply.

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

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

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

## **Overall Performance**

The Company is a diversified investment platform developing affordable, renewable, and reliable energy assets and cleantech. On July 16, 2021, the Company’s common shares were listed for trading on the NEO Exchange Inc. (“NEO”) under the symbol PWR. On March 28, 2022, the Company’s common shares were listed for trading on the OTCQB Venture Market under the symbol ALKFF.

The Company operates through two global entities: Fuel Cell Power NV, a wholly owned subsidiary in Belgium, and PWR Flow Streams (“PWR Flow”), an AFCP brand in Canada.

- **Fuel Cell Power NV** is focused on the development, production and commercialization of micro-combined heat and power (“micro-CHP”) systems and off-grid and back-up power generators based on advanced alkaline fuel cell technology that generates zero CO<sub>2</sub> emissions. Fuel Cell Power NV is working through milestones to deliver a commercialized alkaline fuel cell in 2024.
- **PWR Flow** is focused on the development, ownership and operations of combined heat and power (“CHP”) assets. PWR Flow assets deliver efficiency improvements of over 20% with reduced costs to customers in multi-residential and commercial applications. PWR Flow has contracted existing CHP assets in Toronto, Canada, and has an additional pipeline of potential contracts valued at over \$50 million currently in development.

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**Overall Performance (continued)**

The Company anticipates having completed the prototypes of the 4kW fuel cell CHP system by end of Q4 2022.

On March 4, 2022, the Company announced that it had entered into an agreement to acquire 100% of the Combined Heat and Power (CHP) generation business (the "AI Business") of AI Renewable 2018-I Limited Partnership, AI Renewable 2020-I Limited Partnership and 2191 Yonge Ltd. (collectively, "AI"). AI uses a clean and renewable single fuel source energy technology that generates both electricity and heat.

Pursuant to the terms of the definitive agreements, the consideration (the "Purchase Price") consisted of 22,757,758 common shares of Alkaline Fuel Cell Power Corp. (the "Consideration Shares") and \$3,000,000 in cash consideration. In connection with the execution of the definitive agreements, the Company advanced a \$2,000,000 loan to the vendors, which will be applied against the cash consideration on closing. The remaining \$1,000,000 cash payment shall be paid no later than January 2, 2023. In addition to the Purchase Price payable on closing, the Company shall pay to the vendors additional consideration upon the achievement of certain milestones described below:

Milestone #1 - If the AI Business obtains "Green Loans" and/or government grants for the AI Business and/or their customers of \$2,500,000 more for the installation of CHP units in buildings within 18 months following the closing ("Milestone #1"), the vendors will be compensated with additional common shares in the capital of the Company (the "Common Shares") equal to the greater value of 1,000,000 Common Shares or the number of Common Shares worth \$1,000,000 (each a "Milestone #1 Common Share"). The deemed value of each Milestone #1 Common Share being the 5 day volume weighted average price (the "VWAP") of the common shares of the Company calculated from the date that the Milestone #1 payment has been earned.

Milestone #2 - If the AI Business signs contracts to install CHP units in buildings containing not less than 2,000 additional residential units over a minimum of 7 buildings (excluding 2181 Yonge and 2191 Yonge) within 24 month period following the closing (the "Milestone #2"), the vendors will be rewarded with additional Common Shares equal to the greater value of Common Shares worth \$2,000,000 or 2,000,000 Common Shares (each a "Milestone #2 Common Share"). The deemed value of each Milestone #2 Common Share shall be based on the 5 days VWAP of the Common Shares calculated from the date that the Milestone #2 payment has been earned.

On April 22, 2022, the Company completed the acquisition and pursuant to the terms of the definitive agreements, the Company issued 22,757,758 common shares of the Company. The \$2,000,000 loan to the vendors was applied against the cash consideration on closing. The remaining \$1,000,000 cash payment shall be paid no later than January 2, 2023. On April 22, 2022, the Company acquired the CHP assets and project pipeline, which served to expand the AFCP portfolio and diversify its offerings. Today, the CHP Division is known as PWWR Flow, the concept behind which is based on:

- Direct "Power" to customers;
- Utilization of the Company's NEO exchange ticker symbol, "PWWR";
- "Flow" representing the ability to leverage Canadian Flow Through CRCE credits for projects; and
- "Streams" for the cash flow streams to be generated by the assets from stable long term power purchase contracts with customers.

On June 8, 2022, the Company announced the launch of PWWR Flow Streams ("PWWR Flow") a brand of its combined heat and power ("CHP") division, whose assets target the delivery of improved energy efficiency of more than 20% with lower costs to customers whether in multi-residential or commercial applications. PWWR Flow has contracted to deploy its existing CHP assets in Toronto, Canada, and is advancing a robust pipeline of future potential contracts having a value of over \$50 million.

On August 10, 2022, the Company announced that the Company is supplementing the ongoing development of our 4 kW Combined Heat and Power ("CHP") fuel cell by developing a range of fuel cells that target more immediate revenue opportunities within the off-grid and back-up generator markets.

# **ALKALINE FUEL CELL POWER CORP. MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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## **Overall Performance (continued)**

On August 16, 2022, the Company announced that PWR Flow, the combined heat and power (“CHP”) brand of the Company, is advancing a CHP project of approximately \$2.2 million in capital for a condominium in mid-town Toronto, Canada (the “CHP Project”). The CHP Project is expected to generate more than \$16 million in total revenue for PWR Flow over a 25-year Energy Service Agreement (“ESA”) timeframe.

On September 7, 2022, the Company announced that Fuel Cell Power NV (“FCP NV”), the Company’s wholly-owned Belgium subsidiary, has earned ISO 9001:2015 certification for its quality management system from BQA NV in accordance with international standards from the International Organization for Standardization (ISO). The application field for FCP NV’s certification is the development of alkaline fuel cells.

On September 12, 2022, the Company executed a letter of intent (“LOI”) with Progressus Clean Technologies Inc. (“Progressus”), to complete a joint venture (“JV”) pilot project that aims to provide a solution for natural gas utilities to directly power both residential and commercial businesses. Progressus is a venture-stage green technology company developing solutions for hydrogen generation and separation, which are complementary to AFCP’s fuel cell technologies. The JV is intended to provide proof of concept for each company’s technologies and assess the ability to combine various Progressus technologies with AFCP fuel cells to serve residential and small building customers across North America.

## Appointments and Resignations

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

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

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

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

On March 4, 2022, Matthew Fish has been appointed as interim Chief Executive Officer of the Company upon the departure of Mr. Jef Spaepen. Mr. Fish specializes in corporate and securities law. In addition, Dr. Richard Lu has joined the board of directors, who replaces Mr. Eugene Beukman who has resigned as a director of the Company.

On May 10, 2022, Frank Carnevale took the office of Chief Executive Officer replacing Matthew Fish as interim Chief Executive Officer. Mr. Carnevale recently served as Chief Growth Officer and Chief Operating Officer of a TSXV-listed company delivering PropTech and cleantech to institutional, commercial, industrial and multi-residential customers through design build thermal energy systems, HVAC and Building Controls in Canada. Mr. Carnevale had previously served as Founder and Chief Executive Officer of a boutique consulting, advisory and development firm where he originated over \$2.5 billion in energy and infrastructure transactions, including the development of a large wind farm, distributed energy and retrofit contracts, and mergers and acquisitions of several electric utilities. Mr. Carnevale previously served on the Executive Board of the Energy Council of Canada among several industry organizations.

On June 16, 2022, the Company announced the appointment of Carmine Marcello to the role of Advisor. From 2013 to 2015, Carmine served as Chief Executive Officer of Hydro One Inc., one of Canada’s largest transmission and distribution companies, with a market cap of over \$20 billion and over \$23 billion in assets. He served in numerous executive roles from 2003, including Asset Management and Strategy and Planning. Carmine currently advises governments, utilities and cleantech startups across the Middle East, North America and the Caribbean. In his role as Advisor, Carmine brings extensive asset development and management expertise to guide AFCP as the Company establishes the development and operations of energy assets.

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**Overall Performance (continued)**

Capital Activities

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

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

On December 31, 2020, the Company entered into a consulting agreement with the former CEO in which the former CEO will receive 18,000,000 common shares of the Company and a monthly consulting fee of €15,000. The agreement commenced January 4, 2021 and will be in effect until termination by either party. On January 14, 2021, the Company issued the 18,000,000 common shares to the former CEO. In connection with the departure of the Company's former CEO in March 2022, the Company has exercised its right to repurchase all of the 18,000,000 common shares in the capital of Company previously issued for the repurchase price of \$100, pursuant to the founders' restricted rights agreement on December 31, 2020, which was further amended and restated on July 2, 2021. On May 16, 2022, the repurchased shares were cancelled.

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

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

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

On May 7, 2021, the Company announced that it will be extending the expiry date of a total of 40,737,098 share purchase warrants and 257,112 finder's share purchase warrants, all of which are exercisable at \$0.75 per share for a period of two years (collectively, the "Warrants") to May 7, 2023. The Warrants were issued pursuant to the non-brokered private placement which closed over two tranches in April. The Warrants previously expired on March 31, 2023. The warrants will remain subject to an accelerated expiry if the closing price of the Company's shares is greater than \$1.50 per share for a minimum of 10 consecutive trading days.

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

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**Overall Performance (continued)**

On July 14, 2021, the Company issued 200,000 common shares pursuant to option exercises for gross proceeds of \$66,000.

In October 2021, the Company’s shareholders approved a restricted share unit plan to grant restricted share units (“RSU’s”) to directors, officers, key employees and consultants of the Company (the “2021 RSU Plan”), and a 20% rolling stock option plan (the “2021 Option Plan”).

Pursuant to the 2021 RSU Plan, the Company may reserve up to a maximum of 20% of the issued and outstanding common shares at the time of grant for awards granted under the 2021 RSU Plan. The 2021 Option Plan provides for a maximum of number of shares proposed to be granted under the 2021 Option Plan equal to 20% of the issued and outstanding shares at the time of grant.

At a special meeting on October 17, 2022, the Company received shareholder approval to amend the exercise price of 43,939,394 warrants with an exercise price of \$0.75, and 3,075,756 warrants with an exercise price of \$0.33 to an exercise price of \$0.20. The Company also received shareholder approval to amend the exercise price of 3,000,000 stock options with an exercise price of \$0.25, and 11,812,500 options with an exercise price of \$0.33 to an exercise price of \$0.15.

**Results of Operations**

During the three-month period ended September 30, 2022, the Company recorded a loss of \$1,563,717 compared to a loss of \$3,583,707 during the three-month period ended September 30, 2021 (the “comparative period”). The decrease in loss is primarily due to a decrease in marketing costs and was partially offset by increased activities during 2022. The Company also generated \$88,103 (2021 - \$Nil) of revenue from the Company’s recently acquired AI Business. During 2022 the Company’s principal business was fully operational. Some of the significant changes to operations are as follows:

- Management and Consulting fees of \$433,350 (2021 - \$648,394) are fees accrued to directors, officers and consultants of the Company. Expenses during the period decreased during 2022 as compared to the comparative period due to fees charged by incoming officers of the Company for the management of the Company and its subsidiary as well as additional consulting fees incurred to restructure the Company’s business and operations in 2021.
- General and administrative expenses of \$249,753 (2021 – \$138,115) consists of corporate administration, office, travel and bank charges. The Company incurred these fees to maintain the Company’s good standing. Increase in expense during the period is due to increases in upkeeping costs for the subsidiaries’ offices operating in Belgium and the Czech Republic as well as additional operations for the AI Business in 2022.
- Marketing and advertising of \$79,091 (2021 - \$2,275,162) decreased as a result of the Company entering into a consulting agreement in 2021 for the provision of investor relations and marketing services in consideration for \$2,220,150. No such agreement was entered into in 2022.
- Professional fees of \$113,971 (2021- \$242,319) include audit, accounting and legal fees. The decrease is attributed to legal and accounting costs incurred in 2021 associated with the listing on the NEO exchange as well as for the formation of its subsidiaries Fuel Cell Power NV and Fuel Cell Power s.r.o.
- Wages and salaries of \$437,026 (2021 - \$117,396) relating to compensation expense for employees increased as a result of the addition of new employees in 2022 compared to 2021 to facilitate the development of the Company’s new principal business in 2022.

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**Results of Operations (continued)**

During the nine months September 30, 2022, the Company recorded a loss of \$4,231,744 compared to a loss of \$8,030,895 during the nine months ended September 30, 2021 (the “comparative period”). The decrease in loss is primarily due to a decrease in stock-based compensation and marketing expenses which was partially offset by increased activities during 2022. The Company also generated \$134,616 (2021 -\$Nil) of revenue from the Company’s recently acquired AI Business. Some of the significant changes to operations are as follows:

- Management and consulting fees of \$1,428,217 (2021 - \$1,838,035) are fees accrued to directors, officers and consultants of the Company. Expenses during the period decreased during 2022 as compared to the comparative period due to fees charged by incoming officers of the Company for the management of the Company and its subsidiaries and additional consulting fees incurred to restructure the Company’s business and operations.
- General and administrative expenses of \$568,014 (2021 – \$257,967) consists of corporate administration, office expenses, travel and bank charges. The Company incurred these fees to maintain the Company’s good standing. Increase in expense during the period is due to increases in upkeep costs for the subsidiaries’ offices operating in Belgium and the Czech Republic as well as additional operations for the AI Business in 2022.
- Marketing and advertising of \$209,543 (2021 - \$2,293,265) decreased as a result of the Company entering into a consulting agreement in 2021 for the provision of investor relations and marketing services in consideration for \$2,220,150. No such agreement was entered into in 2022.
- Professional fees of \$453,665 (2021 - \$343,638) include audit, accounting and legal fees. The increase is attributed to legal and accounting costs associated with the costs incurred for the acquisition of AI Renewables. The increase is also attributed to legal and accounting costs associated with a general increase in the complexity of the Company’s operations.
- Regulatory and filing fees of \$59,013 (2021 - \$139,899) relates to filing and listing fees and transfer agent fees. Fees incurred during the comparative period were higher due to listing on the NEO exchange.
- Share-based compensation of \$123,858 (2021 - \$2,972,701). During 2022, share-based compensation related to the issuance of 2,600,000 stock options at an exercise price of \$0.12 per option for 5 years and 1,200,000 stock options at an exercise price of \$0.15 per option for five years to management and consultants. During the comparative period share-based compensation related to the issuance of 3 3,000,000 stock options at an exercise price of \$0.25 per option for 5 years, 13,812,500 stock options at an exercise price of \$0.33 per option for five years to management and consultants and 200,000 stock options at an exercise price of \$0.33 per option for five years to consultants.
- Wages and salaries of \$1,015,785 (2021 - \$117,396) relating to compensation expense for employees increased as a result of the addition of new employees in 2022 compared to 2021 to facilitate the development of the Company’s new principal business in 2022.

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

**Cash Flow Analysis**

*Operating Activities*

During the nine months ended September 30, 2022 and 2021, cash used in operating activities was \$3,587,431 and \$5,560,107 respectively. Cash used in operating activities decreased in 2022 as a result of a decrease in net loss for the period.

*Investing activities*

During the nine months ended September 30, 2022 and 2021, cash used in investing activities was \$316,837 and \$120,993 respectively. The increase in cash outflow is due to additional equipment purchased of \$361,492 in 2022 compared to \$120,993 in 2021. The increase was the result of additional equipment purchased in 2022 as the Company’s fuel cell operations are fully active in 2022 as opposed to recently initiated in 2021. This was offset by \$44,655 of cash acquired as part of the AI Business acquisition.

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**Cash Flow Analysis (continued)**

*Financing activities*

During nine months ended September 30, 2022 and 2021, cash used in financing activities was \$143,742 compared to cash provided by of \$15,108,338 respectively. During 2022, the Company used cash of \$80,000 to repay notes payable and \$63,642 to pay lease liabilities. During the comparative period the cash inflow is due to proceeds from share issuances of \$15,131,607 for private placements completed and proceeds upon the exercise of options.

**Summary of Quarterly Results**

	Three Months Ended September 30, 2022	Three Months Ended June 30, 2022	Three Months Ended March 31, 2022	Three Months Ended December 31, 2021
Total assets	\$ 8,006,740	\$ 9,413,632	\$ 7,594,273	\$ 8,968,472
Working capital (deficiency)	724,761	2,238,753	4,514,282	6,112,617
Loss for the period	(1,563,717)	(1,412,722)	(1,255,305)	(1,282,471)
Loss per share	(0.01)	(0.01)	(0.01)	(0.02)

  

	Three Months Ended September 30, 2021	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020
Total assets	\$ 10,391,437	\$ 13,627,437	\$ 6,025,177	\$ 14,800
Working capital deficiency	9,652,753	13,377,650	5,618,232	(291,331)
Loss for the period	(3,583,707)	(4,111,210)	(335,978)	(23,175)
Loss per share	(0.02)	(0.03)	(0.00)	(0.00)

Fluctuations in assets are mostly due to cash being used in operational activities. Prior to December 31, 2020, operational losses remained fairly consistent due to attempts to preserve cash spending on general and administrative expenses, and the fact that the company was still seeking operational opportunities.

During the three months ended March 31, 2021, the three months ended June 30, 2021 and the three months ended September 30, 2021, the Company was able to raise capital from private placements as it changed its principal business to the development of renewable energy and fuel cell technology. The capital raise resulted in an increase in total assets and working capital mainly from the increase in cash. In addition, the change of principal business and commencement of the new operations resulted in an increase in operating expenses and net loss during these periods. Net loss increased further during the three months ended June 30, 2021 over the three months ended March 31, 2021, September 30, 2021, December 31, 2021 and March 31, 2022, as a result of the grant of stock options and \$2,923,742 of related share-based compensation expense.

Net losses increased from the quarter ended March 31, 2022 to September 30, 2022 as the Company increased operations including the acquisition of the AI Renewables acquisition. Total assets and working capital decreased from June 30, 2021 to September 30, 2022 due to a decrease in cash as the Company expended cash for operations.

Total assets increased from March 31, 2022 to June 30, 2022 as a result of the recognition of \$3,901,246 of goodwill as a result of the AI Renewables acquisition. This was offset by a decrease in cash as the Company expended cash for operations which also reduced working capital. Working capital was further reduced by the issuance of a promissory note of \$1,000,000 for consideration payable as part of the AI Renewables acquisition.



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**Liquidity and Capital Resources**

The Company is a new entrant in the renewable energy technology market and is in early stages of technology development and therefore has no regular cash flow. The financial statements for the period ended September 30, 2022 have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The working capital of the Company is as follows:

	<b>September 30, 2022</b>	December 31, 2021
	<b>\$</b>	<b>\$</b>
Cash	1,577,907	5,869,082
Amounts receivable	254,144	185,143
Prepays	429,107	512,611
Accounts payable and accrued liabilities	(511,577)	(326,871)
Promissory notes	(972,255)	(80,000)
Lease liability – current portion	(52,565)	(47,348)
	<b>724,761</b>	<b>6,112,617</b>

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

To date, the Company has not earned significant revenues and is considered to be in the development stage. As at September 30, 2022, the Company had working capital of \$724,761 and cash on hand of \$1,577,907 compared to a working capital of \$6,112,617 and cash on hand of \$5,869,082 at December 31, 2021.

**Risk, Uncertainties and Outlook**

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

**Contingencies**

The Company’s sole contingency as at the date of this MD&A relate to milestone payments for the acquisition of AI Renewables.

**Off Balance Sheet Arrangements**

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

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**Related Party Transactions**

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

Frank Carnevale	Chief Executive Officer
Jo Verstappen	Chief Operating Officer, Chief Executive Officer of Fuel Cell Power NV
Gerard Sauer	Chairman of the Company’s Advisory Board, Project Manager of Fuel Cell Power NV
Luc Pauwels	Business Director of Fuel Cell Power NV
Eugene Beukman	Former Chief Executive Officer and Director
Joel Dumaresq	Chief Financial Officer and Director
Troy Grant	Director
Maciej Lis	Director
Dr. Richard Lu	Director
Matthew Fish	Director

Included in accounts payable and accrued liabilities and loans at September 30, 2022 is \$26,722 (December 31, 2021 - \$128,852) owing to companies controlled by directors, former directors and officers of the Company. These amounts are non-interest bearing with no stated terms of repayment.

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

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

On May 10, 2022, the Company granted incentive stock options to the Chief Executive Officer (“CEO”) of the Company to purchase an aggregate of 2,000,000 common shares at an exercise price of \$0.12 per common share for up to five years. The options vest 25% every six months following the date of grant. The grant date fair value of the options was measured at \$177,355.

On May 10, 2022, the Company granted incentive stock options to a company controlled by the former Chief Executive Officer (“CEO”) of the Company to purchase an aggregate of 600,000 common shares at an exercise price of \$0.12 per common share for up to five years. The options vest 25% every six months following the date of grant. The grant date fair value of the options was measured at \$53,207.

During the nine months ended September 30, 2022 and 2021, the Company entered into the following transactions with related parties and incurred payments to key management personnel, which were in the normal course of operations.

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**Related Party Transactions (continued)**

	Nine Months ended	
	September 30, 2022 \$	September 30, 2021 \$
Consulting and professional fees to a company controlled by a director and former director of the Company	119,760	131,378
Rent to companies controlled by the CEO, a director and a former director of the Company	7,044	10,134
Consulting and professional fees to the former CEO and a company controlled by the former CEO of the Company	27,914	244,133
Consulting fees to a company controlled by the COO of the Company	237,228	218,658
Consulting fees to a company controlled by the chairman of the advisory board of the Company	74,100	60,275
Salary incurred to the CEO of the Company	85,556	-
Share-based compensation to related parties	93,669	32,801
	<b>645,271</b>	<b>697,379</b>

**Voluntary De-listing from the TSX-V and Listing on NEO Exchange and OTCQB Venture Market**

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

On July 16, 2021, the Company’s common shares were listed for trading on the NEO Exchange Inc. (“NEO”) under the symbol PWWR.

On March 28, 2022, the Company’s common shares were listed for trading on the OTCQB Venture Market under the symbol ALKFF.

**Proposed Transactions**

There are no proposed transactions as of the date of this MD&A.

**Critical Accounting Judgements**

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

- the assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- Determining whether lease contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.
- the fair value of stock-based compensation requires estimates of assumptions that are used in the black-scholes option pricing model.
- The assessment of whether expenditures qualify as intangible assets under IAS 38 Intangible Assets. No such costs have been capitalized as at September 30, 2022.

**ALKALINE FUEL CELL POWER CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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**Changes in Accounting Policies including Initial Adoption**

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

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

**Financial Instruments and Other Instruments**

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

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

***Credit Risk***

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

***Currency Risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in United States dollar, the Euro, and the Czech Koruna, while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company's cash is held in Canadian dollars and Euros. Some of the Company's operating expenses were denominated in Euros and the Czech Koruna. The Company managed its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables where possible. Management relied on the natural hedge created by this matching process and thus has chosen not to otherwise hedge its foreign exchange risk. Foreign exchange risk is assessed as low as at September 30, 2022.

***Interest Rate Risk***

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

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**Financial Instruments and Other Instruments (continued)**

***Liquidity Risk***

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

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

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. Management believes that interest rate risk to the Company is nominal as it is subject to this risk only on its bank account. The Company is exposed to currency rate risk as described above. The Company is not affected by price risk as its still in the development stage.

**Management of industry risk**

The Company is engaged primarily engaged in the development, production, sale, maintenance of renewable energy and fuel cells. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

**Other Requirements**

**Outstanding Share Data**

As at the date of this report, the Company has:

- a) 173,015,329 common shares outstanding;
- b) 18,612,500 stock options outstanding; and
- c) 47,015,150 share purchase warrants outstanding.

**Disclaimer**

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

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**Forward-Looking Statements**

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

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

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise, or the foregoing list of factors affecting such information.