



**MANAGEMENT DISCUSSION AND ANALYSIS FOR
EXTREME VEHICLE BATTERY TECHNOLOGIES CORP.
(formerly Global Elsimate Capital Corp.)**

FOR THE NINE MONTHS ENDED OCTOBER 31, 2021

Prepared as of December 30, 2021

Contact Information

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This discussion and analysis of financial position and results of operations is prepared as at DECEMBER 21, 2021, should be read in conjunction with the unaudited interim consolidated financial statements for the nine months ended October 31, 2021, of Extreme Vehicle Battery Technologies Corp. (formerly Global Elsimate Capital Corp.) (the “Company”). The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Except as otherwise disclosed, all dollar figures included therein, and the following management discussion and analysis (“MD&A”) are quoted in Canadian dollars. Additional information relevant to the Company’s activities can be found on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This Management’s Discussion and Analysis may include forward-looking statements with respect to business plans, activities, prospects, opportunities, and events anticipated or being pursued by the Company and the Company’s future results. Although the Company believes the assumptions underlying such statements to be reasonable, any of the assumptions may prove to be incorrect. The anticipated results or events upon which current expectations are based may differ materially from actual results or events. Therefore, undue reliance should not be placed on such forward-looking information. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions in North America and internationally, (2) obtaining enough customers to create market, (3) market competition, (4) the risk that the Company does not execute its business plan, (5) inability to retain key employees, (6) inability to finance operations and growth, (7) the Company’s ability to protect proprietary rights, and (8) other factors beyond the Company’s control.

Forward looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

OVERVIEW

Extreme Vehicle Battery Technologies Corp. (formerly Global Elsimate Capital Corp.) (the “Company”) was incorporated under the laws of British Columbia on January 16, 2015. The Company’s registered office is 3020 – 700 West Georgia St., Vancouver, BC V7Y 1K8. The Company has three wholly-owned subsidiaries, GRT Technologies Inc. (“GRT”), which it acquired through a reverse merger pursuant to a plan of arrangement which closed on March 13, 2015, 1Linx Ltd., which it acquired through a share purchase agreement which closed on January 5, 2018, and CryptoPlug Technologies Inc., which is acquired through a share exchange agreement which is closed on October 29, 2021. Effective January 31, 2017, the Company dissolved its formerly wholly-owned subsidiary Global Remote Technologies, LLC, which it acquired on pursuant to a Membership Interest Purchase Agreement which closed on September 28, 2015.

The Company previously provided products and services for use in the oil and gas industry. Upon acquisition of 1Linx Ltd on January 5, 2018, the Company changed its principal business focus to providing services for application programming interface (“API”) in regards to operator look-up, customer look-up, IP information and customer friendly user experience.

On February 12, 2015, a special meeting of the shareholders of GRT was held and the shareholders approved the Arrangement Agreement. On February 16, 2015, a final order was granted by the Supreme Court of British Columbia granting final approval of the Arrangement.

On March 13, 2015, the Company, GRT, and Planco completed the Arrangement whereby GRT and the Company exchanged securities on 1:1 basis, such that 30,747,658 common shares of GRT were exchanged by their holders for 18,448,596 Shares of the Company; Planco and the Company exchanged Company securities such that Planco issued 1,000 of its common shares to the Company and received in exchange a net of 180,000 Distribution Shares distributed to the Planco shareholders on a pro rata basis.

The Company received approval to list its common shares for trading on the Canadian Securities Exchange (CSE) and its common shares commenced trading on May 14, 2015 under the trading symbol “RGT”.

On June 2, 2015, the Company entered into a non-binding Memorandum of Understanding with Global Remote Technologies, LLC (formerly North American Energy Holdings, LLC), an LLC operating out of the State of Nevada, to develop and support oilfield and energy services to Mexican refineries and to pursue joint ventures within the Mexican oil and gas industry.

On September 18, 2015, the Company entered into a participation agreement with Steve Resendez (“Resendez”) and Rodney Upchurch (“Upchurch”) pursuant to the Purchase Agreement with Terra Recovery Systems, LLC (“Terra”). Pursuant to the participation agreement, the Company employed Resendez to assist in promoting, marketing, selling and/or leasing the Helix tool, in consideration for a 33 1/3% undivided interest in net profits from the Helix tools and salary of \$7,500 per month. In addition, the Company provided Upchurch a 33 1/3% undivided interest in net profits from the Helix tools in consideration for \$70,000 and the payment of one-half of Resendez’s salary until the Helix tools become profitable. The \$70,000 payment is due upon receipt of Terra of the payment due under the purchase agreement from the Company, in which Upchurch’s shareholder loan will be repaid. The participation agreement has a term to December 31, 2030.

On September 28, 2015, the Company entered into a Membership Interest Purchase Agreement with Kane Smith, the President of the Company, whereby the Company agreed to purchase a 100% interest in Global Remote Technologies, LLC (“GRT LLC”), in consideration for \$1. GRT LLC is in the business of providing services and technologies for the energy sector, including assisting customers with the construction and implementation of pipeline, refinery, power plant, and mechanical integrity projects, and offers its products and services to Mexican oil companies. GRT LLC’s scope of services range from project planning and estimating to surveying, development, construction management, safety and quality inspection, start-up, and commissioning and its team is dedicated to successfully converting conceptual plans to safe operating facilities based on the field engineering, construction management, and inspection skills of the field staff. The acquisition was deemed a business combination for accounting purposes and the consolidated financial statements include the results of operations of GRT LLC from the date of the acquisition onwards. Prior to being acquired, GRT LLC had generated revenue of approximately \$1,050,000, and as at the acquisition date, GRT LLC had net assets of \$302,243.

On December 28, 2016, the Company and Terra Recovery agreed to settle the previous Purchase Agreement via a sellback to Terra Recovery of the Helix assets. Pursuant to the Purchase Agreement dated December 28, 2016, the Company agreed to sell a 100% interest in the Helix tools, patents, all master service agreements, the products and the technology, in consideration for \$52,692 (US\$40,000), of which US\$20,000 was to be paid in cash (received) and US\$20,000 was received in the form of a promissory note due from Terra Recovery to the Company. At December 28, 2016, the net book value of the Helix-related assets was \$254 (US\$193), resulting in a gain on sale of assets of \$52,438 (US\$39,807). On January 31, 2017, the Company dissolved its formerly wholly-owned subsidiary, Global Remote Technologies LLC, which was solely incorporated for the purpose of carrying on the business of the Helix-related assets. As a result, the gain on sale of Helix assets was included in loss from discontinued operations.

On October 18, 2017, the Company appointed Kane Smith as the Chief Financial Officer (“CFO”) of the Company. Kane Smith’s appointment follows the resignation of Rebecca Kingery as the CFO of the Company.

On November 1, 2017, the Company appointed Akash Patel as the President of the Company and Kenneth C. Phillippe as the CFO of the Company. Akash Patel and Kenneth C. Phillippe’s appointment follows the resignation of Chris Dorris as the CEO of the Company and Kane Smith as the President and CFO of the Company.

On November 13, 2017, the Company appointed Neil Stevenson-Moore as the CEO of Global Remote Technologies Ltd.

On December 12, 2017, the Company entered into a Share Purchase Agreement (the “Agreement”) to acquire 1Linx Ltd. (“1Linx”), a private company incorporated in Ontario, Canada (the “Transaction”). 1Linx has a proprietary

blockchain authentication platform and provides services for application programming interface (API) in regards to operator look-up, customer look-up, IP information and customer friendly user experience. Under the terms of the Agreement, the Company acquired all of the issued and outstanding common shares of 1Linx, such that 1Linx became a wholly-owned subsidiary of the Company, in exchange for the issuance by the Company of 3,600,000 common shares with a fair value of \$3,660,000. In connection with the transaction, the Company issued 180,000 common shares with a fair value of \$183,000 as a finder's fee, which has been expensed in the consolidated statement of comprehensive loss. The transaction closed on January 5, 2018.

On January 31, 2018, the Company was named as a defendant in a Supreme Court of British Columbia action commenced by DMG Blockchain Solutions Inc., which alleged that the Company had infringed a DMG copyright when it used materials in a slide deck presentation designed by DMG in its own presentation to potential investors. On March 29, 2018, a default judgment was entered in the action, with damages and costs to be assessed. Since such date, DMG and the Company have been working toward a settlement respecting the action and the Company announced on May 25, 2018, that the terms of a settlement have been agreed upon. The terms of the settlement are confidential and provide that the Company will make a \$35,000 cash payment to DMG.

On April 5, 2018, the Company changed its name from Global Remote Technologies Ltd to Cryptobloc Technologies Corp. and received approval to list its common shares for trading on the Canadian Securities Exchange (CSE) and its common shares commenced trading on April 9, 2018 under the trading symbol "CRYP".

On May 19, 2018, the Company granted 450,000 stock options to certain officers, directors and consultants, which are exercisable at \$0.317 per share for a period of five years.

On May 25, 2018, Akash Patel resigned as the President and director of the Company.

On June 6, 2018, the Company closed a non-brokered private placement of 18,000,000 units of the Company at \$0.25 per unit for gross proceeds of \$4,500,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to purchase one common share at a price of \$0.417 for a period of two years.

On June 8, 2018, the Company appointed two new independent directors, Anthony Richards and Vic Shroff, to its board of directors and audit committee, who subsequently resigned on June 29, 2018.

On June 28, 2018, the Company's stock was halted by the Canadian Securities Exchange (the "CSE"). The CSE has requested information relating to certain consulting agreements previously entered into by management of the Company. The Company has also received orders to produce information from the British Columbia Securities Commission (the "BCSC") with respect to the private placement completed on June 6, 2018 and consulting agreements entered into with participants of the private placement.

On June 28, 2018, Robert Abenante was appointed to replace Neil Stevenson-Moore as the Chief Executive Officer and director of the Company, who resigned.

On July 4, 2018, Kent McParland was appointed to replace Kenneth C. Phillippe as Chief Financial Officer and director of the Company, who resigned from both positions. On the same day, Cameron Paddock was appointed as a director of the Company.

On September 21, 2018, the Company appointed Cedric Wilson to its board of directors.

On November 26, 2018, the British Columbia Securities Commission issued a temporary order which centers around share issuances by 11 CSE issuers to a large group of consultants between February 2018 and August 2018. The Company has been named as one of the eleven issuers as they have ongoing relationships with certain members listed in the group of respondents and certain of the respondents participated in a private placement for the Company earlier this year.

On December 11, 2018, the Canadian Securities Exchange removed the trading halt imposed on the Company on June 28, 2018.

On January 11, 2019, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidation share for each 10 pre-consolidation common shares. No fractional shares were issued. All fractional shares resulting from the consolidation were rounded up or down to the nearest whole number. All share figures and references have been retroactively adjusted to reflect the share consolidation.

On January 16, 2019, the British Columbia Securities Commission (“BCSC”) has extended a temporary order that it imposed on a group of public companies and many individuals in December 2018 for abusive share issuances.

For the year ended January 31, 2019, the Company did not file its audited year-end financial statements within the prescribed period. The Company has applied to and received from the British Columbia Securities Commission a Management Cease Trade Order (“MCTO”) on June 3, 2019 allowing the Company’s Securities to continue to trade while the Company completes its Financial Statement filings. The Company filed its annual filings on August 2, 2019 and the MCTO was lifted on August 9, 2019 and revocation order has been issued.

On March 29, 2019, Kent McParland stepped down as Chief Financial Officer and Director of the Company. Mr. McParland was replaced by Tjalling DeJong as a Director of the Company. Robert Abenante assumed the role of Interim Chief Financial Officer until a replacement is sourced for the role.

On July 11, 2019, two individuals filed a Notice of Civil Claim in the Supreme Court of British Columbia seeking certification for a class action against the Company and numerous other parties. Management is not able to quantify the impact of this action. At this time, there are respondents who have still not yet been served and the Claim has not yet been certified. It is unable to determine whether or not the claim will proceed and what the timeline will be. Therefore, Management is not able to quantify the impact of this action.

On January 22, 2020, the Company accepted the resignation of Robert Abenante as Chief Executive Officer, Interim Chief Financial Officer and Director. The Company appointed Mr. Bryson Goodwin as Chief Executive Officer, Interim Chief Financial Officer and Director the same day.

As January 31, 2020, the directors of the company were Bryson Goodwin, Cedric Wilson, and Tjalling DeJong.

On January 31, 2020, the Company changed its name to Global Elsimate Capital Corp. and the Company’s shares began trading on the Canadian Securities Exchange (“CSE”) under the Company’s new stock trading symbol “GECC” on February 6, 2020.

On February 14, 2020, the Company closed a non-brokered private placement of 150,000,000 units of the Company at \$0.005 per unit for gross proceeds of \$750,000. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to purchase one common share at a price of \$0.008 for a period of three years.

On May 29, 2020, the Company closed a non-brokered private placement of 60,000,000 units at a price of \$0.008 per unit for total gross proceeds of \$500,000. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.017 for a period of three years.

On August 13, 2020, the board of directors approved the issuance of 4,200,000 stock options to the Company’s officers and directors, and one consultant, at an exercise price of \$0.01. The options are subject to a vesting period of 25% immediately, 25% in two months, 25% in four months, and the final 25% in six months. The options are set to expire on August 14, 2023.

On August 14, 2020, the Company completed a non-brokered private placement of 22,200,000 units at \$0.008 per unit for total gross proceeds of \$185,000. Each unit consists of one common share and one half of one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at a price of \$0.017 for a period of three years. The Company paid a finder’s fee of 720,000 shares for a total value of \$6,000, for

certain subscribers of the private placement. In addition to the private placement, the Company settled \$150,000 in debt owing to Bryson Goodwin (CEO), by issuing Mr. Goodwin 18,000,000 units at a price of \$0.008 per unit. Each unit consists of one common share and one-half of one common shares purchase warrant with each whole warrant entitling the holder to purchase one common share at a price of \$0.017 for a period of three years.

On August 31, 2020, the Company signed a definitive agreement with IBS - Intelligent Battery Services Ltd. ("IBS") and Jiangsu RichPower New Energy Co. Ltd. ("RichPower") to acquire exclusive North and South American rights, as well as the European and African rights to a broad set of applied technologies and solutions for battery management systems, energy storage technology applications and battery safety applications. The Company agreed to pay \$1,000,000 in common shares for the license in the following installments:

- \$100,000 in common shares within five business days of the agreement of the first Marketing & Development plan;
- \$100,000 in common shares on the date that is four months after the agreement of the first Marketing & Development plan;
- \$200,000 in common shares on the date that is eight months after the agreement of the first Marketing & Development plan;
- \$200,000 in common shares on the date that is twelve months after the agreement of the first Marketing & Development plan;
- \$200,000 in common shares on the date that is sixteen months after the agreement of the first Marketing & Development plan; and
- \$200,000 in common shares on the date that is twenty months after the agreement of the first Marketing & Development.

On September 23, 2020 the name of the Company changed to Extreme Vehicle Battery Technologies Corp. from Global Elimate Capital Corp. The Company's shares are listed on the Canadian Securities Exchange under the symbol "ACDC" (formerly "GECC").

On September 29, 2020, the Company appointed Victor Hiu-Fai Ho to the board of the directors.

On October 6, 2020, the Company split its issued and outstanding shares on the basis of one (1) pre-split share for six (6) post-split shares. All share figures and references have been retroactively adjusted to reflect the share split.

On October 30, 2020, the Company announced that it had signed a marketing and development agreement with IBS – Intelligent Battery Services Ltd and Jiangsu RichPower New Energy Co. Ltd. On the same day, the Company paid \$100,000 by issuing 8,000,000 common shares at \$0.0125 per share to IBS – Intelligent Battery Services Ltd for part of the license acquisition fees.

On November 10, 2020, the Company signed an agreement to supply Squamish EcoVille Ltd. dba EcoVille Ltd. ("EcoVille") with energy storage system (ESS), and electric vehicle (EV) charging solutions for Eco Ville's carbon-neutral, self-sufficient eco-community. For further details, refer to the Company's news release dated November 12, 2020.

On November 18, 2020, the Company signed a letter of intent to form a joint venture with Hillcrest Petroleum Ltd. ("Hillcrest"). The purpose of the joint venture will be for each party to contribute their respective clean energy intellectual property, technology, specialized technical capability and develop and management to develop and commercialize scalable, smart, renewable energy management systems to service the rapidly growing electric vehicle and energy storage solutions (ESS) markets.

On December 30, 2020, the Company granted 300,000 stock options to a director, exercisable at \$0.05 for a period of three years. The option vested 25% in three months, 25% in six months, 25% in nine months and 25% in twelve months. Fair value of options vested in the year ended January 31, 2021 amounting to \$791 was recognized in the statement of loss and comprehensive loss.

On January 14, 2021, the Company incorporated Ionix Pro Battery Technologies Inc. (“Ionix”) as its wholly owned subsidiary, as a brand for its battery products.

On January 20, 2021, the Company appointed Taryn Stemp as Corporate Secretary.

On January 20, 2021, the Company announced that its subsidiary, Ionix, had signed an agreement with Innovative BC Design and Technologies Ltd. (“IBT”), to assist in the process of designing the Company’s battery products. As compensation for services, Ionix will grant IBT 5% of equity in Ionix for each successful product launch or joint venture agreement. As per the agreement, the Company will retain 100% ownership in Ionix until such time that its ownership falls below 50%. As at October 31, 2021, the Company holds 35% interest.

On February 5, 2021, the Company signed a partnership agreement (the “Daymak Agreement”) with Daymak Inc. (“Daymak”), Canada’s largest distributor of Light Electric Vehicles (LEVs). Pursuant to the Daymak Agreement, the parties intend for the Company to be the exclusive provider of batteries and battery packs to Daymak however, Daymak has the right to seek an alternative quote if Daymak and the Company cannot agree on commercial terms. Under the Daymak Agreement, Daymak has a right of first refusal to match the commercial terms of any competing bid for the supply of batteries and battery packs. The Daymak Agreement has a term of five years with an automatic renewal for successive one-year terms.

Pursuant to the Daymak Agreement, Daymak agreed to issue 360,000 options to the Company’s wholly-owned subsidiary Ionix Pro Battery Technologies Inc., at an exercise price of \$5.56 per common share. The Company agreed to issue 10,000,000 common share purchase warrants with an exercise price of \$0.20 per common share to Daymak.

On February 8, 2021, the board of directors approved directors’ fees of \$20,000 per annum, to be paid quarterly in the form of common shares of the Company. In addition to the directors’ fees, directors and / or officers will be entitled an additional \$5,000 per annum for serving on committees.

On March 5, 2021, the Company appointed Maryam Amin Shanjani as its CFO. As part of a signing bonus, the Company issued 300,000 common shares of the Company on March 31, 2021.

On October 20, 2021, Cedric Wilson and Tjalling DeJong resigned from their positions in the Company. The Company appointed Taryn Stemp to the board of directors the same day.

On October 22, 2021, the Company entered into a share exchange agreement to acquire CryptoPlug Technologies Inc., an entity developing a blockchain-based, crypto-compatible application for smartphones. On October 29, 2021, the Company issued 24,000,000 common shares at \$0.25 for total consideration of \$6,000,000 and exercised 100% ownership and control over the CryptoPlug as a wholly owned subsidiary.

As at October 31, 2021, the directors of the Company are Bryson Goodwin, Victor Hiu-Fai Ho and Taryn Stemp.

SUMMARY OF ANNUAL INFORMATION

The following table sets forth selected financial information of the Company which has been derived from the consolidated financial statements of the Company for the years ended January 31, 2021, 2020, and 2019.

	Year ended January 31, 2021	Year ended January 31, 2020	Year ended January 31, 2019
Total Revenue	\$Nil	\$20,066	\$77,286
Total Expenses	\$1,672,805	\$762,423	\$4,992,570
Net Loss – Continuing Operations	\$1,654,213	\$750,726	\$8,655,674
Net Loss – Discontinued Operations	\$Nil	\$Nil	\$Nil
Net Loss Per Share – Continuing Operations	\$0.01	\$0.01	\$1.07
Net Loss Per Share – Discontinued Operations	\$Nil	\$Nil	\$Nil
Total Assets	\$1,514,180	\$152,699	\$31,030

Total Long-term Financial Liabilities	\$441,920	\$Nil	\$Nil
Cash Dividends Declared per Share	\$Nil	\$Nil	\$Nil

During the year ended January 31, 2021, the net loss from continuing operations was \$1,654,213 (2020 - \$750,726). The increase in net loss is mainly attributable to an increase in consulting fees, salaries and wages and professional fees.

During the year ended January 31, 2020, the net loss from continuing operations was \$750,726 (2019 - \$8,655,674). The decrease in net loss is mainly attributable to a decrease in consulting fees and write-offs of goodwill.

SUMMARY OF QUARTERLY RESULTS

The following is selected financial information as prepared in Canadian dollars under International Financial Reporting Standards derived from the Company's most recently completed fiscal quarters since inception:

	October 31, 2021 \$	July 31, 2021 \$	April 30, 2021 \$	January 31, 2021 \$\$
Total Assets	10,440,142	3,550,327	3,505,222	1,514,180
Working Capital (Deficiency)	1,328,103	913,859	1,314,771	(1,748,253)
Revenue	-	-	-	-
Net Loss – Continuing Operations	(939,892)	(2,033,863)	(3,627,796)	(457,777)
Loss per Share – Continuing Operations	(0.00)	(0.01)	(0.01)	(0.00)
	October 31, 2020 \$	July 31, 2020 \$	April 30, 2020 \$	January 31, 2020 \$
Total Assets	1,248,278	290,486	552,732	152,699
Working Capital (Deficiency)	(1,378,776)	(872,961)	(774,425)	(1,308,768)
Revenue	-	-	-	(705)
Net Loss – Continuing Operations	(405,021)	(599,168)	(192,247)	(167,411)
Loss per Share – Continuing Operations	(0.00)	(0.00)	(0.00)	(0.00)

Factors causing significant variations in quarterly results are as follows:

During the three months ended January 31, 2020, the Company incurred a negative revenue (- \$705), which was due to the recoding of adjustments from prior periods. The Company also incurred operating expenses of \$158,337, comprised mainly of consulting fees of \$2,849, advertising expenses of \$23,575, professional fees of \$42,696, office and general expense of \$9,761 and salaries and wages of \$78,750.

During the three months ended April 30, 2020, the Company earned revenue of \$nil, and incurred operating expenses of \$257,919, comprised mainly of professional fees of \$57,584, advertising expense of \$22,500, office and general expense of \$14,900 and salaries and wages of \$150,000.

During the three months ended July 31, 2020, the Company earned revenue of \$nil, and incurred operating expenses of \$599,168, comprised mainly of marketing and advertising expense of \$375,750, professional fees of \$56,584, office and general expense of \$10,792 and salaries and wages of \$150,000.

During the three months ended October 31, 2020, the Company earned revenue of \$nil, and incurred operating expenses of \$405,021, comprised mainly of consulting fees of \$134,000, marketing and advertising expense of \$27,500, professional fees of \$127,156, share based compensation of \$24,098, office and general expense of \$17,324, and salaries and wages of \$75,000.

During the three months ended January 31, 2021, the Company earned revenue of \$nil, and incurred operating expenses of \$410,697, comprised mainly of consulting fees of \$85,087, marketing and advertising expense of

\$23,375, professional fees of \$89,619, share based compensation of \$18,922, office and general expense of \$20,939, and salaries and wages of \$135,000.

During the three months ended April 30, 2021, the Company earned revenue of \$nil, and incurred operating expenses of \$3,627,796, comprised mainly of consulting fees of \$518,500, marketing and advertising expense of \$2,832,396, professional fees of \$50,036, research and development \$83,606, office and general expense of \$27,728, management fees of \$27,500 and salaries and wages of \$60,000.

During the three months ended July 31, 2021, the Company earned revenue of \$nil, and incurred operating expenses of \$2,315,998 comprised mainly of consulting fees of \$144,000, marketing and advertising expense of \$1,718,626, professional fees of \$67,246, research and development \$244,558, office and general expense of \$64,523, management fees of \$27,500 and salaries and wages of \$20,000.

During the three months ended October 31, 2021, the Company earned revenue of \$nil, and incurred operating expenses of \$939,892 comprised mainly of consulting fees of \$67,000, marketing and advertising expense of \$1,077,205, professional fees of \$85,953, research and development \$244,558, and management fees of \$36,766. The research and development expense of \$328,164 and office and general admin of \$15,963 were reported negative due to making adjustments for removing Ionix from consolidation financial statements.

CASH AND WORKING CAPITAL

As at October 31, 2021, the Company had working capital of \$1,328,103. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company requires additional working capital to meet its primary business objectives over the next 12 months. Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the funding through future equity issuances and through short-term borrowing in order to fund ongoing operations and to meet its obligations. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

LIQUIDITY

As at October 31, 2021, the Company held assets totaling \$10,404,142 consisting of \$904,505 in cash, \$1,300,482 in accounts receivable, \$323,324 in GST/HST receivable, \$1,040,541 in deposits and prepaid expense, \$2 in short-term investments, and \$6,836,278 in intangible assets and goodwill.

As at October 31, 2021, the Company had total liabilities of \$2,286,139 comprised of \$1,532,465 of accounts payable and accrued liabilities, \$58,958 of due to related parties, \$44,723 of notes payable, \$600,000 payable for license acquisition, and \$4,332 income tax payable, and \$45,378 long-term liabilities related to government CEBA loan.

As at October 31, 2021, the Company had working capital of \$1,328,103 as compared to a deficit working capital of \$1,748,253 at January 31, 2020. During the nine months ended October 31, 2021, the Company was able to raise \$7,958,000 (2020 - \$750,000) from the issuance of shares through three private placements, \$1,829,916 from exercise of warrants (2020-\$nil), and \$10,500 from exercise of stock options(2020-\$nil).

Readers are cautioned that a number of factors beyond the control of the Company could result in the Company not being able to sustain its current position. Such factors could include adverse economic conditions, political and regulatory concerns and key individual staffing problems amongst others.

CAPITAL RESOURCES

Cash used in operating activities during the nine months ended October 31, 2021 totaled \$8,332,682(2020 – \$1,414,244), which was attributed to the loss during the year of \$6,883,124 (2020 – \$1,196,436) and the changes in the non-cash working capital items comprising an amortization of \$75,000 (2020 – \$nil), interest expense of \$4,307 (2020 – \$nil), share based compensation of \$7,611 (2020 – \$24,098), write-off of note payable of \$nil (2020 –

\$43,108), write-off of loan discount reserve of \$nil (2020 – \$22,564), a decrease in accounts payable of \$95,724 (2020 – \$838,690), a decrease of \$300,000 payable in share for license acquisition fees (2020 – \$nil), a decrease of \$124,500 payable in share for service fees (2020 – \$nil), a decrease of \$1,000,000 in accounts payable that was paid against warrant exercise fee of vendor, an increase in accounts receivable of \$1,236,482 (2020 – \$74,924), an increase in deposits and prepaid expenses of \$988,916 (2020 – \$100,000), and a decrease of \$557,967 (2020 – \$229,995) in due to related parties, a decrease of \$6,000,000 in acquisition of CryptoPlug Technologies Inc. in shares (2020 – \$nil).

Cash generated from financing activities during the nine months ended October 31, 2021 totaled \$8,798,416 (2020 – \$1,435,000). Which was attributed to proceeds from three private placements of \$6,957,999, from exercise of options of \$10,500, from exercise of warrants of \$1,829,917.

The Company defines capital as the components of shareholders' equity. The Company's objectives when managing capital are to support further advancement of the Company's business objectives, as well as to ensure that the Company is able to meet its financial obligations as they come due. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended January 31, 2021, the Company is not subject to externally imposed capital requirements.

The Company has not issued dividends to date and has no plans to pay dividends in the foreseeable future.

TRANSACTIONS WITH RELATED PARTIES

The Company has identified the directors and senior officers as key management personnel. The following table lists the compensation costs paid directly or to companies controlled by key management personnel for the nine months ended October 31, 2021, and 2020:

	October 31, 2021 \$	October 31, 2020 \$
Salaries accrued to CEO	-	225,000
Directors' fees accrued payable in share	59,511	-
Committees' fees accrued payable in share	22,255	-
Share based payment to CEO and Directors	7,611	-
	89,377	225,000

On January 22, 2020, the Company accepted the resignation of Robert Abenante as Chief Executive Officer, Interim Chief Financial Officer and Director. The Company appointed Bryson Goodwin as Chief Executive Officer, Interim Chief Financial Officer and Director the same day.

On September 29, 2020, the Company appointed Victor Hui-Fai Ho to the board of the directors.

On January 20, 2021, the Company appointed Taryn Stemp as its Corporate Secretary.

On February 8, 2021, the board of directors approved directors' fees of \$20,000 per annum, to be paid quarterly in the form of common shares of the Company. In addition to the directors' fees, directors and / or officers will be entitled an additional \$5,000 per annum for serving on committees.

On March 5, 2021, the Company appointed Maryam Amin Shanjani as its CFO. As part of a signing bonus, the Company issued 300,000 common shares of the Company on March 31, 2021.

On October 22, 2021, Cedric Wilson and Tjalling DeJong resigned from their positions in the Company. The Company appointed Taryn Stemp to the board of directors the same day.

As at October 31, 2021, the directors of the Company are Bryson Goodwin, Victor Hiu-Fai Ho, and Taryn Stemp.

During the nine months ended October 31, 2021, the Company accrued salaries and wages of \$nil (2020 - \$225,000) to CEO and Director of the Company.

During the nine months ended October 31, 2021, the Company accrued director's fees of \$59,511 for directors which will be payable in common shares of the Company.

During the nine months ended October 31, 2021, the Company accrued \$22,255 for fees for members of advisory and audit committees will be payable in common shares of the Company.

On August 13, 2020, the Company granted 3,900,000 stock options to related parties includes 2,700,000 to CEO and 1,200,000 to two directors (each 600,000), exercisable at \$0.01 for a period of three years. The option vested 25% upon grant day, 25% after 2 months, 25% after 4 months and 25% after 6 months. Fair value of options vested in the nine months ended October 31, 2021 amounting to \$583 (January 31, 2021-\$42,481) was recognized in the statement of loss and comprehensive loss.

On December 30, 2020, the Company granted 300,000 stock options to a director, exercisable at \$0.05 for a period of three years. The option vested 25% in three months, 25% in six months, 25% in nine months and 25% in twelve months. Fair value of options vested in the nine months ended October 31, 2021 amounting to \$6,975 (January 31, 2021 - \$1,656) was recognized in the statement of loss and comprehensive loss.

SHARE DATA

Capitalization as of October 31, 2021, and December 21, 2021:

The Company is authorized to issue an unlimited number of common shares.

The Company consolidated its issued and outstanding common shares on the basis of one post-consolidation share for each 10 pre-consolidation common shares on January 11, 2019. No fractional shares were issued. All fractional shares resulting from the consolidation were rounded up or down to the nearest whole number. All share figures and references were retroactively adjusted to reflect the share consolidation.

The Company has split its issued and outstanding common shares on the basis of one pre-split share for six post-split shares on October 6, 2020. All share figures and references have been retroactively adjusted to reflect the share split.

On February 11, 2020, the Company arranged a non-brokered private placement for total gross proceeds of up to \$750,000. On February 14, 2020, the Company closed the private placement of 150,000,000 units of the Company at \$0.005 per unit for gross proceeds of \$750,000. Each unit consisted of one common share and one common share purchase warrant with each warrant entitling the holder to purchase one common share at a price of \$0.008 for a period of three years.

On May 4, 2020, the Company arranged a non-brokered private placement for total gross proceeds of up to \$500,000. On May 29, the Company closed the private placement of 60,000,000 units of the Company at \$0.008 per unit for gross proceeds of \$500,000. Each unit consisted of one common share and one half of one common share purchase warrant with each warrant entitling the holder to purchase one common share at a price of \$0.017 for a period of three years.

On August 13, 2020, the board of directors approved the issuance of 4,200,000 stock options to the Company's officers and directors, and one consultant, at an exercise price of \$0.01. The options are subject to a vesting period of 25% immediately, 25% in two months, 25% in four months, and the final 25% in six months. The options are set to expire on August 14, 2023.

On August 14, 2020, the Company completed a non-brokered private placement of 22,200,000 units at \$0.008 per unit for total gross proceeds of \$185,000. Each unit consists of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at a price of \$0.017 for a period of three years. The Company paid a finder's fee of 720,000 shares for a total value of \$6,000, for certain subscribers of the private placement. In addition to the private placement, the Company settled \$150,000 in debt owing to Bryson Goodwin (CEO), by issuing Mr. Goodwin 3,000,000 units at a price of \$0.008 per unit. Each unit consists of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at a price of \$0.017 for a period of three years.

On October 30, 2020, the Company issued 8,000,000 common shares at \$0.0125 per share to IBS - Intelligent Battery Services Ltd. for part of the license acquisition fees.

On December 30, 2020, the Company granted 300,000 stock options to a director, at an exercise price of \$0.05. The options are subject to a vesting period of 25% in three months, 25% in six months, 25% in nine months, and 25% in twelve months. The options are set to expire on December 31, 2023. The fair value of the granted options was calculated as \$9,000 using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.3%, an expected life of options of three years, an expected volatility of 276%, and no expected dividends. The vested value for the period ended January 31, 2021 amounting to \$1,439 was recognized in the statement of loss and comprehensive loss.

On January 15, 2021, 450,000 stock options were exercised at an exercise price of \$0.01 per stock option for total proceeds of \$4,500 and fair value of \$4,500 which is allocated from reserve to share capital.

On February 1, 2021, the Company issued 4,095,000 shares for warrants were exercised at a price of \$ 0.01667 for total proceeds of \$68,250.

On February 11, 2021, the Company completed a non-brokered private placement of 15,000,000 units at \$0.20 per unit for total gross proceeds of \$3,000,000. Each unit consists of one common share and one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at a price of \$0.50 for a period of three years. The Company paid a finder's fee of 602,800 units for a total value of \$120,560, for certain subscribers of the private placement.

On February 17, 2021, 750,000 stock options were exercised at an exercise price of \$0.01 per stock option for total proceeds of \$7,500 and fair value of \$7,500 which is allocated from reserve to share capital.

On February 17, 2021, the Company issued 7,200,000 shares for the warrants exercised at an exercise price of \$ 0.01667 for total proceeds of \$120,000.

On February 22, 2021, the Company issued 15,000,000 shares for the warrants were exercised at an exercise price of \$ 0.01667 for total proceeds of \$250,000.

On March 15, 2021, the Company issued 217,392 common shares with the fair value of \$100,000 to IBS - Intelligent Battery Services Ltd. as second tranche of fees related to the license acquisition.

On March 31, 2021, the Company issued 300,000 common shares with the fair value of \$124,250 to the new CFO as part of signing bonus.

On April 1, 2021, the Company completed the first tranche of a non-brokered private placement of 6,296,000 units at \$0.50 per unit for total gross proceeds of \$3,148,000. Each unit consists of one common share and one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at a price of \$1 for a period of three years. The Company paid a finder's fee of \$42,000 cash and 84,000 warrants at an exercise price of \$0.50 for a period of three years, a total value of \$84,000, for certain subscribers of the private placement.

On April 19, 2021, the Company issued 10,000,000 shares for the warrants were exercised at an exercise price of \$0.0083 for total proceeds of \$83,333.

On May 25, 2021, the Company issued 10,000,000 common Share purchase warrants with an exercise price of \$0.20 for the period of 3 years to Daymak Inc. exercisable subject to a vesting schedule as follows:

- (a) 2,500,000 shall vest on September 25, 2021,
- (b) 2,500,000 shall vest on January 25, 2022
- (c) 2,000,000 shall vest on May 25, 2022
- (d) 3,000,000 shall vest on the earlier date of (i) September 25, 2022, or (ii) which the holder becomes a publicly traded company.

On October 22, 2021, the Company accelerated 2,500,000 of the warrants issued to Daymak, and Daymak exercised 5,000,000 warrants on October 25, 2021.

On June 9, 2021, the Company completed the second and final tranche of its non-brokered private placement of 10,000,000 units at \$0.50 per unit for total gross proceeds of \$5,000,000. The second tranche was compiled of 3,704,000 units for total proceeds of \$1,852,000. Each unit consists of one common share and one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at a price of \$1 for a period of three years.

On June 10, 2021, the Company issued 20,000,000 shares for the warrants were exercised at an exercise price of \$0.0083 for total proceeds of \$166,667.

On June 10, 2021, the Company issued 1,500,000 shares for the warrants were exercised at an exercise price of \$0.0167 for total proceeds of \$25,000.

On July 20, 2021, the Company issued 4,000,000 shares for the warrants were exercised at an exercise price of \$0.0083 for total proceeds of \$33,333.

On August 17, 2021, the Company issued 714,286 common shares at \$0.28 per share for total amount of \$200,000 to IBS - Intelligent Battery Services Ltd. as part of license acquisition fees.

On September 8, 2021, the Company issued 300,000 common shares for the stock options that were exercised at an exercise price of \$0.01 for total proceeds of \$3,000.

On October 6, 2021, the Company issued 9,999,996 shares for the warrants that were exercised at an exercise price of \$0.0083 for total proceeds of \$83,333.

On October 29, 2021, the Company issued 24,000,000 shares at \$0.25 per share for a deemed transaction value of \$6,000,000 as part of a share exchange agreement to acquire CryptoPlug Technologies Inc.

As at October 31, 2021 and December 30, 2021 there are 442,782,014 and 533,258,204 common shares issued and outstanding respectively.

Stock Options

As at October 31, 2021 and December 30, 2021, there are 2,950,000 and 2,950,000 stock options outstanding respectively.

Share Purchase Warrants

As at October 31, 2021 and December 30, 2021, there are 158,991,804 and 123,991,804 warrants outstanding respectively.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would require disclosure.

CRITICAL ACCOUNTING ESTIMATES

The Company's critical accounting estimates include the useful life and amortization of property and equipment and intangible assets, measurement of share-based payments, and deferred income tax asset valuation allowances. Estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

CHANGES IN ACCOUNTING POLICIES

The Company has adopted new accounting standard IFRS 9 - *Financial Instruments*, effective for annual periods beginning on or after February 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on transition date. The new standard brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 - *Financial instruments: recognition and measurement*. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The Company continues to classify and measure its financial instruments at fair value through profit or loss with changes in fair value recognized in profit or loss as they arise ("FVTPL"), unless restrictive criteria regarding the objective and contractual cash flows of the instrument are met for classifying and measuring at either amortized cost or fair value through other comprehensive income. Cash, and accounts receivable continue to be recorded at FVTPL. Accounts payable, amounts due to related parties, and notes payable are classified and measured as financial liabilities, initially at FVTPL, and subsequently at amortized cost using the effective interest rate method.

The Company has adopted new accounting standard IFRS 15 - *Revenue from Contracts with Customers*, effective for annual periods beginning on or after February 1, 2018 using the retrospective method of adoption. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The Company generates revenue from providing application programming interface ("API") services to its customers. The Company has reviewed its sources of revenue from providing API services using the guidance found in IFRS 15 and determined that there are no material changes to the timing and measurement of the Company's revenue from these sources as compared to the previous standards.

IFRS 16, Leases ("IFRS 16")

IFRS 16 was issued on January 13, 2016 and replaces the current guidance in IAS 17, *Leases* ("IAS17"). IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

Other 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 AND OTHER INSTRUMENTS

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management activities include the preservation of its capital by minimizing risk related to its cash. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee nor written risk management policies. The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at October 31, 2021, as follows:

	Fair Value Measurements Using			Balance, October 31, 2021
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$	\$	\$	\$
Cash	904,505	–	–	904,505

The fair values of other financial instruments, which include accounts receivable, short-term investment, accounts payable, notes payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable. The Company limits exposure to credit loss by placing its cash with high credit quality financial institutions. The Company performs ongoing credit evaluations, does not require collateral and establishes an allowance for doubtful accounts based on the age of the receivable and the specific identification of receivables the Company considers at risk. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure to currency risk from assets and liabilities denominated in US dollars. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management believes that the risk from fluctuations in foreign exchange rates is not significant.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash. The ability to do this relies on the Company

raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Liquidity risk is assessed as high.

(e) Classification of financial instruments

Financial assets and liabilities included in the consolidated statement of financial position are as follows:

	October 31, 2021 \$	January 31, 2021 \$
Financial assets classified as fair value through profit or loss:		
Cash	904,505	438,276
Deposit and prepaid expenses	1,040,541	51,625
Accounts receivable	1,300,482	64,000
GST/ HST receivable	323,334	
Non-derivative financial liabilities:		
Trade payables	1,532,465	1,136,741
Due to related parties	58,958	616,925
Notes payable	45,006	44,157
Income tax payable	4,332	4,332
Current liability on license acquisition fee	600,000	500,000
Long term liability on license acquisition fee	-	400,000
Loan Payable	45,378	41,920
	2,286,139	2,744,075

SUBSEQUENT EVENTS

On November 18, 2021, the Company issued 476,190 common shares at a price of \$0.20 per common share to NAI Interactive Ltd., as part of a debt settlement for a total value of \$100,000.

On November 22, 2021, the Company entered into a share exchange agreement to acquire Optimal CP Inc. ("Optimal"), a company focused on the development and management of crypto mining facilities. As compensation for the acquisition, the Company will issue 55,000,000 common shares at a price of \$0.25 per common share, to the shareholders of Optimal, for a deemed transaction value of \$13,750,000.

Subsequent to October 31, 2021, the Company issued 30,000,000 common shares pursuant to the exercise of warrants. The warrants were exercised at \$0.008 for total proceeds of \$250,000. Subsequent to October 31, 2021, the Company issued an additional 5,000,000 common shares pursuant to the exercise of warrants. The warrants were exercised at \$0.20 for total proceeds of \$1,000,000.

On December 8, 2021, the Company closed the acquisition of Optimal CP Inc., by issuing 55,000,000 common shares at a price of \$0.25 per common share to the shareholders of Optimal CP Inc., for a deemed transaction value of 55,000,000.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the nine months ended October 31, 2021, the Company generated revenue of \$nil from operations.

During the nine months ended October 31 2021, the Company incurred marketing and advertising expenses of \$5,628,227, professional fees of \$203,235, consulting fees of 729,500, office and general expense of \$76,288, management fees of \$76,288, and salaries and wages of \$80,000.

DISCLOSURE OF INTERNAL CONTROLS

In connection with National Instrument (“NI”) 52-109 (Certification of Disclosure in Issuer’s Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited consolidated financial statements and respective accompanying Management’s Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

IMPACT OF THE COVID-19 PANDEMIC

On January 30, 2020, the World Health Organization (“WHO”) declared a Public Health Emergency of International Concern resulting from an outbreak of pneumonia cases from an unknown cause which originated in Wuhan, China. Over a week later, on February 11, 2020, the WHO then announced a name for this new disease called the coronavirus (“COVID 19”). And on March 11, 2020, the WHO declared COVID 19 to be a global pandemic and a worldwide health concern to all of humanity. As a result, governing countries and their leaders around the world acted to mitigate the spread of this virus by restricting travel, testing and quarantining symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting residents to stay inside their homes. These measures have had a direct impact on the global and Canadian economy.

The Canadian government acted by testing and treating symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting the community to stay inside their homes. Due to these measures taken, many businesses were forced to lay off staff, postpone contracts and work, request financial relief and defer payments to their financial lenders, landlords and stakeholders and to close their businesses altogether. The Federal government also responded by extending tax filing and payment deadlines and made available a wage subsidy to qualifying businesses to help provide some relief during this challenging time.

It is uncertain how long these COVID 19 conditions will last and what economic impact they will have on the company’s business, ongoing cash flows and its ability to continue as a going concern.

RISK FACTORS

The Company is substantially dependant on its Technology Partnership Agreement with Daymak.

The Company’s Technology Partnership Agreement with Daymak International Inc. (“Daymak”) is a material agreement for the Company. The Company’s potential revenue is substantially dependent on Daymak successfully completing and selling its Avvenire products within the next 24 months. If Daymak is not able to successfully complete the projected sales of its Avvenire products in the next 24 months or if Daymak does successfully complete its Avvenire projected sales by such date but does exclusively purchase the Ionix Lithium-Ion battery packs from the Company, then there will be a material adverse effect on the business, results of operations and financial condition of the Company.

There is no assurance that the Company will be successful in achieving potential revenue from sales to Daymak and the likelihood of success must be considered in light of the Company’s early stage of operations.

There is no assurance that we will be able to produce or generate and fulfill orders for large quantities of our products.

The Company may not be able to establish anticipated levels of high-volume production on a timely, cost-effective basis, or at all. It has never manufactured batteries in substantially large quantities and it may not be able to maintain future commercial production at planned levels. As a result of the risks discussed within this MD&A, among others, the Company may not be able to generate or fulfill new sales orders or deliver them in a timely manner, which could have a material effect on its business and results of operations.

Our ability to generate positive cash flow is uncertain.

To rapidly develop and expand our business, we have made significant up-front investments in our manufacturing capacity and incurred research and development, sales and marketing and general and administrative expenses. We have had negative cash flow in multiple fiscal periods in our recent history and we may continue to have negative cash flow in the future as we continue to incur debt service costs, increased research and development, sales and marketing, and general and administrative expenses, as well as acquisition expenses. Our business will continue to require significant amounts of working capital to support our growth. Therefore, we may not achieve sufficient revenue growth to generate positive future cash flow and may need to raise additional capital from investors or other finance sources to achieve our future growth. An inability to generate positive cash flow for the foreseeable future or raise additional capital on reasonable terms may decrease our viability.

Our failure to raise additional capital necessary to expand our operations and invest in our products and manufacturing facilities could reduce our ability to compete successfully.

We regularly require additional capital, and we may not be able to obtain additional debt or equity financing on favorable terms, if at all. If we raise additional equity financing, our shareholders may experience significant dilution of their ownership interests, and the per-share value of our common shares could decline. If we engage in debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness and force us to maintain specified liquidity or other ratios. We also seek Canadian and U.S. federal, provincial and state grants, loans and tax incentives, some of which we intend to use to expand our operations. We may not be successful in obtaining these funds or incentives. If we need additional capital and cannot raise or otherwise obtain it on acceptable terms, we may not be able to, among other things:

- develop or enhance our products or introduce new products;
- continue to expand our development, sales and marketing and general and administrative organizations and manufacturing operations;
- attract top-tier companies as customers or as our technology and product development partners;
- acquire complementary technologies, products or businesses;
- expand our operations, in Canada, U.S., or internationally;
- expand and maintain our manufacturing capacity;
- hire, train and retain employees;
- respond to competitive pressures or unanticipated working capital requirements; or
- continue as a going concern.

We expect to manufacture a complex product including components from various suppliers. Failures in components or the finished product could result in product recalls, and rework of the product could lead to claims and additional costs. Our products carry warranties, and this exposes us to undeterminable cost should product failure occur.

While we have in place quality controls for ourselves and our suppliers, there is no assurance that a fault will not occur occasionally. As such there is a risk of a warranty claim and recall of products that could have a negative effect on our business and results of operations.

Our principal competitors have, and any future competitors may have, greater financial and marketing resources than we do, and may develop batteries or other technologies similar or superior to ours or otherwise compete more successfully than we do.

Competition in the battery industry is intense. The industry consists of major domestic and international companies, most of which have existing relationships in the markets into which we sell as well as financial, technical, marketing, sales, manufacturing, scaling capacity, distribution and other resources, and name recognition substantially greater than ours. With respect to large energy storage systems specifically, this is a relatively new product offering for the Company, and competition for sales of such products includes both battery companies listed elsewhere and large multinational companies such as General Electric, Siemens, and Hitachi, and the Company may not be able to compete with such entities due to inability to match scale, expertise, geographical reach, or other factors. These companies may develop batteries or other technologies that perform as well as or better than our batteries, activities

into which the Company has limited knowledge and visibility. We believe that our primary battery competitors are existing suppliers of cylindrical lithium-ion, nickel cadmium, nickel metal-hydride and in some cases, nonstarting/lighting/ignition lead-acid batteries. Potential customers may choose to do business with our more established competitors, because of their perception that our competitors are more stable, are more likely to complete various projects, can scale operations more quickly, have greater manufacturing capacity, are more likely to continue as a going concern, and may lend greater credibility to any joint venture. If we are unable to compete successfully against manufacturers of other batteries or technologies in any of our targeted applications, our business could suffer, and we could lose or be unable to gain market share.

The demand for batteries for transportation and in other markets depends on the continuation of current trends resulting from dependence on fossil fuels. Extended periods of low gasoline prices could adversely affect demand for electric and hybrid-electric vehicles.

We believe that much of the present and projected demand for advanced batteries in the transportation and other markets results from the price of oil, the dependency of the United States on oil from unstable or hostile countries, government regulations and economic incentives promoting fuel efficiency and alternate forms of energy, as well as the belief that climate change results in part from the burning of fossil fuels. If the cost of oil decreased significantly, the outlook for the long-term supply of oil to the United States improved, the government eliminated or modified its regulations or economic incentives related to fuel efficiency and alternate forms of energy, or if there is a change in the perception that the burning of fossil fuels negatively impacts the environment, the demand for our batteries could be reduced, and our business and revenue may be harmed.

Gasoline prices have been volatile, and this continuing volatility is expected to persist. Lower gasoline prices over extended periods of time may lower the perception in government and the private sector that cheaper, more readily available energy alternatives should be developed and produced. If gasoline prices remain at deflated levels for extended periods of time, the demand for hybrid and electric vehicles may decrease, which would have an adverse effect on our business. In recent years gasoline prices have decreased significantly and it is possible that this price deflation will continue for a long period of time and have a material adverse effect on the Company's business.

From time to time, the Company may enter into contracts or other arrangements with customers, and may disclose estimates of future sales and revenue associated with such contracts or arrangements. Contracts with our customers typically do not provide for firm price or volume commitments, or "take or pay" arrangements with respect to product orders. As a result, our business development and partnering efforts may fail to generate revenue in meaningful amounts, or at all, and actual revenue generated from any such contracts may be materially less than estimated and announced.

From time to time, the Company will negotiate sales or supply contracts for its products. Typically, such contracts provide for a master framework for sales to a customer under which product will be sold pursuant to purchase orders, but without any minimum volumes or other purchase or payment obligations under the contract. Therefore, the Company is subject to the requirements of such customer as to if, as, when, and in what volume they wish to ultimately purchase product.

From time to time, the Company may estimate future revenue expectations based on forecasts for orders during the life of such contract provided to the Company by the customers and may announce such expectations publicly. However, execution of the orders remains solely in the discretion of the customers. Accordingly, the Company's actual revenues under any contract or other customer arrangement could be materially less than initially estimated or announced. Any such customer order forecasts constitute forward-looking information of the customer, and the Company does not have knowledge of the material factors or assumptions used by the customers to develop the order forecasts and cannot assess their reliability. The Company also does not have the ability to monitor the performance of the customers' business in order to confirm that the volumes initially represented by them in any forecasts remain valid. If such forecasts do not remain valid, or if firm irrevocable orders are not obtained, the Company's potential estimated revenues could be materially and adversely impacted, which could have a material effect on its business and results of operations.

The actual results of the Company may differ materially from the expected results announced based on arrangements with customers that are not definitive agreements. The Company may not be able to fulfill certain requirements of customer arrangements.

From time to time, the Company may enter into and announce understandings or other arrangements other than contracts with customers. Any understandings or other arrangements may be subject to additional risks including that the arrangements may still be subject to negotiation and there is no assurance a definitive agreement will be reached, or that if such agreement is reached, such agreement will be on the same terms as disclosed in the understanding. For example, product specifications may not yet have been agreed to and therefore a definitive agreement cannot be entered into, nor deliveries commenced until product specifications are agreed and a definitive arrangement is signed. Any definitive agreement with a customer, if entered into at all, may be on terms materially different than as disclosed in any announcement of an understanding or other arrangement that is not a definitive agreement. The actual results of the Company's business may be materially different than as expected pursuant to any understanding that is not a definitive agreement, therefore undue reliance should not be placed on any agreement that is not a definitive agreement.

The Company occasionally receives purchase orders that contain a series of milestones or deliverables, all or a portion of which may need to be completed in serial fashion before each subsequent activity and revenue generating milestones can be achieved. If each required milestone is not achieved, the entire amount of the purchase order may not be realized.

The ongoing global COVID-19 pandemic may have significant and far-reaching negative effects on our operations and our customers.

The ongoing COVID-19 global pandemic has created a number of risks in the Company's business. The efficiency of the Company's day-to-day operations may be impacted negatively by the need for physical separation and increased sanitation. Employees may be affected in their ability to travel on public transit or otherwise work due to safety fears or may be subjected to lockdowns or quarantines. Any exposure to the virus could result in shutdowns to operations. The virus also disrupted our global supply chain, as lockdowns in many countries may affect some of our suppliers' ability to produce needed components. These supply constraints and increases in shipping costs may in turn result in increased component costs to the Company. Transport of our products both domestically and across international borders may be affected by the impact of COVID-19 on workers in the transportation industry, and border closures or other travel restrictions. COVID-19 may also more generally affect corporate earnings and cause a global recession which may affect consumer confidence and indirectly our clients' business volumes, which may affect the Company's targeted sales and business objectives.

We may not be able to successfully recruit and retain skilled employees, particularly scientific technical and management professionals.

We believe that our future success will depend in large part on our ability to attract and retain highly skilled technical, managerial and marketing personnel who are familiar with our key customers and experienced in the battery industry. Industry demand for such employees, especially employees with experience in battery chemistry and battery manufacturing processes, exceeds the number of personnel available, and the competition for attracting and retaining these employees is intense. This competition will intensify if the advanced battery market continues to grow, possibly requiring increases in compensation for current employees over time. We compete in the market for personnel against numerous companies, including larger, more established competitors who have significantly greater financial resources than we do and may be in a better financial position to offer higher compensation packages to attract and retain human capital. We cannot be certain that we will be successful in attracting and retaining the skilled personnel necessary to operate our business effectively in the future. Because of the highly technical nature of our batteries and battery systems, the loss of any significant number of our existing engineering and project management personnel could have a material adverse effect on our business and operating results.

Our working capital requirements involve estimates based on demand expectations and may decrease or increase beyond those currently anticipated, which could harm our operating results and financial condition.

In order to fulfill the product delivery requirements of our customers, we plan for working capital needs in advance of customer orders. As a result, we base our funding and inventory decisions on estimates of future demand. If demand for our products does not increase as quickly as we have estimated or drops off sharply, our inventory and expenses could rise, and our business and operating results could suffer. Alternatively, if we experience sales in excess of our estimates, our working capital needs may be higher than those currently anticipated. Our ability to meet this excess customer demand depends on our ability to arrange for additional financing for any ongoing working capital shortages, since it is likely that cash flow from sales will lag behind these investment requirements. *Laws regulating the manufacture or transportation of batteries may be enacted which could result in a delay in the production of our batteries or the imposition of additional costs that could harm our ability to be profitable.*

Laws and regulations exist today, and additional laws and regulations may be enacted in the future, which impose environmental, health and safety controls on the storage, use and disposal of certain chemicals and metals used in the manufacture of lithium-ion batteries. Complying with any laws or regulations could require significant time and resources from our technical staff and possible redesign of one or more of our products, which may result in substantial expenditures and delays in the production of one or more of our products, all of which could harm our business and reduce our future profitability. The transportation of lithium and lithium-ion batteries is regulated both domestically and internationally. Compliance with these regulations, when applicable, increases the cost of producing and delivering our products.

The Company does not have a collaborative partner to assist it in the development of its batteries, which may limit its ability to develop and commercialize its products on a timely basis.

The Company believes that the formation of strategic partnerships, such as with Daymak, will be critical for the Company to meet its business objectives. It will continue to seek arrangements with potential partners to mitigate development and commercialization risks going forward, balanced by its objective to maximize market share and penetration by not entering into exclusivity arrangements with a single partner.

The Company expects to continue to incur significant costs and invest considerable resources designing and testing batteries for use with, or incorporation into, specific products, which may not translate into revenue for long periods of time, or ever.

The development by the Company of new applications for its rechargeable batteries is a complex and time-consuming process. New battery designs and enhancements to existing battery models can require long development and testing periods. Significant delays in new product releases or significant problems in creating new products could negatively impact the Company's revenues. Significant revenue from these investments may not be achieved for a number of years, if at all. Moreover, these applications may never be profitable and even if they are profitable, operating margins may be low.

We depend on contract manufacturing with many risks

There are many risks associated with contract manufacturing. There could be trade wars and associated tariffs which could make contract manufacturing too expensive to operate. Our intellectual property is more difficult to control in contract manufacturing. Contract manufacturing could lead to products with inferior qualities, especially as we will have to depend on the quality practises of the contract manufacturer. There is also potential loss of control of the supply chain, potential supplier credit risk, and third-party product and financial liability.

Our products depend on intellectual property, which may be subject to challenge or failures to adequately protect it.

Our success depends, in part, on our ability to protect our proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that we use to manufacture and sell our products, including but not limited to our Marketing and Development Agreement with Jiangsu RichPower New Energy Co. Ltd. and IBS – Intelligent Battery Services Ltd. If we fail to protect our proprietary technology, we may lose any competitive advantage it provides. Others may claim that the Company's products infringe on their intellectual property rights,

which could result in significant expenses for litigation, developing new technology or licensing existing technologies from third parties. If we are unable to maintain registration of our trademarks, or if our trademarks or trade name are found to violate the rights of others, the Company may have to change its trademarks or name and lose any associated goodwill.

We have had a history of losses, and we may be unable to achieve or sustain profitability.

We have never been profitable on an annual basis. We expect to incur expenses as we continue to develop and expand our business and our manufacturing capacity. We may incur significant losses in the future for a number of reasons, including the risks described in this MD&A, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown events. Accordingly, we may not be able to achieve or maintain profitability.

The Company expects to manufacture products which can become hazardous in some circumstances.

The Company is exposed to certain risks as a result of being in an industry that manufactures devices or products containing energy. All lithium-ion polymer batteries can become hazardous under some circumstances. In the event of a short circuit or other physical, electrical or thermal damage to these batteries, chemical reactions may occur that release excess heat or gases, which could create dangerous situations, including fire, explosions and releases of toxic fumes. The Company's batteries may emit smoke, catch fire or emit gas, any of which may expose the Company to product liability litigation. In addition, these batteries incorporate potentially hazardous materials, which may require special handling, and safety problems may develop in the future. Product failure or improper use of lithium-ion polymer battery products, such as the improper management of the charging/discharging system, may also result in dangerous situations. The identification of any health or safety concerns could affect the Company's reputation and sales. Changes in environmental or other regulations affecting the manufacture, transportation or sale of the Company's products could also adversely affect the Company's ability to manufacture or sell its products or result in increased costs or liability.

The Company may be required to devote significant financial and management resources to processing and remedying warranty claims. If product liability issues arise, the Company could incur significant expenses and suffer damage to its reputation and the market acceptance of its products.

Our sales volume is not assured, and we depend on a limited number of customers for a significant portion of our sales.

The Company expects to continue to sell its products directly to corporate customers, but if these parties do not purchase these products or purchase them in lower quantities or over longer time periods than expected, the Company's revenue profile and cash flows may be severely affected. The Company continues to rely upon a limited number of customers for a significant portion of its sales and the loss of any customer could have a material adverse effect on its sales and operating results and make it more difficult to attract and retain other customers.

If overall market demand for the Company's products and clean energy sources declines significantly, and consumer and corporate spending for such products declines, the Company's revenue growth will be adversely affected. Additionally, the Company's revenues would be unfavorably impacted if customers reduce their purchases of new products or upgrades to the Company's existing product lineup if such new offerings are not perceived to add significant new functionality or other value to prospective purchasers.

The Company depends on the supply of certain raw materials and components for the manufacture of anodes, cathode and separators, the supply of which is beyond our control. Such raw materials, especially lithium salts may be in short supply. As demand for lithium-ion batteries escalates there could be significant raw material shortages and the company may be unable to produce or deliver products to its customers or meet its cost targets due to escalation of prices of its raw materials.

Lithium salts have escalated in price as the demand for lithium-ion batteries increases, and the development of additional lithium salt supply to meet demand is not assured. In addition, the Company's battery management systems contain electronics and micro-chips. Prices for raw materials critical to the Company's products could continue to escalate, and the price and delivery of electronic components and micro-chips can have high volatility. If the Company is unable to source critical raw materials and components in a cost-effective manner or at all, the Company may not be able to produce its products in the anticipated volume or at all, or charge a competitive price for its products, which could have a material adverse effect on its business and results of operations. Contract manufacturing reduces some of these risks to the Company and moves it to the contract manufacturer.

The Definitive Agreements between the Company and its customers are subject to risks.

The definitive agreements between the Company and its customers (collectively the "Contracts") are subject to a number of risks, including: (i) no sales are assured under the Contracts and no firm irrevocable commitments have been obtained by the Company under the Contracts or if firm irrevocable commitments are obtained the customer may not honour such commitments or may seek to re-negotiate or defer such commitments; (ii) most of the Contracts do not provide for a minimum contracted volume, and therefore, the Company is subject to the requirements of its customers as to if, as and when and in what volume they wish to ultimately purchase; (iii) the Company's estimation of revenue is calculated based on the expectations and forecasts for orders during the life of the contract provided to the Company by the customers (the "Estimates") which orders are solely at the discretion of the customers - accordingly the actual revenues of the Company under the Contracts could be materially less than initially estimated as the Contracts are not, unless otherwise disclosed by the Company, "take or pay" nor do they provide for a minimum contracted volume; (iv) the Estimates constitute forward-looking information and the Company does not have knowledge of (X) the material factors or assumptions used by the customers to develop the Estimates or of their reliability, or (Y) the ability to monitor the performance of the business of the customers in order to confirm that the volumes initially represented by them in the Estimates remain valid; and (v) if the Estimates do not remain valid, or if firm irrevocable orders are not obtained, the potential estimated revenues of the Company could be materially and adversely impacted.

Letters of Intent and Memoranda of Understanding Entered into by the Company are non-binding and no definitive agreements may be executed.

Non-binding Memorandum of Understandings ("MoUs") entered into by the Company are subject to a number of risks including: (i) the arrangements are still in the negotiation phase and there is no assurance a definitive agreement will be reached or if reached, such agreement will be on the same terms as disclosed in the MoU, (ii) product specifications have not yet been agreed and thus the Company cannot enter into a definitive agreement nor commence deliveries until the product specifications are agreed and a definitive arrangement is signed; (iii) no sales are assured under the MoUs and no firm irrevocable commitments have been obtained from the potential customer; and (iv) the MoUs and any definitive agreement entered into in furtherance thereof, may be subject to the same risk factors as the Contracts.

We outsource certain production items, which may pose associated risks to our business.

The Company outsources certain production items in the normal course of its operations. Outsourcing has inherent risks, including the lack of application of internal quality assurance processes, potential loss of control of the supply chain, potential supplier credit risk, and third-party product and financial liability.

Our strategic plan includes growth, which it may not be able to manage effectively.

If the Company fails to manage growth successfully, it could experience delays, cost overruns or other problems. Similarly, the Company is in a specialized industry where qualified, key personnel may be difficult to retain or replace on a cost-effective basis.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our shares adversely, our share price and trading volume could decline.

The trading market for our common shares will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our shares adversely, or provide more favorable relative recommendations about our competitors, our share price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline.

Our share price may be volatile

The market price of our common shares could be subject to significant fluctuations, and it may decline below the price at which you purchased it. Market prices for securities of early-stage companies have historically been particularly volatile. As a result of this volatility, you may not be able to sell your common shares at or above the price you paid. Some of the factors that may cause the market price of our common shares to fluctuate include:

- fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- fluctuations in our recorded revenue, even during periods of significant sales order activity;
- changes in estimates of our future financial results or recommendations by securities analysts;
- failure of any of our products to achieve or maintain market acceptance;
- product liability issues involving our products or our competitors' products;
- changes in market valuations of similar companies;
- success of competitive products or technologies;
- changes in our capital structure, such as future issuances of securities or the incurrence of debt;
- announcements by us or our competitors of significant services, contracts, acquisitions or strategic alliances;
- regulatory developments in Canada, the United States or foreign countries;
- litigation involving us, our general industry or both;
- additions or departures of key personnel;
- investors' general perception of us and our business; and
- changes in general economic industry and market conditions.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common shares could decline for reasons unrelated to our business, financial condition or results of operations. The occurrence of any of the foregoing, without limitation, could cause the trading price of our shares to fall and may expose us to class action lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

We do not expect to declare any dividends in the foreseeable future.

We do not anticipate declaring any cash dividends to holders of our common shares in the foreseeable future. Consequently, investors may need to rely on sales of their common shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common shares.

Adverse business or financial conditions affecting the electromotive and energy storage industries may have a material adverse effect on our development and marketing partners and our battery business.

Our financial results may vary significantly from period-to-period due to the long and unpredictable sales cycles for some of our products and changes in the mix of products we sell during a period, which may lead to volatility in our operating results and share price.

Much of our business depends on and is directly affected by the general economic state of Canada and the United States and the global energy storage industry. Possible effects could include reduced spending on alternative energy systems, a delay in the introduction of new, or the cancellation of new and existing, hybrid and electric vehicles and

programs, and a delay in the conversion of existing batteries to lithium-ion batteries, each of which would have a material adverse effect on our business.

The size and timing of our revenue from sales to our customers is difficult to predict and is market dependent. Our sales efforts often require us to educate our customers about the use and benefits of our products, including their technical and performance characteristics. Customers typically undertake a significant evaluation process that has in the past resulted in a lengthy sales cycle for us, typically many months. In some markets such as the transportation market, there is usually a significant lag time between the design phase and commercial production. We spend substantial amounts of time and money on our sales efforts and there is no assurance that these investments will produce any sales within expected time frames or at all. Given the potentially large size of battery development and supply contracts, the loss of or delay in the signing of a contract or a customer order could reduce significantly our revenue in any period. Since most of our operating and capital expenses are incurred based on the estimated number of design wins and their timing, they are difficult to adjust in the short term. As a result, if our revenue falls below our expectations or is delayed in any period, we may not be able to reduce proportionately our operating expenses or manufacturing costs for that period, and any reduction of manufacturing capacity could have long-term implications on our ability to accommodate future demand.

Our profitability from period-to-period may also vary significantly due to the mix of products that we sell in different periods. As we expand our business, we expect to sell new battery and battery system products into new markets and applications. These products are likely to have different cost profiles and will be sold into markets governed by different business dynamics. Consequently, sales of individual products may not necessarily be consistent across periods, which could affect product mix and cause revenues and profit or loss to vary significantly.

As a result of these factors, we believe that quarter-to-quarter comparisons of our operating results are not meaningful in every circumstance and that these comparisons cannot be relied upon as indicators of future performance. Moreover, our operating results may not meet expectations of equity research analysts or investors. If this occurs, the trading price of our common shares could fall substantially either suddenly or over time.

We are dependent upon customers who manufacture their own finished products for our sales, and the actions and risks affecting these customers may also affect us, which risks we may not be able to effectively mitigate.

To be commercially useful, battery products must be integrated into products manufactured by customers, such as original equipment manufacturers (“OEMs”). We can offer no guarantee that such customers will manufacture appropriate, durable or safe products incorporating our products. Any integration, design, manufacturing or marketing problems encountered by such OEMs could adversely affect our reputation and therefore the market for our products and our financial results. The Company does not have visibility into the operating and business processes of its customers.