THE ENGINE DRIVING ZERO-EMISSIONS

LOOP ENERGY INC.

Annual Information Form

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

DATED MARCH 28, 2023

LOOP ENERGY INC.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

TABLE OF CONTENTS

INTRODUCTORY NOTES

Date of Information

In this Annual Information Form (the "**AIF**"), unless the content otherwise requires, references to the "Company", "Loop" "we", "us" and "our" refer to Loop Energy Inc. Unless the context otherwise requirements, all information in this AIF is as at December 31, 2022, with subsequent events disclosed to March 28, 2023.

About this Annual Information Form

The information provided in this AIF is supplemented by disclosure contained in the documents listed below. These documents must be read together with this AIF. The documents listed below are not contained within or attached to this document. The documents below have been posted to SEDAR on March 29, 2023 and may be viewed by the reader on the SEDAR website at www.sedar.com.

Document	Period End Date	Filing Date
Audited Consolidated Financial Statements	December 31, 2022	March 29, 2023
Management Discussion and Analysis	December 31, 2022	March 29, 2023

Currency

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Cautionary Note Regarding Forward-Looking Statements

This AIF contains certain "forward-looking statements" within the meaning of Canadian securities legislation that involve risks, uncertainties and assumptions and relate to the Company's current expectations and views of future events. In certain cases, these forward-looking statements can be identified by words or phrases such as "forecast", "target", "goal", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "project", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to the Company's financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, plans and objectives. Particularly, statements regarding the Company's expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information, including:

- our future growth prospects, business outlook, the expected demand for our products and the planned growth of our customer base, including our operations in China and our ability to meet localized requirements in China;

- our ability to secure future firm order commitments or develop further market opportunities under existing and future customer and/or partner agreements, including without limitation, collaboration agreements, joint market development agreements, strategic cooperation agreements, memorandums of understanding and supply agreements;

- expected completion dates for potential material transactions with customers, suppliers and other third parties;

- the timing of expected integration, testing and commissioning of our products in customer vehicles or other customer applications;

- our ability to assist customers with access to convenient and cost-effective hydrogen solutions;

- our expected manufacturing capacity and production capability;

- the expected rollout and timing of our planned field deployment of our next generation 120 kW to 240 kW fuel cell stacks and the belief that the larger e-flow plate will result in significant cost reductions;

- the potential for in-house manufacturing of certain components used in the production of our products;

- the expected shift in our focus from production of fuel cell modules to fuel cell stacks at some point in the future;

- our anticipated completion of milestones with Sustainable Development Technology Canada and receipt of associated grant funds;

- our belief that zero emission vehicles are one of the only viable options for a sustainable future and that fuel cell systems (combined with Lithium-ion batteries) will meet the requirements of the majority of fuel cell operators;

- the expected growth in demand for fuel cells for the light to medium commercial transportation market in the near to mid term;

- the expected growth in demand for fuel cells in the stationary power and heavy-duty commercial transportation markets in the mid to long term;

- our belief that the Company has superior fuel cell systems when compared to those of our competitors and that we will become a market leader in the commercial vehicle sector over time;

- our view that our systems have leading fuel efficiency, higher durability, and increased power capabilities;

- our expectation that we will be granted all patents we have applied for and our ability to adequately protect our intellectual property now and in the future;

- our ability meet manufacturing cost reduction targets;

- the realization of electrification of transportation, elimination of diesel fuel and ongoing government support of such developments;

- our belief that zero emission vehicles are one of the only viable options for a sustainable future; and

- the extent of the disruption to and/or adverse impact on our business, operation results and financial condition as a result of the COVID-19 pandemic or the war between Russia and the Ukraine.

Forward-looking statements are based on certain assumptions and analyses made by the Company based upon management's experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate. Although the Company believes that the assumptions underlying these statements are reasonable, if any of the assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those anticipated in those forward-looking statements and there can be no assurance that actual results will be consistent with these forward-looking statements. Material assumptions underlying forward-looking statements in this AIF include future expectations and assumptions regarding:

- the demand for, and supply of, hydrogen fuel cells for the commercial mobility and stationary power markets;
- the realization of electrification of transportation, elimination of diesel fuel and ongoing government support of such developments;
- our ability to manufacture and deliver our products on time to meet customer requirements;
- the timely availability of key equipment and components required in the manufacture of our products;
- the availability of sufficient skilled human resources and financial capital required to meet our sales, product development and production growth aspirations;
- our ability to meet manufacturing cost reduction targets and potential synergies and economies of scale that will drive such reductions;
- our ability to build a diversified customer base and progress customers through our Customer Adoption Cycle (defined below) in a timely manner;
- the fuel efficiency, higher durability, and increased power capabilities of our products;
- our expectation that eFlow™-equipped fuel cells will continue to offer performance improvements over time;
- the sound basis for all of our current patent applications;
- our ability to secure adequate financing to implement our business plan and strategy; and
- the extent of the disruption to and/or adverse impact on our business, operation results and financial condition as a result of existing and unforeseen future global events, including without limitation the COVID-19 pandemic and the war between Russia and the Ukraine.

In addition, forward-looking-statements, by their nature, involve risks and uncertainties. Certain of these risks are described under the heading "*Risk Factors*" in this document and under the heading "*Risk and Uncertainties*" in the Company's Management Discussion and Analysis dated March 28, 2023 (the "MD&A"), which factors should not be considered exhaustive and should be read together with other cautionary statements in this AIF. In particular, the Company may not be able to obtain the financing required to fund its capital requirements when required on favourable terms or at all. If the Company cannot raise additional funds, it may not be able to meet its obligations as they come due or otherwise fund its capital requirements, further business development may be delayed, the Company may lose clients and its sales and growth may be limited.

Given these risks, uncertainties and assumptions, readers should not place undue reliance on forward-looking statements and the Company cautions readers that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by forward-looking statements contained in this AIF. In addition, even if the Company's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this AIF, those results or developments may not be indicative of results or developments in subsequent periods. Any forward-looking statement that is made in this AIF speaks only as of the date of such statement, and the Company undertakes no obligation to update any forward-looking statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

CORPORATE STRUCTURE

Name, Address, and Incorporation

The Company was incorporated on June 21, 2000 under the Business Corporations Act (British Columbia) (the "BCBCA") with the name "PowerDisc Development Corporation Ltd.". The Company changed its name to "Loop Energy Inc." on December 15, 2015.

Prior to closing its initial public offering (the "IPO") on February 25, 2021, the Company undertook a reorganization pursuant to which, among other things, the Company amalgamated with certain of its subsidiaries and simplified its capital structure so that its authorized share capital consists solely of an unlimited number of Common Shares (the "Common Shares").

The Company's head office is located at:

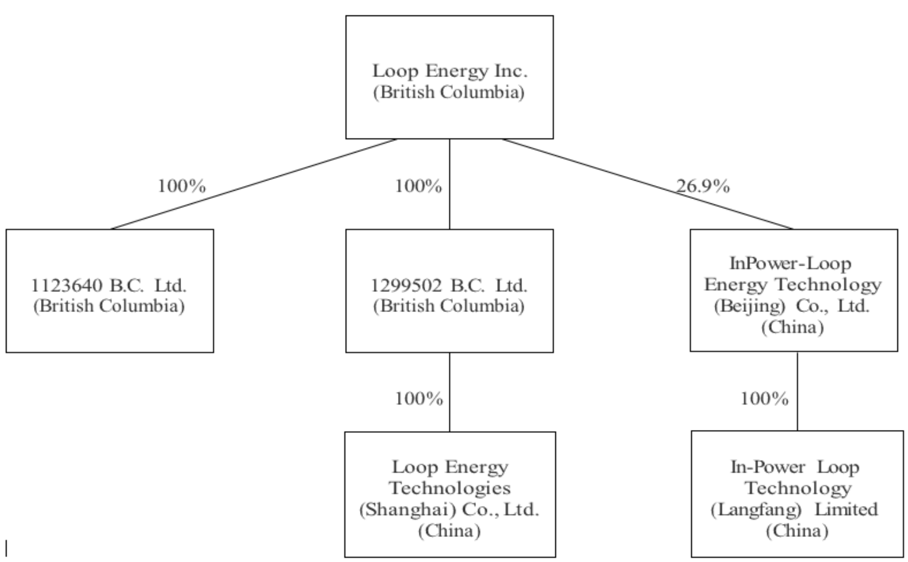
2880 Production Way
Burnaby, British Columbia V5A 4T6

The Company's registered and records office is located at:

2400 – 745 Thurlow Street
Vancouver, British Columbia V6E 0C5

Intercorporate Relationships

The Company has two wholly owned subsidiaries: 1123640 B.C. Ltd. and 1299502 B.C. Ltd., each of which was incorporated under the BCBCA. Loop Energy Technologies (Shanghai) Co., Ltd. is a wholly owned subsidiary of 1299502 B.C. Ltd. Loop Energy Inc. owns 26.9% of InPower-Loop Energy Technology (Beijing) Co., Ltd. ("**InPower-Loop JV**"), with the remaining 73.1% owned by Beijing In-Power Renewable Energy Co., Ltd. ("**InPower**"). In-Power Loop JV is the 100% owner of In-Power Technology (Langfang) Limited.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Over the past three years, the Company has focused on building and commercializing its fuel cell business for a variety of commercial mobility applications. The following are key developments during that period:

Fiscal 2020

In January 2020, InPower signed an entry cooperation agreement (the "**Lishui InPower MOU**") with the Management Committee of the Lishui Economic Development Zone (the "**Lishui Government**"). The Lishui-InPower non-binding MOU outlined the terms under which the Lishui Government would provide an annual order of 100 hydrogen fuel cell operated vehicles each year for three years (for a total of 300 vehicles) using Loop fuel cell modules to be supplied by InPower. In September 2020, the first phase of this process was completed when Skywell New Energy Vehicles Group Co., Ltd. ("**Skywell**"), a leading Chinese electric bus manufacturer located in Nanjing, China, received approval from China's Ministry of Industry and Information and Technology for a 10.5 metre bus with a Loop fuel cell module.

In 2017, the Company and Peterbilt Motors Company ("**Peterbilt**") formed a consortium with the Gas Technology Institute and Transportation Power Inc. (now a subsidiary of Meritor, Inc.) to build two Peterbilt Class 8 trucks with the Company's fuel cell system to be operated in California (the "Peterbilt Development Project"). In 2020, the first Peterbilt Class 8 truck was completed in California and underwent road acceptance testing using the Company's fuel cell system.

The Company and Sustainable Development Technology Canada ("**SDTC**") entered into a Contribution Agreement dated March 23, 2017 (the "**SDTC Contribution Agreement**") pursuant to which the Company was awarded a $7.5 million grant from SDTC ("**SDTC Project Grant**"). to fund the Peterbilt Development Project to accelerate the deployment of the Company's zero-emission powertrain for heavy duty trucks by developing and demonstrating the fuel cell range extender in a real-world full-scale operation ("**SDTC Development Project**"). The SDTC Development Project was also designed to advance the Company's products technology readiness level ("**TRL**") from TRL 5 to TRL 8. The SDTC Contribution Agreement provides for milestone payments over the life of the agreement once we have achieved certain targets as set out in the agreement. During 2020, SDTC increased the total funding commitment from $7.5 million to $7.9 million, and in 2021 the commitment was further increased to $8.3 million. As of December 31, 2022 the Company has achieved three milestones under the SDTC Development Project and has received funding for three milestones for a total of $6.4 million from SDTC. There were two milestones remaining with the opportunity to receive an additional $1.9 million in grant funding. These two milestones were completed and accepted by SDTC and the $1.9 million in funding was received in March 2023.

The Company designed and commenced customer sales of a 60 kW fuel cell system (the "**T600**") for medium duty commercial vehicles and completed the development of a 30 kW fuel cell module (the "**S300**") for use in light commercial vehicles.

In March 2020, Cummins Apollo exercised its right under the Cummins Apollo Investment Agreement in full and invested an additional $10 million in the Company.

In 2020, the Company was given an extension of payment terms and payment deferral under the WINN Loan in 2020 through a COVID-19 relief program. Under the program, payments on the WINN Loan were deferred between April 2020 and January 2021 and the maturity date was extended from March 2024 to December 2024. The Company recommenced the monthly WINN Loan payments in January of 2021.

Fiscal 2021

In 2021 the Company shipped its first T600 (60 kW) and S300 (30 kW) fuel cell modules to customers (discussed n more detail below). These shipments were significant milestones for 2021, expanding our commercial products in service.

In January 2021, the Company announced the signing of a Memorandum of Understanding and Commercial Agreement with ECUBES – a rapidly growing developer of hydrogen electric systems for stationary power applications based in Slovenia, Europe. The non-binding agreement contemplates potential deliveries in excess of fifty fuel cell modules to ECUBES over a two-year period. In March 2021, the Company announced the shipment of a T505 fuel cell module to ECUBES for testing and demonstration.

On February 25, 2021, the Company completed the IPO, pursuant to which it issued an aggregate of 6,250,000 Common Shares at a price of $16.00 per share. Following completion of the IPO, the Common Shares began trading on the TSX under the symbol "LPEN".

In March 2021, the Company and Morello Giovanni S.r.l. ("**Morello**") announced the signing of a strategic cooperation agreement for the development and manufacture of heavy-duty hydrogen electric material handling equipment, whereunder the Company would supply Morello with fuel cell modules for integration into hydrogen electric heavy-duty tractors, purpose-engineered for the handling of extra-heavy loads inside industrial plants, including steel and paper mills. This non-binding agreement anticipates the construction and deployment of an initial quantity of 10 heavy-duty tractors, powered by Loop fuel cells, with Morello's early-adopter customers. The Company and Morello completed the system design work in 2021.

In April 2021, the Company and BayoTech announced a joint market development agreement for the deployment of hydrogen vehicles and hydrogen fueling infrastructure. The collaboration aims at reducing the complexity of adopting hydrogen electric solutions by providing fleet operators with clear and actionable strategic direction in respect to fuel cell powered vehicles and hydrogen fuel infrastructure. Under the agreement, the Company and BayoTech will collaborate on the development of market opportunities for the deployment of vehicles manufactured by the Company's Original Equipment Manufacturer ("**OEM**") customers in combination with on-site hydrogen generation infrastructure provided by BayoTech. The initial scope of such market development activities is further centered around the vertical markets of materials handling, warehouse and port logistics, including drayage; transit and coach bus service; urban delivery services; and stationary power applications.

In April 2021, the Company delivered ten fuel cell modules to IN-Power for integration by Skywell into ten buses in Nanjing, China. The shipment marked the second phase of the Lishui InPower MOU. Skywell was the first customer to move into the second phase of our Customer Adoption Cycle.

In May 2021, the Company announced an agreement with Aliant Battery ("**Aliant**"), a division of ELSA Solutions SRL, a systems integrator based in Italy specializing in development of battery-electric solutions for commercial vehicles and stationary power applications. This agreement marked a key step for the Company in advancing hydrogen-based electric solutions for commercial vehicles and allows the Company to meaningfully engage with Aliant's extensive list of OEM customers that manufacture commercial vehicles and transportation fleets, as well as industrial and heavy-duty materials handling equipment.

In June 2021, the Company announced the order of an S300 (30 kW) fuel cell module by Slovakia-based company, Mobility & Innovation a.s. ("M&I"), to fuel the electric powertrain of their new eight-meter transit bus as part of M&I's composite platform. This order was the first under the non-binding agreement signed between the parties, which anticipates over USD $1.9 million in fuel cell orders from the Company through the end of 2023. In September 2021, the Company announced the first shipment of a complete S300 (30kW) fuel cell system to M&I. In March 2022, Loop and M&I announced the launch of the H2Bus, an 8-metre hydrogen-electric minibus. M&I developed the bus to demonstrate the viability of hydrogen fuel cell technology in transit vehicles and market its future product line. At the end of 2022 additional 9 units were shipped to M&I.

In early 2021 the Company commenced the development of a wholly owned local manufacturing operations in Shanghai, China. In support of this effort, the Company entered into an Investment Framework Memorandum of Understanding ("IFMOU") with Shanghai Jiading Industrial Zone Economic Development Co., Ltd in April 2021. The IFMOU provides for certain tax relief and subsidies for both the local operation and its employees. In June 2021, the Company incorporated a wholly owned subsidiary in China, Loop Energy Technologies (Shanghai) Co. Ltd ("Loop Shanghai"), to develop this new manufacturing facility.

During the third quarter of 2021, Loop Shanghai entered into a lease agreement to secure a premise to house its new production facilities. The fit-out of the over 30,000 square foot leased space was substantially completed in the fourth quarter of 2021, including building permits, engineering design, and construction. Loop Shanghai received

Environment Protection Bureau (EPB) approval in December 2021 to manufacture stacks and modules at its Shanghai-based facility and is in the process of outfitting the facility from an equipment perspective. We expect this facility will be completed and operational in the second quarter of 2022.

In August 2021, the Company announced a joint market development agreement with Técnicas Reunidas ("**TR**"), a global provider of services for investors in hydrogen infrastructure based in Madrid, Spain. Under this agreement, both partieswill aim to secure future opportunities that require both TR's hydrogen know-how and the Company's fuel cell technology. The initial scope of this joint market agreement focuses on providing hydrogen-based solutions to severalkey vertical markets: transport agencies, truck, transit and coach bus service fleets, materials handling, warehouse andport logistics including drayage, urban delivery services and stationary power applications. With the assistance of TR'son-site production and supply equipment, creating hydrogen both via water electrolysis and steam reforming of naturalgas, biogas or bioethanol, the Company expects to be able to provide more convenient and cost-effective hydrogen solutions to its global customers.

In August 2021, the Company announced the placement of the order for the first hydrogen fuel cell system under a commercial agreement with NGVI, a South Korean-based manufacturer of turn-key compressed natural gas and hydrogen fuel systems for transit and coach bus applications. Under the agreement, the Company will supply NGVI with a fully integrated package of a fuel cell module,cooling system and DCDC power conditioning equipment. NGVI is well positioned as a supplier within the South Korean bus market, with Seoul Bus Company and TCHA Partners having a share of ownership in NGVI. In December 2021, the Company shipped its first T600 (60 kW) fuel cell module under this agreement.

In September 2021, the Company announced a partnership with Hydrogen In Motion ("**H2M**") on converting a southern railway of British Columbia-owned and operated diesel electric switcher locomotive to hydrogen electric. The two British Columbia-based companies will use locally developed technology, including the Company's 50 kW fuel cell system and a low-pressure solid-state hydrogen storage tank developed by H2M. The project signifies the first opportunity for the Company to supply its products for use in a rail transport application.

In September 2021, the Company announced a partnership with METTEM-M Ltd. ("**METTEM**"), a developer of vehicle control systems and systems integrator, to provide hydrogen electric powertrain solutions to commercial vehicle OEM's across Russia, the Commonwealth of Independent States, and greater Europe. Given the political events in Russia and Ukraine in early 2022, the Company has suspended these discussions with Mettem.

A key component of the Company's go-to-market strategy is our customer adoption cycle, which consists of three distinct phases which we often refer to as our 1/10/100 program ("**Customer Adoption Cycle**"). The pilot "1" Phase involves the sale of a minimum of one hydrogen fuel cell module to an OEM customer. During this phase, the OEM focuses on prototyping and integrating the Loop hydrogen fuel cell into a vehicle or stationary application for design, testing and certification. Scale up "10" Phase involves production scale up and deployment of test units by the OEM customer with a limited number of early adopter end-user customers. Full Production "100" Phase involves the rollout of the product offering by the OEM to a wide cross-section of end-user customers.

In 2021, we achieved our objective to add ten new qualified OEMs who manufacture FCEVs to the Customer Adoption Cycle. As of the end of December 2021, we had a total of ten customers in the Pilot "1" Phase and advanced one customer (Skywell) to the Scale Up "10" Phase. The growth of the Company's customer portfolio has also seen its geographic footprint expand in 2021, with customer OEMs located in Europe, Asia and North America.

Fiscal 2022

In March 2022, the Company announced a commercial agreement with Innotest AG, a Switzerland-based developer of stationary power systems. Under this agreement Innotest has committed to purchase one S300 (30 kW) fuel cell system for integration into its Home Power Energy System. As part of Innotest's growing product range, the Home Power Energy System is intended to be installed into residential and commercial buildings to provide heat and electricity. In March, the Company also launched the Loop Powered Mobility & Innovation H2Bus in Slovakia.

In April 2022, the Company was selected as Tevva Motor Ltd.'s (Tevva) fuel cell supplier for Tevva's 7.5 tonne electric truck platform. Tevva's tender process began with a single unit order in Q4 2021 to evaluate and test the fuel cell system. Loop's product outperformed multiple offerings from international fuel cell manufacturers based on fuel efficiency and reliability, and was selected to ensure seamless integration with Tevva's Fuel Cell Range Extender for its 7.5 tonne truck platform. The truck is designed to provide operators with up to 500 kilometres (310 miles) of all-season service range. Following testing, Tevva selected Loop as its supplier and placed initial orders for multiple units, moving to the Scale-Up Phase of our Customer Adoption Cycle.

In April 2022, the Company partnered with Aliant to provide hydrogen technology for Netherlands' Green Residential Hub.

In May, the Company was awarded $9.75 million over three years from the Government of Canada through the Pacific Economic Development Canada's (PacifiCan) Jobs and Growth Fund to increase the manufacturing capacities of its hydrogen fuel cell stacks and modules at its Burnaby, Canada, manufacturing facility.

In June 2022, the Company was selected as a supplier of fuel cell modules to Aluminium Revolutionary Chassis Company ("**ARCC**"), the developer and manufacturer of Australia's first lightweight bolted aluminum city bus chassis. The Company's T600 (60 kW) fuel cell module was integrated into ARCC's 12.5-metre Viking Hydrolight city bus model.

In June 2022, the Company appointed experienced technology industry leader Kent Thexton as a Director and Chair of the board of directors of the Company ("**Board**"). Dr. Andreas Truckenbrodt stepped down as Board Chair, but continued as a Director.

In July 2022, Mobility and Innovation ("**M&I**") entered Loop's Scale-Up Phase of our Customer Adoption Cycle with an additional purchase order for 10 units. In addition, the Company signed a Supply Agreement with Tevva, the first customer to move into the Full Production Phase of our Customer Adoption Cycle.

In August 2022, the Company increased its European footprint with the opening of a service facility in Grays, Essex, UK (just east of London). The move was in reaction to growing customer demand for the Company's fuel cells in continental Europe and the UK, where diesel and petrol vehicles will start to be banned from 2030.

In September 2022, the Company launched its landmark S1200 (120kW) fuel cell system at IAA Transportation 2022 in Hannover, Germany, cutting hydrogen cost-parity with diesel by up to eight years through additional efficiency gains.

In October 2022, Rampini Carlo SpA, an Italian bus manufacturer, launched its first hydrogen-electric bus, the HYDRON, powered by Loop Energy, at the Next Mobility Exhibition in Milan, Italy. In addition, two new companies entered the Pilot Phase of our Customer Adoption Cycle, Avia Ingenieria and Opex/Hevolucion, expanding Loop's presence in Europe and entering the emerging South American market.

In December 2022, the Company implemented a reduction in headcount and operating expenses. As part of the reduction process, the Company appointed Paul Cataford to the Board of Directors and as Chief Financial Officer and Corporate Secretary, on a part-time basis, replacing Damian Towns as full-time Chief Financial Officer and two directors, Allan Collings and Peter Johansson, who resigned from the Board.

Subsequent Events

In January 2023, the Company appointed Brad Miller to the Board. Miller brings a wealth of experience and success as a leader who has built and scaled multiple clean technology manufacturing businesses to profitability. Miller's AdvanTec Global Innovations expanded into developing reformers for stationary hydrogen-electric generators and hydrogen fuelling station equipment. In conjunction with this appointment, Neil Murdoch resigned from the Board.

In February 2023, the Company delivered three fuel cell systems to H2 Portable, a Canadian developer of hydrogen-electric mobile power solutions. The fuel cells will be integrated into hydrogen-electric gensets designed to provide clean, reliable, on-demand power to movie sets, construction sites and other locations with limited grid power access. In addition the Company was selected by Wiggins Lift Co., a leading American material handling vehicle manufacturer, to provide the fuel cell system for its new hydrogen-powered eBull forklift product. The Company is expected to deliver the system and begin commissioning in Q2 2023 to support commercial deployment of the hydrogen-electric forklifts in late 2023.

In March 2023, the Company further reduced headcount and operating expenses.

In March 2023, the Company completed third-party validation of the use of Loop's patented eFlow™ technology in PEM electrolyzers in partnership with Fraunhofer USA and the German Fraunhofer Institute for Solar Energy Systems ISE.

The Company has not completed any acquisition during its most recently completed fiscal year for which disclosure is required under part 8 of National Instrument 51-102, Continuous Disclosure Obligations.

DESCRIPTION OF THE BUSINESS

Summary

The Company is a designer of proton-exchange membrane ("**PEM**") fuel cell systems targeted for the electrification of commercial mobility (commercial vehicles) and mobile equipment, such as buses, trucks, logistic and delivery vans, material handling equipment, tractors, port stackers, transport machinery, used by business operators to support operations or execute their activities). Our mission is to is to be the engine driving zero emissions to accelerate the hydrogen revolution and power a cleaner future. Our vision is to become the leading fuel cell provider for commercial mobility by 2025.

We are currently focused on designing, manufacturing, selling, and servicing fuel cell modules. A fuel cell module includes the core fuel cell stack plus other key components (including compressor, humidifier and controller) required to integrate the stack into the vehicle. In the future, we expect our focus could shift to the sale and servicing of fuel cell stacks as our customers build in-house capabilities to assemble the components required for integration. The Company headquarters are in Burnaby, British Columbia, Canada, with manufacturing facilities in Burnaby, British Columbia and Shanghai, China, and Sales and Customer Support in Canada, USA, UK, Italy and China.

We believe zero emission vehicles ("**ZEVs**") are one of the only viable options for a sustainable future and that commercial vehicles powered solely by lithium-ion batteries are a part of the solution. However, for many commercial vehicle applications, batteries alone are unable to economically meet such critical functional characteristics as range, payload and refueling times that we believe are required for mass-market adoption. We believe that a fuel cell system, combined with lithium-ion batteries, is a solution that meets the requirements of the majority of fleet operators globally. A hydrogen fuel cell is a device that produces electricity and water through an electrochemical reaction when supplied with hydrogen and oxygen.

Our products feature our proprietary eFlow™ technology in the fuel cell stack's bipolar plates. We believe that our eFlow™ technology enables us to deliver superior fuel cell systems when compared to those of our competitors for a variety of reasons that are important to our customers, including leading fuel efficiency, higher durability, and increased power capabilities.[1]

Our immediate focus is the medium duty return-to-base commercial mobility market, where we believe there are opportunities today as well as growth potential in the medium and long term. We see substantial growth opportunities integrating fuel cell range extenders with battery electric vehicle ("**BEV**") medium duty commercial vehicles to satisfy the performance requirements for mass adoption in these vehicle segments. Material handling vehicles such as forklifts and yard trucks present a tertiary application for our fuel cell systems. Lastly, stationary power applications offer multiple commercial opportunities for our fuel cell systems in the medium to long term future and we believe that some of the most promising applications include diesel generator replacement in market verticals such as construction site, back-up power and off-grid power applications. We believe the heavy-duty truck market will also emerge as a cornerstone application for hydrogen fuel cell solutions in the long term.

Near-Term Market

Our near-term market penetration strategy is to focus primarily on the sale of fuel cell modules in the European, Asia Pacific, and North American markets, as we believe these markets currently have significant levels of government support, anti-emissions regulations, and stakeholder commitments to deploy hydrogen infrastructure. We will continue to focus our marketing and sales efforts on the supply of our products to the medium duty return-to-base commercial mobility markets through relationships with OEM's and OEM suppliers.

---

[1] Sources: Based on Loop's internal testing when compared with fuel cell stacks of the same size as measured by total active area and comparisons of published studies of the performance of fuel cells from other manufactures and competitors; and Transport in PEMFC Stacks summary presentation for US Department of Energy H2 Program. See "*Risk Factors*" regarding statements related to our competitive advantage. If our internal assessment of the competitive advantages of our products is incorrect, or if such advantages are not as significant as we believe, potential purchasers may decline to purchase our products.

Mid-to-Long Term Market

In the mid- to long-term, we expect that we will also focus on fostering channel partner relationships with OEM's and OEM suppliers to supply fuel cell systems to heavy-duty truck manufacturers. We anticipate working with our channel partners to integrate fuel cell stacks and modules with their value-added products to supply complete powertrain packages once these markets gain significant traction. We also anticipate demand for high volumes of medium duty commercial vehicles and will endeavour to leverage our work in the near term to become a market leader in the segment over the long-term. Stationary power system integrators round out our mid- to long-term market strategy. Finally, we believe that the electrification of heavy-duty trucks, rail, marine and aerospace transport may present additional market opportunities in the long-term.

Products

The Company is currently focused on providing market ready fuel cell modules to customers. We expect that in the mid- to long-term, our sales product mix could shift more to fuel cell stacks as our customers develop greater in-house integration expertise, larger vehicle manufacturers enter the market, and the industry supply chain matures.

100% of our revenues for the years ended December 31, 2022, December 31, 2021, and December 31, 2020 were derived from shipments of fuel cell stacks or equipment and modules.

Fuel cell modules

Our fuel cell modules are assembled using our fuel cell stacks that incorporate our proprietary eFlow™ bipolar plate technology. The module components are sourced from various suppliers. Our fuel cell modules have different power ratings, which we believe make them suitable for a variety of different applications. We believe our fuel cell modules provide customers with an efficient integration of fuel cells into electric power trains and are intended for customers that do not have in-house capabilities to assemble fuel cell modules. In the mid- to long-term, we believe that as sales volumes increase, many of our customers will assume fuel cell assembly in-house, and if that happens, we expect that we would then transition to only selling fuel cell stacks to these customers.

In 2019 we launched our first commercial product, the T505, a 50 kW fuel cell module, for use in material handling vehicles, stationary power, and transit buses. In 2020, we expanded our offering for these vehicles with the launch of the T600 (60 kW). In 2020, we also launched the S300, a 30 kW fuel cell module, for use in light commercial vehicles. In 2022 we launched the 120 kW S1200 fuel cell for use in larger applications such as medium and heavy-duty trucks.

The following table lists the fuel cell modules we currently offer or have in development:

Loop Fuel Cell Modules:	**S300**	**T505 / T600**	**S1200**	**T2500**
Target Power Range:	15 kW – 30 kW	25 kW – 60 kW	60 kW – 120 kW	120 kW – 240 kW (expected launch in 2025or later)
Target Application Example:	Light commercial vehicles.	Stationary power, material handling vehicles and transit buses.	Stationary power, medium and heavy-duty trucking applications and longer distance bus applications.	Stationary power, heavy duty trucking and mining applications.

Our technology development activities are focused on optimizing the performance and efficiency of our eFlow™-based designs for use in different applications and operating conditions. Our product development activities include efforts to continuously improve product performance, durability and reduction of the total cost of ownership. We intend to leverage our expertise in fuel cell stack design, materials and manufacturing processes across multiple product platforms.

Fuel cell stacks

We assemble fuel cell stacks that use our proprietary eFlow™ bipolar plate technology. Our fuel cell stacks can be used as stand-alone units or in a twin-stack system, where two fuel cell stacks are connected with a common balance of plant to reduce overall volume. Our fuel cell stacks have different power ranges, which we believe make them suitable for a variety of different applications.

The following table lists the fuel cell stacks we currently produce or have in development:

Loop Fuel Cell Stacks:	**Small Plate**	**Large Plate**
Target Power Range:	15 kW – 30 kW	60 kW - 120 kW
Target Application:	Used in a single or twin-stack fuel cell module architecture for stationary power, light commercial vehicles, material handling vehicles and inter-city transit buses.	Used in single or multi-stack fuel cell module architecture for stationary power, medium and heavy-duty trucking and longer distance bus applications.

Fuel cell stacks may be combined in multiples to create higher-powered modules.

Manufacturing and Facilities

We lease manufacturing facilities in Burnaby, British Columbia and Shanghai, China that house our fuel cell development, manufacturing, assembly and testing activities. In addition, we lease office space in Burnaby that houses our corporate headquarters and lease property in Essex, UK that houses a service facility. InPower Loop JV also has manufacturing facilities in Langfang, China.

We have an approximately 14,000 square foot facility in Burnaby, British Columbia that we believe has the capacity to assemble 3,000 fuel cell stacks per year, based on three eight-hour shifts per business day. We assemble our fuel cell stacks into fuel cell modules for delivery to our customers. We believe we can currently produce up to 100 fuel cell modules per year, and we believe we have the capacity to increase production to 1,000 modules per year. We provide these stacks, and fuel cell modules assembled from these stacks, directly to our customers in Europe and North America.

The success of our go-to-market strategy has driven the need to grow our production capacity. Therefore, a priority for 2021 was to secure and develop a manufacturing facility in China. Our new Shanghai-based facility, which provides over 35,000 square feet of dedicated production space, adds geographic diversification in a key market and significantly increase our production capacity. In December 2021, we received Environment Protection Bureau (EPB) approval to manufacture stacks and modules at this new facility and the facility was completed and became operational in the second quarter of 2022. The facility in Shanghai achieved ISO 9001 certification at the end of 2022.

InPower Loop JV is also equipped to assemble fuel cell modules incorporating fuel cell stacks manufactured by Loop. The InPower-Loop JV occupies an approximately 35,000 square foot floor space in an InPower-owned facility in Langfang, China. The InPower Loop JV supplies fuel cell modules to the Chinese market. This facility is equipped for short run volume production of fuel cell modules and testing of fuel cell modules of up to 80 kW.

Our fuel cell stacks and fuel cell modules use components that we source from a variety of suppliers. As our sales volumes increase, we intend to re-assess our make-versus-buy decisions and consider in-house manufacturing of certain components used in our products. In 2022 we began the process of establishing in house production of bipolar plates for the S1200 product.

We also have regional sales, business development and customer support infrastructure in Europe, China and North America.

Specialized Skill and Knowledge.

The Company's leadership team includes highly skilled individuals with experience in fuel cell development, automotive development and new product launches. This mix of industry experience is a result of employees that came from Ballard, Daimler, Automotive Fuel Cell Cooperation, Toyota, Jaguar, General Motors and Schneider Electric, among others. We believe this diversity in experiences and backgrounds provides a platform for planning and executing programs for the development and launch of the Company's products over the next several years.

Competition

Commercial vehicle customers' expectations of ZEV cost and performance parameters are benchmarked against that of incumbent internal combustion engine vehicles ("**ICEVs**"). These parameters include cargo capacity, range, refueling time, acceleration and the total cost of ownership. For this reason, the Company views existing internal combustion engines and vehicles as our primary competition. We are working with integrators and vehicle manufacturers to ensure that vehicles that incorporate our fuel cell technology and products come as close as possible to meeting the economic and operational capabilities of today's internal combustion engines.

In addition to existing ICEVs, the Company also competes with other fuel cell developers and manufacturers who produce fuel cell systems that target similar end markets. Such competitors include Ballard, Beijing Sinohytec Co., Ltd., ElringKlinger AG, Horizon Fuel Cell Technologies Pte. Ltd., Hydrogenics Corporation (acquired by Cummins in 2019), Hyundai, Nuvera Fuel Cells, Plug Power, Powercell Sweden AB, Robert Bosch GmbH, Shanghai Re-Fire Technology Co., Ltd., Symbio SAS, and Toyota Motor Corporation.

Intellectual Property

Protecting intellectual property is an important aspect of our business. Our intellectual property covers multiple aspects of our technology, including fuel cell materials and components, fuel cell stack and system design, operation and control, electrolyzer applications and manufacturing processes.

We protect our intellectual property through a variety of means, including patent protection, trademarks, copyright, licenses and non-disclosure agreements. In addition to patents and patent applications, our intellectual property portfolio, also includes know-how and trade secrets developed over more than 20 years of technology development, product development and production.

As of December 31, 2022, we owned and controlled 8 United States granted patents; 16 non-United States granted patents; 4 United States published patent applications; 3 published non-United States patent applications; and 6 filed (not yet published) patent applications. Existing granted patents will expire between December 2025 and March 2037. Pending and granted patents are filed in the United States, Canada, China, Japan, India and various European countries. The patent that expired in 2022 relates to conceptual lab-scale demonstration. The Company's first generation eFlow™ fuel cell technology patent expires in 2027. A new generation of eFlow™ patents, covering the Company's product designs and leveraging the benefits of eFlow™ concepts for reactant gas management, thermal management and hydrogen generation, have either been granted or filed, and once all such patents have been granted, will expand and extend the eFlow™ patent family to 2041.

Employees

As at December 31, 2022, we had 134 full-time employees, 104 of which were located in Canada and 30 of which were located in Europe, China and the United States of America. Our employees have backgrounds in diverse disciplines, such as electrochemistry, polymer chemistry, chemical, mechanical, electronic and electrical engineering, manufacturing, marketing, sales, business development, finance, human resources and business management. We recruit our employees in a variety of ways and look for talent that fits within our culture and is focused on growing with us in the long-term. We are committed to providing an inclusive and diverse work environment and culture. Our employees are not represented by a labor union. As noted under the heading "General Development of the Business – Subsequent Events", we reduced our headcount in March 2023 in order to reduce operating expenses.

Social and Environmental Policies

Environment, Health & Safety

The Company believes that sound environmental, safety and occupational health management practices are in the best interests of the Company, its employees, consultants, officers, directors, shareholders and the communities in which it operates. The Company is committed to conducting its business in accordance with recognized industry standards and to meeting or exceeding all applicable environmental and occupational health and safety laws and regulations. Achieving this goal is the responsibility of all employees, consultants, officers and directors of the Company.

The Company's Environment Health and Safety Policy outlines the Company's commitment to ensuring the health, safety and welfare of all its' employees, contractors, customers, and visitors to its work sites as well as its commitment to maintaining environmentally friendly operational practices and to complying with all relevant standards and guidelines. This policy mandates that the Company must provide a safe workplace by:

- Developing and maintaining a comprehensive occupational health, safety, environment and welfare program to ensure the health and safety of all workers under its' supervision;
- Assigning responsibility to all levels of employment within the Company for compliance with all aspects of this program;
- Continuously identifying hazards in the workplace and either eliminating them or reducing the risk associated with them without delay;
- Providing appropriate training, instruction and education to all employees; and
- Enforcing this policy equally among employees, contractors, customers and visitors.

Diversity

The Corporation believes that it is important to ensure that members of the Board and senior management provide the necessary range of perspectives, experience and expertise required to achieve the Corporation's objectives and deliver for the Corporation's stakeholders. The Corporation also recognizes that the Board and its senior management appointments must be based on performance, ability, merit and potential.

The Company's Diversity Policy states that the Governance, Human Resources, Nominating and Compensation Committee of the Board (the "**GHRNC Committee**") will value diversity of experience, perspective, education, background, race, gender and national origin as part of its overall evaluation of director nominees for election or re-election and the Board and the GHRNC Committee will value the same as part of their respective evaluation of candidates for executive positions. This will be achieved through ensuring that diversity considerations are taken into account to fill vacancies, continuously monitoring the level of women represented on the Board and in senior management, continuing to broaden recruiting efforts to attract and interview qualified female candidates, and committing to retention and training to ensure that the Corporation's most talented employees are promoted from within. Currently, the Board does not believe that targets or strict rules set out in a formal policy necessarily result in the identification or selection of the best candidates.

Environmental Matters

An obligation to incur environmental costs may arise from the future requirement to decommission our plants and dispose of related infrastructure and chemical materials. The Company has no known obligations of any significance to incur environmental costs related to its operations.

Foreign Operations

In 2021 we leased space for a new manufacturing facility located in Shanghai, China. The facility was completed and operational in the second quarter of 2022 and achieved ISO 9001 certification in the fourth quarter of 2022. We have invested in a joint venture in China that manufactures fuel cells. In addition, most of our sales in 2022 have been to customers outside of Canada.

As such, we are subject to risks inherent in foreign operations, including loss of revenue, property and equipment as a result of expropriation; import or export restrictions; antidumping measures; nationalization, war, civil unrest, insurrection, acts of terrorism and other political risks; increases in duties, taxes and governmental royalties; as well as changes in laws or policies or other actions by governments that may adversely affect our operations. We are also subject to potential trade risks associated with geopolitical disputes between countries in which we trade and operate. We expect to derive a portion of our revenue from production and sales by our China subsidiary, and the payment of dividends or distributions or the making of other cash payments or advances by these subsidiaries to us may be subject to restrictions or exchange controls on the transfer of funds in or out of the respective countries or result in the imposition of taxes on such payments or advances. We have organized our foreign operations in part based on certain assumptions about various tax laws (including capital gains and withholding taxes), foreign currency exchange and capital repatriation laws and other relevant laws of a variety of foreign jurisdictions. While we believe that such assumptions are reasonable, we cannot provide assurance that foreign taxation or other authorities will reach the same conclusion. Further, if such foreign jurisdictions were to change or modify such laws, we could suffer adverse tax and financial consequences.

DIVIDENDS

No dividends on the Common Shares have been paid by the Company to date and the Company has no plans at present to pay dividends.

DESCRIPTION OF CAPITAL STRUCTURE

Authorized Capital

The Company has an authorized share capital consisting of an unlimited number of Common Shares. As at December 31, 2022, 34,005,791 Common Shares were issued and outstanding.

Common Shares

The holders of the Common Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company (other than a separate meeting of the holders of another class or series of shares that are entitled to vote separately as a class or series) and have one vote for each Common Share held. All of the Common Shares rank equally within their class as to dividends, voting rights, participation in assets and in all other respects. There are no provisions attached to the Common Shares for redemption, purchase for cancellation, surrender, or sinking or purchase funds. Except with respect to the Cummins Apollo Investment Agreement, none of the Common Shares are subject to any call or assessment nor pre-emptive or conversion rights.

Investor Rights Agreement

On February 4, 2021, the Company and Apollo FC Holdings Ltd. entered into the Cummins Apollo Investor Rights Agreement, which governs certain rights of Apollo FC Holdings Ltd. as a shareholder of the Company. The Investor Rights Agreement grants Apollo FC Holdings Ltd.: (i) nomination rights that entitle it to designate a nominee for election to the Board; (ii) registration rights, specifically demand registration rights and piggyback registration rights; and (iii) pre-emptive rights to subscribe for Common Shares or other securities being contemplated for issuance to maintain a pro rata ownership interest. A copy of the Investor Rights Agreement is available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

MARKET FOR SECURITIES

Trading Price and Volume

The following table sets forth information relating to the trading of the Common Shares on the TSX under the symbol "LPEN" from January 1, 2022 and up to December 31, 2022.

Month	High ($)	Low ($)	Close ($)	Volume
January 1 – 31, 2022	4.49	3.31	3.45	310,944
February 1 – 28, 2022	3.45	2.53	2.83	388,641
March 1 – 31, 2022	3.20	2.52	3.00	396,737
April 1 – 30, 2022	3.10	2.54	2.65	259,304
May 1 – 31, 2022	2.70	1.75	2.06	331,203
June 1 – 30, 2022	2.25	1.34	1.61	283,529
July 1 – 31, 2022	1.77	1.48	1.70	302,173
August 1 – 31, 2022	2.72	1.70	2.07	741,448
September 1 – 30, 2022	2.45	1.92	2.00	776,511
October 1 – 31, 2022	2.09	1.59	1.74	379,261
November 1 – 30, 2022	1.87	1.17	1.28	943,619
December 1 – 31, 2022	1.35	0.85	1.05	502,698

DIRECTORS AND OFFICERS

The Company's directors are elected by the shareholders at each annual meeting and hold office until the next annual meeting at which time they may be re-elected or replaced. Casual vacancies on the the Board are filled by the remaining directors, in accordance with the articles of the Company, and the persons filling those vacancies hold office until the next annual general meeting at which time they may be re-elected or replaced. The officers are appointed by the Board and hold office at the pleasure of the Board.

The following table sets forth the name of each of our directors and executive officers, their province or state and country of residence, their position(s) with the Company, their principal occupation during the preceding five years, and the date they first became a director or officer of the Company

Name, Position(s) with the Company and Place of Residence	Principal Occupations and Positions Last Five Years	Date(s) Served as a Director or Officer Since
Kent Thexton Chair of the Board Ontario, Canada	• President & CEO at Sierra Wireless (June 2018 to August 2021) • Founder & General Partner at ScaleUP Venture Partners (May 2016 to October 2018)	June 2022
Andreas Truckenbrodt[(1)] Director British Columbia, Canada	• President of Truckenbrodt Clean Energy Consulting Inc. (March 2014 to Present).[(3)]	March 2014
Christopher C. Clulow[(1),(7)] Director Indiana, USA	• Director of the Company (since March 2021) • SVP, Investor Relations, Cummins Inc. (since March 2022) • Corporate Controller at Cummins Inc.[(6)] (March 2017 to March 2022) • Components Controller at Cummins Inc. (April 2015 to March 2017)	March 2021

Name, Position(s) with the Company and Place of Residence	Principal Occupations and Positions Last Five Years	Date(s) Served as a Director or Officer Since
Sophia Langlois*(1),(2)* Director Alberta, Canada	• Director of the Company (since February 2021) • Corporate Director & Chair of Audit Committee Essential Energy Services Ltd. (since Nov 2022) • Director of Alaris Equity Partners Income Trust (since July 2020) • Audit Partner with KPMG LLP (October 2006 to April 2020)	February 2021
Benjamin Bas Nyland Director President and Chief Executive Officer British Columbia, Canada	• CEO and Director of the Company (since June 2016)	June 2016 (Director and CEO of Company) January 2015 (President of Company)
Paul Cataford Director Interim Chief Financial Officer and Corporate Secretary Alberta, Canada	• CFO, Corporate Secretary and Director of the Company (since December 2022) • Executive Director at Business Link AB (since July 2022) • Board Chair at Titan Medical (since October 2020) • President & CEO at Titan Medical (November 2021 to June 2022). • Founder, President & CEO at Zephyr Sleep Technologies Inc. (April 2010 to June 2021)	December 2022
George Rubin Chief Commercial Officer British Columbia, Canada	• Chief Commercial Officer of the Company (since January 2021) • Managing Director, Commercial Strategy of the Company (January 2020 to December 2020) • CEO of Heliotrope Technologies Inc. (October 2017 to October 2019) • VP Business Development of General Fusion Inc. (August 2016 to September 2017)	January 2021
Daryl D. Musselman Chief Operating Officer British Columbia, Canada	• Chief Operating Officer of the Company (since February 2021) • Vice President, Engineering of the Company (since May 2020) • Vice President, Operations and Engineering and Vice President, Manufacturing Operations of Svante Inc. (formerly Inventys Thermal Technologies Inc.) (August 2017 to May 2020) • Chief Operating Officer of Bionic Power Inc. (September 2016 to August 2017)	February 2021

Notes:

(1) Member of the Governance, Human Resources, Nominating and Compensation Committee.

(2) Member of the Audit Committee.

(3)Truckenbrodt Clean Energy Consulting Inc.is a company that provides advisory services to the global renewable energy and transportation sectors.

(4)Wm. T. Murdoch Ltd is a company that provides management consulting services.

(5)ACM Advisors Ltd. is an employee owned investment fund manager that specializes in the creation, structuring and management of pooled Canadian commercial mortgage funds.

(6) Cummins Inc. designs, manufactures, distributes and services diesel, natural gas, electric and hybrid engines and components including batteries, electrified power systems, hydrogen production and fuel cell products.

(7) Chris Clulow is the nominee of Cummins Apollo under the Investor Rights Agreement between the Company and Apollo FC Holdings Ltd. dated Feb. 4, 2021.

As at December 31, 2022, the directors and executive officers of the Company, collectively, beneficially owned, directly and indirectly, or exercised control or direction over, 1,760,788 Common Shares, representing approximately 5.2% of 34,005,791 total number of Common Shares outstanding at such time. The statement as to the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of the Company as a group is based upon information furnished by the directors and executive officers.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as disclosed below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer, or shareholder.

Paul Cataford served as chief executive officer of ZST Holdings Inc. and its wholly-owned subsidiary Zephyr Sleep Technologies Inc. (collectively, "Zephyr") from September 2010 to June 2021 and director of Zephyr from September 2010 to June 2021 when Zephyr ceased business operations and entered into a collateral surrender agreement with Dentsply Sirona Inc. ("DSI"), a strategic shareholder, after defaulting on indebtedness owed to DSI under a secured and subordinated shareholder promissory note and related security agreement entered into with DSI in January 2019.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain of the directors and/or executive officers of the Company serve (and may in the future serve) as directors and/or executive officers of other companies and therefore, it is possible that a conflict may arise between their duties as a director and/or executive officer or member of management of the Company and their duties as a director and/or executive officer of such other companies. The directors and executive officers of the Company are aware of the existence of laws governing accountability of directors and executive officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and executive officers' conflicts of interest or in respect of any breaches of duty by any of its directors or executive officers. All such conflicts will be disclosed by such directors or executive officers in accordance with the BCBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the best of the Company's knowledge, there are no material legal proceedings by or against the Company or affecting any of its interests as at December 31, 2022 or the date hereof, nor are we aware that any such proceedings are contemplated.

Furthermore, there are no: (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during its most recently completed fiscal year; (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision in the Company; or (c) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during its most recently completed fiscal year.

AUDIT COMMITTEE

The Audit Committee Mandate

The Company's Audit Committee is governed by an Audit Committee Mandate. A copy of the Company's Audit Committee Mandate is attached hereto as Schedule "A".

Composition of the Audit Committee

The Company's Audit Committee is comprised of three directors: Sophia Langlois (Chair), Kent Thexton and Brad Miller. Each member of the Audit Committee is considered independent within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

Each member of the Audit Committee is also "financially literate" within the meaning of NI 52-110. For the purposes of NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. All current and expected members of the Audit Committee have experience reviewing financial statements and dealing with related accounting and auditing issues.

The Audit Committee is responsible for the review of both interim and annual financial statements for the Company. For the purposes of performing their duties, the members of the Audit Committee have the right at all times, to inspect all the books and financial records of the Company and to discuss with management and the external auditors of the Company any accounts, records and matters relating to the financial statements of the Company. The audit committee members meet periodically with management and annually with the external auditors.

Relevant Education and Experience of Members of the Audit Committee

Every member in the Audit Committee has sufficient education and experience to perform their responsibilities in relation to the Audit Committee, including:

- Understanding the accounting principles used by the Company to prepare its financial statements;

- Having the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;

- Experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and

- An understanding of internal controls and procedures for financial reporting.

The relevant education and/or experience of each member of the Audit Committee is as follows:

- Sophia Langlois has been a director of the Company since February 2021 and is also a member of the board of directors of Essential Energy Services Ltd. where she serves as the chair of the audit committee, Alaris Equity Partners Income Trust where she serves on the audit committee and the compensation committee, and TELUS Spark, Science Centre where she is the chair of the audit committee. She was a board member at the Southern Alberta Institute of Technology from 2014 until 2020, serving as the vice chair of the board of directors, chair of the audit committee and investment committee, and a member of the executive committee. She was an Audit Partner at KPMG LLP ("KPMG") from October 2006 to April 2020. She has 28 years of experience at KPMG, including her time as an Audit Partner, in a broad range of industries delivering accounting, assurance and securities services, including leading the Corporate Services group for KPMG Calgary for three years and acting as the KPMG National Audit Partner in charge of people for three years. Ms. Langlois holds a Bachelor of Commerce degree with a major in Accounting from the University of Calgary, a Chartered Professional Accountant (CPA), a Chartered Accountant designation, a Chartered Professionals in Human Resources designation and the ICD.D designation from the Institute of Corporate Directors.

- Kent Thexton is an accomplished senior executive and director in large corporations and entrepreneurial ventures, and he will provide valuable oversight to the management team. Along with his extensive experience navigating public markets, he brings expertise in corporate leadership, growth marketing and technology company operations.

- Brad Miller brings a wealth of experience and success as a leader who has built and scaled multiple clean technology manufacturing businesses to profitability. Miller's AdvanTec Global Innovations expanded into developing reformers for stationary hydrogen-electric generators and hydrogen fuelling station equipment. Previously Miller founded IMW Industries, a manufacturer of compressed natural gas (CNG) equipment, and he grew the business to over $100 million in revenue and 700 employees worldwide.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed fiscal year was a recommendation of the Committee to nominate or compensate an external auditor (currently, KPMG LLP) not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Mandate of the Company. A copy of the Company's Audit Committee Mandate is attached hereto as Schedule "A".

External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Company's external auditor in the last two fiscal years, by category, are as follows:

Fiscal year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
December 31, 2022	$296,995	$ -	$ -	$500
December 31, 2021	$228,280	$ -	$ -	$179,760[(1)]

Note:
(1) Includes amounts in relation to the review of the Company/s prospectus relating to its IPO

Exemptions

During the most recently completed financial year, the Company did not rely on the exemptions set out in section 3.2 (Initial Public Offerings), section 3.4 (Events Outside Control of Member), or section 3.5 (Death, Incapacity or Resignation of Audit Committee Member) in National Instrument 52-110 – Audit Committees ("NI 52-110") or on any exemption from NI 52-110 granted under Part 8 thereunder. The Company relied on the exemption set out in section 2.4 (De Minimis Non-Audit Services) with respect to $500 of word processing services provided by KPMG China to a subsidiary of the Company in connection with a local statutory audit.

RISK FACTORS

An investment in the Company is speculative and involves a high degree of risk due to the nature of the Company's business. The following risk factors, as well as risks not currently known to the Company, could materially adversely affect the Company's future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements contained herein. Prospective investors should carefully consider the following risk factors along with the other matters set out herein.

We expect our cash reserves will be reduced due to future operating losses, working capital requirements, capital expenditures and potential acquisitions and other investments by our business, and we cannot provide certainty as to how long our cash reserves will last or that we will be able to access additional capital when necessary.

We expect to incur continued losses and generate negative cash flow until we can produce sufficient revenues to cover our costs. For the reasons discussed in more detail below, there are substantial uncertainties associated with our ability to achieve and sustain profitability. We expect our cash reserves will be reduced due to future operating losses and working capital requirements, and we cannot provide certainty as to how long our cash reserves will last or that we will be able to access additional capital if and when necessary.

We have incurred operating losses and negative cash flow in the past and may incur the same in future periods.

To date we have experienced significant historical losses. As of December 31, 2022, we had an accumulated deficit of $95.3 million. We commenced commercial sales of our products in 2019 and have had limited commercial sales activity to date. As a result, we continue to experience significant losses and negative operating cash flow. We are reliant on continual support from investors and other sources of funding to provide sufficient cash for future operations. These circumstances have resulted in a material uncertainty about whether we will be able to meet our obligations as they become due.

The Company will need additional capital in the future, which it may not be able to raise on favourable terms, or at all.

The Company expects that available cash will not be sufficient to meet its future capital requirements The Company will require additional capital to implement its current development plans. The Company may also need additional financing in the future to further expand its business strategy through mergers and acquisitions. Additional financing may not be available to the Company on favourable terms when required, or at all. If the Company were to raise additional funds through the issuance of equity, equity-related or debt securities, those securities may have rights, preferences or privileges senior to those of the Common Shares and the Company's shareholders may experience additional dilution. If the Company cannot raise additional funds, further business development may be delayed, the Company may lose clients and its sales and growth may be limited.

Our limited operating history and our nascent industry makes evaluating our business and future prospects difficult.

Since our inception, we have focused principally on research and development activities relating to our fuel cell products and have a limited history operating our business at its current scale, and therefore a limited history upon which you can evaluate our business and performance and base an investment decision.

Our fuel cell product is a new type of product in the nascent hydrogen fuel cell industry. Predicting our future revenue and appropriately budgeting for our expenses is difficult, and we have limited insight into trends that may emerge and affect our business. If actual results differ from our estimates or we adjust our estimates in future periods, our operating results and financial position could be materially and adversely affected. You should consider our prospects in light of the risks and uncertainties emerging companies encounter when introducing a new product into a nascent industry.

We have limited experience manufacturing fuel cell products on a commercial basis and our experience has been limited to relatively low production volumes.

To date, we have limited experience manufacturing fuel cell products on a commercial basis and our experience has been limited to relatively low production volumes. We cannot be sure that we, or some of our vendors, will be able to develop efficient, low-cost, high-volume automated processes that will enable us to meet our cost goals and profitability projections. We cannot be sure that we will be able to achieve any planned increases in production capacity or that unforeseen problems relating to our manufacturing processes will not occur. Even if we are successful in developing high-volume automated processes and achieving planned increases in production capacity, we cannot be sure that we will do so in time to meet our product commercialization schedule or to satisfy customer demand. If our business does not grow as quickly as anticipated, our existing and planned manufacturing facilities would, in part, represent excess capacity for which we may not recover the cost, in which case our revenues may be inadequate to support our committed costs and planned growth, and our financial performance and business strategy would be adversely affected. Any of these factors could have a material adverse effect on our business, results of operations and financial performance.

Potential fluctuations in our financial and business results make forecasting difficult and may restrict our access to funding for our commercialization plan.

Potential fluctuations in our financial and business results make forecasting difficult and may restrict our access to funding for our commercialization plan. We expect our revenues and operating results to vary significantly from quarter to quarter. As a result, quarter-to-quarter comparisons of our revenues and operating results may not be meaningful. Due to the stage of development of our business, it is difficult to predict our future revenues or results of operations accurately. We are also subject to normal operating risks such as credit risks, foreign currency risks and fluctuations in commodity prices. As a result, it is possible that in one or more future quarters, our operating results may fall below the expectations of investors and securities analysts. Not meeting investor and security analyst expectations may materially and adversely impact the trading price of our common shares and restrict our ability to secure required funding to pursue our commercialization plans.

The competitive advantages of our products, in relation to fuel efficiency, peak power output and durability may not be realized or maintained.

Statements regarding our competitive advantage are based on our assessment that our fuel cell products provide superior performance relative to our competitors products. This assessment and comparison of our products is based on our own internal testing. There is currently no third-party benchmark testing of fuel cell products and the variability of the range of fuel cell products makes comparison testing difficult. If our internal assessment of the competitive advantages of our products is incorrect, or if such advantages are not as significant as we believe, potential purchasers may decline to purchase our products.

Our technology and products may not meet the market requirements, including requirements relating to performance, integration and/or cost.

The market requirements for our products and, by extension, our technology change rapidly. Our existing and planned products may not meet the market requirements for any number of characteristics, including but not limited to performance, fuel efficiency, power output, useful life, reliability, integration characteristics, and cost. Accordingly, we may not be able to sell our products on a commercially viable basis on the timetable we anticipate, or at all.

Other than our current products, which we believe to be commercially viable at this time, we do not know when or whether we will successfully complete the research and development of other commercially viable products that could be critical to our future. If we are unable to develop additional commercially viable products, we may not be able to generate sufficient revenue to become profitable. The profitable commercialization of our products depends on our ability to reduce the costs of our products, and we may not be able to sufficiently reduce these costs. In addition, the profitable commercialization of our products requires achievement and verification of their overall reliability, fuel efficiency, power output and safety targets, and we cannot assure you that we will be able to develop, acquire or license the technology necessary to achieve these targets. We must complete additional research and development to fill our product portfolios and deliver enhanced functionality and reliability in order to manufacture additional commercially viable products in commercial quantities. In addition, while we continue to conduct tests to predict the overall life of our products, we may not have run our products over their projected useful life prior to large-scale commercialization. As a result, we cannot be sure that our products will last as long as predicted, resulting in possible warranty claims and commercial failures.

In addition, before we release any product to market, we subject it to numerous field tests. These field tests may encounter problems and delays for a number of reasons, many of which are beyond our control. If these field tests reveal technical defects or that our products do not meet performance goals, our anticipated timeline for selling our products on a commercially viable basis could be delayed, and potential purchasers may decline to purchase our products.

Growth in demand for fuel cells will be dependent upon the economic production and broad distribution of hydrogen.

Our success in selling our products in larger volumes for use in commercial vehicles will depend on the growth in demand for hydrogen fuel cell powered vehicles in our target markets. This demand will depend upon a number of factors outside of our control, including the construction of hydrogen infrastructure for the manufacture and distribution of hydrogen, the construction of a network of hydrogen fuelling stations, and the market price of hydrogen. Although many countries have announced strategies and financial support for the build out of hydrogen supply and infrastructure, there can be no assurance that such infrastructure will be completed, or completed in a timely manner, to the extent required to accelerate the adoption of hydrogen vehicles to support our growth strategy. If the necessary infrastructure is not built or is delayed, this will slow the deployment of hydrogen-powered vehicles and will reduce our ability to execute our growth strategy.

A mass market for our products may never develop or may take longer to develop than we anticipate.

Our fuel cell products represent emerging markets, and we do not know whether end-users will want to use them in commercial volumes. In such emerging markets, demand and market acceptance for recently introduced products and services is subject to a high level of uncertainty and risk. The development of a mass market for our fuel cell products may be affected by many factors, some of which are beyond our control. These factors include the emergence of newer, more competitive technologies and products, the cost of fuels used by our products, the development of accessible hydrogen fuel infrastructure, regulatory requirements, consumer perceptions of the safety of hydrogen as a fuel for our products, end-user reluctance to buy a new product, and the continued development and improvement of existing power technologies.

If a mass market fails to develop, or develops more slowly than we anticipate, we may never achieve sustained profitability. In addition, we cannot guarantee that we will continue to develop, manufacture or market our products if sales levels do not support the continuation of the product.

Our plans are dependent on market acceptance of our products.

Our plans are dependent upon market acceptance of, as well as enhancements to, our products. Fuel cell systems represent an emerging market, and we cannot be sure that potential customers will accept fuel cells as a replacement for traditional power sources or non-fuel based power sources, hydrogen generation sources or storage. As is typical in a rapidly evolving industry, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. Since the hydrogen fuel cell market is still evolving, it is difficult to predict with certainty the size and growth rate of this market. The development of a market for our products may be affected by many factors that are out of our control, including but not limited to:

- the cost competitiveness of our fuel cell products including availability and output expectations and total cost of ownership;
- the future costs of fuels used by our products;
- customer reluctance to try a new product;
- the market for distributed generation, hydrogen and storage and government policies that affect those markets;
- government incentives, mandates or other programs favoring zero carbon energy sources;
- local permitting and environmental requirements;
- customer preference for non-fuel based technologies; and
- the emergence of newer, more competitive technologies and products.

Certain estimates of market opportunity and forecasts of market growth may prove to be inaccurate.

This document includes several estimates by us and third parties of the potential addressable market for hydrogen fuel cell products and for our products and services, both internationally and in Canada. Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. In particular, estimates and forecasts relating to the size and expected growth of demand in our target markets, the adoption of our products, our capacity to address this demand, and our pricing, may prove to be inaccurate. In addition, third-party estimates of the addressable market for fuel cell products reflect the opportunity available from all participants and potential participants in the market. Any inaccuracies or errors in third-party estimates of market opportunity may cause us to misallocate capital and other business resources, which could divert resources from more valuable alternative projects and harm our business.

The addressable market we estimate may not materialize for many years, if ever, and even if the markets in which we compete meet the size estimates and growth forecasts in this AIF, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, the forecasts of market size or growth included in this AIF should not be taken as indicative of our future growth.

Failure to successfully implement our growth strategy could result in reduced revenue and net income growth.

The execution of our growth strategy poses many challenges and is based on a number of assumptions and we may not be able to successfully execute our business plan. Failure to successfully implement our growth strategy could reduce the growth of our revenue and net income and adversely affect our business, overall financial condition and results of operations. If we experience significant cost overruns in our operations, or if our growth strategy is more costly than we anticipate, certain product development activities may be delayed or eliminated, resulting in changes or delays to our commercialization plans, or we may be compelled to secure additional funding (which may or may not be available) to execute our growth strategy. We cannot predict with certainty our future revenues or results from our operations. If the assumptions on which our revenue or expenditure forecasts are based change, the benefits of our growth strategy may change as well. In addition, we may consider expanding our business beyond what is currently contemplated in our growth strategy. Depending on the financing requirements of a potential acquisition or new product opportunity, we may be required to raise additional capital through the issuance of equity or debt. If we are unable to raise additional capital on acceptable terms, we may be unable to pursue a potential acquisition or new product opportunity.

We may have difficulty executing on our growth strategy and expanding our manufacturing capability.

Our growth strategy contemplates us increasing our manufacturing production, which will require successful execution of many key goals, including without limitation:

- expanding our existing customers and expanding to new markets;
- ensuring the manufacture, delivery and installation of our products;
- implementing and improving additional and existing administrative, financial and operations systems, procedures and controls;
- hiring and retaining additional qualified employees;
- expanding and upgrading our technological capabilities;
- managing relationships with our customers, suppliers and strategic partnerships with other third parties;
- identifying and qualifying new vendors that are able to supply components in new market jurisdictions;
- responding quickly to changes in government policy requiring local sourced goods to qualify for subsidies;
- maintaining adequate liquidity and financial resources; and
- continuing to increase our revenues from operations.

If our business grows more quickly than we anticipate, our manufacturing facilities may become inadequate and we may need to seek out new or additional space at considerable cost to us. If our business does not grow as quickly as we expect, our manufacturing facilities would in part represent excess capacity for which we may not recover the cost; in that circumstance, our revenues may be inadequate to support our committed costs and our planned growth, and our financial condition, results of operations and business strategy would suffer.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, develop new products, satisfy customer requirements, execute our business plan, respond to competitive pressures or achieve satisfactory financial performance.

We may have difficulty bringing in-house the manufacturing of certain product components currently sourced from third-party suppliers.

Our manufacturing strategy contemplates that we will establish our own in-house manufacturing capabilities for certain product components. We may encounter difficulties commencing in-house manufacturing due to several factors, including but not limited to, the specification, purchase, cost, delivery, and start-up of manufacturing equipment and ensuring adequate product quality and production rates. In addition, we may wish to establish manufacturing facilities in different countries simultaneously based on market demand, which may strain our resources and delay the manufacture and delivery of our products.

We may be unable to reduce our manufacturing costs as market prices for our products decline over time in line with overall market pricing dynamics.

We expect that the market prices for fuel cells will decline over time. Should we fail to reduce our manufacturing costs in line with this anticipated trend, our business may suffer from reduced profit margins, and we may be unable to grow or maintain our market share relative to lower cost competitive product offerings.

We are dependent on third-party suppliers for the supply of key materials and components for our products and services.

We rely on certain key suppliers for critical components in our products, and other components for our products that are sole sourced. If we fail to maintain our relationships with our suppliers or build relationships with new suppliers, or if suppliers are unable to meet our demand, we may be unable to manufacture our products, or our products may be available only at a higher cost or after a delay. In addition, to the extent that our supply partners use technology or manufacturing processes that are proprietary, we may be unable to obtain comparable components from alternative sources.

The failure of a supplier to develop and supply components in a timely manner or at all, or to develop or supply components that meet our quality, quantity and cost requirements, or our inability to obtain substitute sources of these components on a timely basis or on terms acceptable to us, could impair our ability to manufacture our products or could increase our cost of production. If we cannot obtain substitute materials or components on a timely basis or on acceptable terms, we could be prevented from delivering our products to our customers within required timeframes. Any such delays could result in sales and installation delays, cancellations, penalty payments or loss of revenue and market share, any of which could have a material adverse effect on our business, results of operations, and financial condition.

We depend on a limited number of customers for a majority of our revenues and are subject to risks associated with early stage market activities related to the use of fuel cells in commercial vehicles and other applications.

We depend on a limited number of customers for a majority of our revenues and are subject to risks associated with early-stage market activities related to the use of fuel cells in commercial vehicles and other applications. While we are seeking to expand our customer base, we expect that for the foreseeable future, we will continue to have a limited number of customers. To date our customers have purchased limited numbers of our products. Our future success is dependent upon our existing customers purchasing increased numbers of our products and us securing additional customers. Any fluctuations in anticipated demand from these customers may negatively affect our business, financial condition and results of operations.

If we are unable to broaden our customer base and expand relationships with other potential customers, our business will continue to be impacted by unanticipated demand fluctuations due to our dependence on a limited number of customers. Unanticipated demand fluctuations can have a negative impact on our revenues and business, and an adverse effect on our business, financial condition and results of operations. In addition, our dependence on a limited number of customers exposes us to numerous other risks, including: (a) a slowdown or delay in customer deployment of our products could significantly reduce demand for our products as well as increase pricing pressure on our products due to increased purchasing leverage; (b) reductions in customer forecasts and demand could result in excess inventories; (c) the current or future economic conditions could negatively affect customers and cause them to significantly reduce operations or file for bankruptcy; (d) concentration of accounts receivable credit risk, which could have a material adverse effect on our liquidity and financial condition if customers declare bankruptcy or delay payment of their receivables; (e) reductions in customer demand as a result of their own strategic action to dual source their supply of fuel cell stacks or pursue alternate technology; and (f) changes in government support for zero-emission vehicles could adversely affect the end-user cost of vehicles incorporating our heavy duty motive products.

Some of the product purchase commitments pursuant to our purchase orders and/or MOUs with customers may change based on criteria stipulated under such purchase orders and MOUs.

While some of the purchase commitments we have with our customers pursuant to purchase orders and/or MOUs are irrevocable, others are subject to specific criteria stipulated in the terms and conditions of the applicable purchase orders and MOUs. As a result, some purchase commitments may change over time, thus adversely impacting our revenue expectations over the period affected by such changes.

In the Chinese market, to date a significant amount of our operations have been conducted through a joint venture in China that we cannot operate solely for our benefit.

Assembly and distribution of fuel cell modules in China has been carried out by the InPower-Loop JV, a joint venture between the Company and InPower that is headquartered in Zhong Guan Cun, Beijing. Our joint venture partner may not have the same goals, strategies, priorities or resources as we do and may compete with us, both in China and abroad, outside the joint venture. Joint ventures are intended to operate for the equal benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time-consuming procedures for sharing information and making decisions. If our co-owner changes or relationships deteriorate, this may have a material adverse effect on our success in the InPower-Loop JV.

In addition, because we have a minority share ownership, we have limited control over the actions of the InPower-Loop JV. As a result, we may be unable to prevent misconduct or other violations of applicable laws by the InPower-Loop JV. To the extent that another party makes decisions that negatively impact the InPower-Loop JV, or internal control issues arise within the joint venture, we may have to take responsive or other action or we may be subject to penalties, fines or other related actions for these activities.

Further, under the terms of the InPower-Loop JV Agreement, InPower will be granted exclusivity to sell to certain customers in China. The granting of this exclusivity may negatively affect our ability to expand our sales in China if InPower fails to deliver sales or limits our ability to sell through other channels.

Global events beyond our control, including without limitation the ongoing COVID-19 pandemic and the current war between Russia and the Ukraine, may adversely affect our operations, our suppliers, our customers, or the InPower-Loop JV.

Global events beyond our control, including without limitation the ongoing COVID-19 pandemic (the "Global Covid Pandemic"), a similar pandemic in the future, and the current war between Russia and the Ukraine (the "Russian War") or other wars in the future, and potential government actions to address such global events (collectively "Unforeseen Global Events"), may adversely affect our operations, our suppliers, our customers, or the InPower-Loop JV.

Unforeseen Global Events may prevent, or cause delays in, acquiring components of our products, producing our products, delivering our services and/or completing sales of our products or services, whether by direct impacts to our operations, or impacts to the operations of our suppliers, customers or to the financial markets. The InPower-Loop JV may similarly be affected.

The COVID-19 pandemic continues to evolve rapidly and, as a result, it is difficult to accurately assess its continued magnitude, outcome and duration, but it could:

- worsen global or regional economic conditions, which could negatively impact levels of investment in fuel cell technology deployments by governments and/or our customers which in turn would negatively impact demand for our products;
- impact our production levels, including as a result of full or partial shutdowns of our manufacturing facilities;
- impact our customers' or joint venture's production volume levels, including as a result of prolonged unscheduled facility shutdowns;
- cause potential shortages of employees to staff our facilities, or the facilities of our customers, suppliers or joint venture;
- lead to prolonged disruptions of critical components, including as a result of the bankruptcy/insolvency of one or more suppliers due to worsening economic conditions; or
- result in governmental regulation or sanctions adversely impacting our business,

all of which could have a material adverse effect on our business, financial condition and results of operations, which could be rapid and unexpected.

We have benefited from considerable governmental grants and subsidies to fund our operations, including research and development, which may not be available to us in the future.

We have received and benefited from various governmental grants and subsidies for ZEVs or hydrogen fueling infrastructure, including those offered by SDTC and WINN. In the past, these various governmental grants and subsidies have been used to fund our operations, including research and development. There can be no guarantee that these programs, or similar sources of grants and subsidies, will be available to the Company in the future, and we cannot provide certainty that we will be able to access additional capital if and when necessary to fund our operations.

The adoption of new accounting standards or interpretations could adversely affect the Company's financial results.

The Company's implementation of and compliance with changes in accounting rules and interpretations could adversely affect its operating results or cause unanticipated fluctuations in its results in future periods. The accounting rules and regulations that the Company must comply with are complex and continually changing. The Company cannot predict the impact of future changes to accounting principles on its financial statements going forward.

The Company does not expect that its disclosure controls and procedures and internal controls over financial reporting will prevent all instances of error and fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. The failure to establish and maintain effective internal controls could cause the Company to fail to satisfy its reporting obligations or result in material misstatements in its financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in the Company's reported financial information, which could result in a reduction in the trading price of the Common Shares

Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

The Company's operating results and revenues are subject to fluctuations and its quarterly financial results may be subject to seasonality and market cyclicality, each of which could cause its share price to be negatively affected.

The markets within which the Company operates may be influenced by general economic conditions, economic cycles and annual seasonality factors, among others, which in turn may impact the Company's financial results. Different sectors of the industry within which the Company operates are influenced differently by different factors and have historically moved through economic cycles with different timing. As such, it is difficult to estimate the potential impact of economic cycles and conditions or seasonality from year-to-year on the Company's overall operating results. With respect to seasonality, the timing of widely observed holidays and vacation periods and particularly slowdowns during the end-of year holiday period could significantly affect the Company's quarterly operating results during those periods. If the Company is unable to adequately respond to economic, seasonal or cyclical conditions, its revenues, expenses and operating results may fluctuate from quarter to quarter.

Fluctuations or seasonality effects could negatively affect the Company's results of operations during the period in question and/or future periods or cause its share price to decline. In addition, changes in accounting policies or practices may affect the Company's level of net income and other financial measures.

Fluctuations in its financial results, revenues and expenses may cause the market price of the Company's shares to decline.

We are dependent upon systems integrators and OEM's to purchase certain of our products.

To be commercially useful, our fuel cell products must be integrated into products manufactured by systems integrators and OEM's. We can offer no guarantee that systems integrators or OEM's will manufacture appropriate, durable or safe products or, if they do manufacture such products, that they will choose to use our fuel cell products. Any integration, design, manufacturing or marketing problems encountered by systems integrators or OEM's could adversely affect the market for our fuel cell products and our financial results.

The components of the Company's fuel cell products and the associated components in a customer integration, may contain defects or errors, or our customers may operate our products in an improper manner, resulting in performance loss or a safety incident that could negatively affect customer relationships, increase manufacturing costs, damage the Company's reputation and brand and substantially harm our business.

The satisfactory performance, reliability and availability of the Company's technology and products are critical to the Company's reputation and its ability to attract and retain clients.

Our fuel cell products are complex and must meet stringent technical requirements. The software and other components used in our fuel cell products may contain design, manufacturing or other defects, which could result in the failure of our fuel cell products to perform, damage to the Company's reputation and brand, interruption of business operations, loss of clients, diversion of technical and other resources, a diversion to development resources and increased development, negative publicity, loss of data, and cause our business and operating results to suffer. Any one or more of the foregoing occurrences could have a material adverse effect on the Company's business, financial condition and results of operations. The Company may experience the failure of its fuel cell products to perform for a variety of reasons, including manufacturing defects, design defects or integration issues.

Negative publicity could result in a decline in the Company's client growth and its business could suffer.

There has been a marked increase in the use of social media platforms and similar channels, including blogs, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and the accuracy of such information is not independently verified. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. The Company's reputation is very important to attracting new clients as well as selling additional services to existing clients. While the Company believes that it has a good reputation and that it provides its clients with a superior experience, there can be no assurance that the Company will continue to maintain a good relationship with its clients or avoid negative publicity. Any damage to the Company's reputation, whether arising from business conduct, negative publicity, regulatory, supervisory or enforcement actions, matters affecting its financial reporting or compliance with securities laws and TSX listing requirements, security breaches or otherwise could have a material adverse effect on its business.

If the Company fails to develop widespread brand awareness cost-effectively, its business may suffer.

The Company believes that developing and maintaining widespread awareness of its brand in a cost-effective manner is critical to achieving widespread acceptance of its products and attracting new clients. The Company's marketing efforts are primarily directed at the development of new clients and increased penetration of existing clients. Brand promotion activities may not generate client awareness or increase revenues, and even if they do, any increase in revenues may not offset the expenses the Company incurs in building its brand. If the Company fails to successfully promote and maintain its brand, or incur substantial expenses, it may fail to attract or retain clients necessary to realize a sufficient return on the Company's brand-building efforts, or to achieve the widespread brand awareness that is critical for broad client adoption of the Company's services.

The Company is subject to risks inherent in foreign operations, including restrictions on the conversion of currencies and restrictions on repatriation of funds, including out of China.

Our success depends on our ability to secure international customers and receive payments from international customers. The Company intends to continue to selectively pursue international market growth opportunities, which could result in sales outside of Canada continuing to account for a more significant portion of the Company's revenue. The Company has committed, and may continue to commit, significant resources to its international operations and sales and marketing activities. While the Company has experience conducting business outside of Canada, it may not be aware of all the factors that may affect its business in foreign jurisdictions. The Company has limited experience developing and manufacturing products that meet foreign regulatory and commercial requirements in our target markets.

The Company is subject to a number of risks associated with international business activities that may increase costs and require significant management attention. International operations carry certain risks and associated costs, such as the complexities and expense of administering a business abroad, restrictions on the conversion of currencies, restrictions on repatriation of funds, complications in compliance with, and unexpected changes in regulatory requirements, foreign laws, trading and investment policies, exchange controls, difficulties in collecting accounts receivable, potential adverse tax consequences, uncertainties of laws, difficulties in protecting, maintaining or enforcing intellectual property rights, difficulty in managing a geographically dispersed workforce in compliance with diverse local laws and customs, and other factors, depending upon the country involved. Trade disputes and trade barriers, whether tariff or non-tariff, could prevent us from selling our products in key geographical markets, make our products uncompetitive with local competitors, and prevent us from sourcing key components of our products.

Moreover, local laws and customs in many countries differ significantly and compliance with the laws of multiple jurisdictions can be complex, difficult and costly. The Company cannot assure that risks inherent in its foreign operations will not have a material adverse effect on its business.

Exchange rate fluctuations may adversely affect the Company's results and/or compliance with financial covenants.

Due to the Company's international operations, the Company is exposed to the effects of fluctuations in currency exchange rates. The Company generates revenue and/or incurs expenses for contractor or employee compensation and other operating expenses through its supply chain and sales channels in China, Europe and other parts of Asia. As a result, the Company's operations are exposed to Chinese renminbi, Japanese yen, euros, U.S. dollars, UK pound sterling and other currencies. Fluctuations in the exchange rates between the Canadian dollar and these currencies could result in the Canadian dollar equivalent of such revenues being lower and expenses being higher, which could have a negative net impact on the Company's reported operating results.

Commodity price fluctuations are beyond our control and may have a material adverse effect on our business, operating results, financial condition and profitability.

We intend to manufacture and/or purchase significant volumes of bipolar plates and membrane electrode assemblies in the short to medium term, and commodity prices, in particular the price of carbon, platinum and iridium, will affect our costs. Carbon is a key component of bipolar plates, and platinum and iridium are used in small quantities in membrane electrode assemblies. These materials are scarce natural resources, and we are dependent upon a sufficient supply of these commodities. While we do not anticipate significant near or long-term shortages in the supply of platinum, iridium or carbon, such shortages could adversely affect our ability to produce commercially viable fuel cell products or significantly raise our cost of producing such products.

Regulatory agencies could require us to modify or terminate existing investments or acquisitions and could delay or prevent future opportunities.

Our current and future investment and acquisition opportunities are, or may be, subject to the jurisdiction of the Department of Innovation, Science and Economic Development ("**ISED**") under the Investment Canada Act (the "**ICA**"), the U.S. Federal Trade Commission ("**FTC**") and Department of Justice ("**DOJ**") under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "**HSR Act**") and related legislation and regulations, the Committee on Foreign Investment in the United States ("**CFIUS**") and other similar regulatory schemes. The ICA regulates the acquisition of control of a Canadian business by a non-Canadian and requires that certain transactions be reviewed by ISED before they are permitted to close. The HSR Act regulates certain transactions that affect U.S. commerce and requires that certain transactions be reported to the FTC and DOJ before they are permitted to close. CFIUS has jurisdiction over investments in "U.S. businesses" by non-U.S. persons that involve U.S. national security concerns, which concerns may change or evolve over time in response to political, economic or other events. Unlike the ICA and the HSR Act, CFIUS may intervene in the transaction before or after the closing if the parties to a transaction do not make a voluntary or required filing with CFIUS.

Because we are a British Columbia-based company with operations and assets in British Columbia, a subsidiary in China and a joint venture in China, from time to time, we may receive inquiries from, or may be required to make filings with, these agencies. Any of these agencies could delay or prevent us from participating in future investment, acquisition or joint venture opportunities, or could require us to take steps to address concerns identified by the regulatory agency with respect to existing investments or joint ventures. Each of these regulatory agencies has broad discretion to investigate and intervene in transactions that fall within the scope of their respective regulatory authority. In addition, CFIUS could intervene in our previously completed transactions and require us to modify or amend the terms of those transactions or terminate or unwind all or part of the transactions, if CFIUS determines that it is necessary to address U.S. national security concerns, without regard to whether the transaction was completed and operated in accordance with applicable law. If these regulatory agencies modify, delay, prevent or terminate our participation in these investments, acquisitions and joint ventures, our results of operations or financial condition may be adversely impacted.

We are subject to taxes, and we have taken uncertain tax positions.

We are subject to tax in certain jurisdictions in which we or our subsidiaries are organized, own assets or have operations. In computing our tax obligations in these jurisdictions, we are required to take various tax accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities. We cannot assure you that upon review of these positions, the applicable authorities will agree with our positions. A successful challenge by a tax authority could result in additional tax imposed on us or our subsidiaries. In addition, changes in our operations or ownership could result in additional tax being imposed on us or on our subsidiaries in jurisdictions in which operations are conducted.

Growth may place significant demands on the Company's management and infrastructure.

The Company's growth has placed and may continue to place significant demands on its management and operational and financial infrastructure. The expansion of the Company's infrastructure will require it to commit financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. Continued growth could also strain the Company's ability to maintain reliable service levels for its clients, develop and improve its operational, financial and management controls, enhance its reporting systems and procedures and recruit, train and retain highly skilled personnel. Managing the Company's growth will require expenditures and the allocation of valuable management resources. Failure to effectively manage growth could result in difficulty or delays in serving clients, declines in quality or client satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, and any of these difficulties could adversely impact the Company's business performance and results of operations.

Claims for indemnification by the Company's directors and officers may reduce its available funds to satisfy successful third-party claims against the Company and may reduce the amount of money available to it.

The Company has indemnification agreements with each of its directors and officers. The indemnification agreements generally require that the Company indemnify and hold the indemnitees harmless to the fullest extent permitted by law for liabilities arising out of the indemnitees' service to the Company as directors and officers, provided that the indemnitees acted honestly and in good faith with a view to the best interests of the Company and in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, the indemnitees' had reasonable grounds for believing that his or her conduct was lawful. The indemnification agreements also provide for the advancement of defense expenses to the indemnitees by the Company provided that the indemnitees must repay all advances if it is finally determined that the indemnitees are not entitled to indemnification under the agreements, or the payment of any costs is prohibited by applicable law. The obligation to repay advances of defense expenses will be unsecured and no interest will be charged thereon. Any claims for indemnification by the Company's directors and officers may reduce the available funds to satisfy successful third-party claims against the Company and may reduce the amount of money available to it.

Current or future litigation could substantially harm the Company's business.

The Company is not currently involved in any material litigation; however, it may become involved in legal proceedings, claims and other litigation in the future.

The Company may be subject to various legal proceedings and claims arising out of the ordinary course of business, including lawsuits relating to commercial liability, product recalls, product liability, product claims, employment matters, environmental matters, breach of contract, intellectual property, indemnification, stockholder suits, derivative actions or other aspects of our business. The outcome of litigation, regulatory investigations and arbitration disputes are inherently difficult to predict and as a result there is the risk that an unfavorable outcome could negatively affect the Company's business, results of operations and financial condition. In addition, litigation can result in substantial costs and diversion of the resources of the Company. Insurance may not cover such investigations and claims, may not be sufficient for one or more such investigations or claims and may not continue to be available on acceptable terms. An investigation or claim brought against the Company could also result in unanticipated costs and reputational harm.

Our products use flammable fuels and some generate high voltages, which could subject our business to product liability claims.

Our business exposes us to potential product safety, product liability and similar claims that are inherent in electrical products and in products that use hydrogen or hydrogen-rich reformate fuels. High-voltage electricity poses potential shock hazards, and hydrogen is a flammable gas and therefore a potentially dangerous fuel. Any accidents involving our products or other hydrogen-based products could materially impede widespread market acceptance and demand for our fuel cell products. Involvement in litigation could result in significant expense to us, adversely affecting the development and sales of our products, and diverting the efforts of our technical and management personnel, whether or not the litigation is resolved in our favour. In addition, we may be held responsible for damages beyond the scope of our insurance coverage. We also cannot predict whether we will be able to maintain our insurance coverage on acceptable terms.

Warranty claims, product performance guarantees or indemnification claims could negatively affect our financial performance.

There is a risk that our warranty accrual estimates are not sufficient, and we may recognize additional expenses, including those related to litigation, because of warranty claims in excess of our current expectations. Such warranty claims may necessitate changes to our products or manufacturing processes and/or a product recall, all of which could hurt our reputation and the reputation of our products and may have an adverse impact on our financial performance and/or on future sales. While we attempt to mitigate these risks through product development, quality assurance, customer support and service processes, there can be no assurance that these processes are adequate. Even in the absence of any warranty claims, a product deficiency such as a design or manufacturing defect could be identified, necessitating a product recall or other corrective measures, which could hurt our reputation and the reputation of our products and may have an adverse impact on our financial performance and/or on future sales.

Litigation is inherently unpredictable, and although we may believe we have meaningful defenses in these matters, we may incur judgments or enter into settlements of claims that could have a material adverse effect on our business, financial condition, and results of operations. The costs of responding to or defending litigation may be significant and may divert the attention of management away from our strategic objectives. There may also be adverse publicity associated with litigation that may decrease customer confidence in our business or our management, regardless of whether the allegations are valid or whether we are ultimately found liable.

New products may have different performance characteristics from previous products. In addition, we have limited field experience with existing commercial products from which to make our warranty accrual estimates.

We could be adversely affected by risks associated with acquisitions and investments.

We may in the future, seek to expand our business through acquisitions and investments in capital equipment and new business processes.

Acquisitions will be in part dependent on management's ability to identify, acquire and develop suitable acquisition targets in both new and existing markets. In certain circumstances, acceptable acquisition targets might not be available. Acquisitions involve a number of risks, including: (a) the possibility that we, as successor owner, may be legally and financially responsible for the liabilities of prior owners; (b) the possibility that we may pay more than the acquired company or assets are worth; (c) the additional expenses associated with completing an acquisition and amortizing any acquired intangible assets; (d) the difficulty of integrating the operations and personnel of an acquired business; (e) the challenge of implementing uniform standards, controls, procedures and policies throughout an acquired business; (f) the inability to integrate, train, retrain and motivate key personnel of an acquired business; and (g) the potential disruption of our ongoing business and the distraction of management from our day-to-day operations.

While necessary for the growth of our business, investments in capital equipment and new business processes, involve allocating resources based on future expectations that may or may not be correct. Investments in capital equipment and new business processes may not address the requirements of the targeted markets in the future and may result in lower than expected returns on such investments.

The above risks and difficulties, if they materialize, could disrupt our ongoing business, distract management, result in the loss of key personnel, increase expenses and otherwise have a material adverse effect on our business, results of operations and financial performance.

Our failure to protect that intellectual property could adversely affect our expected future growth and success.

Failure to protect our existing intellectual property rights may result in the loss of our exclusivity regarding, or the right to use, our technologies. If we do not adequately ensure our freedom to use certain technology, we may have to pay others for rights to use their intellectual property, pay damages for infringement or misappropriation, or be enjoined from using such intellectual property. We rely on patent and trademark laws to protect our intellectual property. Some of our intellectual property is not covered by any patent or patent application, and with respect to the patents which we currently have, or expect to have, rights will expire between 2022 and 2041. Our present or future-issued patents may not protect our technological leadership, and our patent portfolio may not continue to grow at the same rate as it has in the past. Moreover, our patent position is subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. Accordingly, there is no assurance that: (a) any of the patents owned by us or other patents that third parties license to us will not be invalidated, circumvented, challenged, rendered unenforceable or licensed to others; or (b) any of our pending or future patent applications will be issued with the breadth of claim coverage sought by us, if issued at all. In addition, effective patent and trademark protection may be unavailable, limited or not applied for in certain countries.

Certain of our intellectual property have been licensed to us on a non-exclusive basis from third parties who may also license such intellectual property to others, including our competitors. If necessary or desirable, we may seek further licences under the patents or other intellectual property rights of others. However, we may not be able to obtain such licences or the terms of any offered licences may not be acceptable to us. The failure to obtain a licence from a third-party for intellectual property we use could cause us to incur substantial liabilities and to suspend the manufacture or shipment of products or our use of processes requiring the use of such intellectual property.

We may become subject to lawsuits in which it is alleged that we have infringed the intellectual property rights of others or commence lawsuits against others who we believe are infringing upon our rights. Our involvement in intellectual property litigation could result in significant expense to us, adversely affecting the development of sales of the challenged product or intellectual property and diverting the efforts of our technical and management personnel, whether or not such litigation is resolved in our favour.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.

In order to protect the Company's intellectual property, the Company relies in part on confidentiality agreements with its strategic partners, employees, independent contractors and other advisors. These agreements may not effectively prevent the disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in the event of the unauthorized disclosure of confidential information. We can provide no assurance that these agreements will not be breached, that we will have adequate remedies for any breach, or that such persons or institutions will not assert rights to intellectual property arising out of these relationships. In addition, others may independently discover the Company's trade secrets and proprietary information, and in such cases, the Company could not assert any trade secret rights against such parties.

To the extent that the Company's employees, contractors or other third parties with whom it does business use intellectual property owned by others in their work for the Company, disputes may arise as to the rights in related or resulting know-how and inventions. The loss of trade secret protection could make it easier for third parties to compete with the Company's services by copying functionality. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise the Company's ability to enforce its trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Company's proprietary rights, and failure to obtain or maintain protection of its trade secrets or other proprietary information could harm the Company's business, results of operations, reputation and competitive position.

We may experience cybersecurity threats to our information technology systems, and unauthorized attempts to gain access to our proprietary or confidential information, as may our customers, suppliers, subcontractors and joint venture partners.

We depend on IT Systems, hosted internally and outsourced, to process, transmit and store electronic data and financial information (including proprietary or confidential information), and manage business operations. Our business requires the appropriate and secure utilization of sensitive, confidential or personal data or information belonging to our employees, customers and partners. In addition, the Company's proprietary or confidential information may be stored on IT Systems of our suppliers, customers and partners. Increased global cybersecurity vulnerabilities, threats and more sophisticated and targeted cyber-related attacks pose a risk to the security of the Company's and its customers', partners', suppliers' and third-party service providers' IT Systems and the confidentiality, availability and integrity of the Company's and its customers' and partners' data or information. While we have made investments seeking to address these threats, including the monitoring of networks and systems, hiring of experts, training of employees and the establishment of security policies for employees, we may face difficulties in anticipating and implementing adequate preventative measures and may potentially remain vulnerable. We must rely on our own safeguards as well as the safeguards put in place by our suppliers, customers and partners to mitigate the threats. Our internal systems have been audited for cybersecurity vulnerabilities by a third-party security firm in an effort to ensure we are prepared for new and emerging threats. Our suppliers, customers and partners have varying levels of cybersecurity expertise and safeguards, most have yearly compliance audits that are available upon request.

An IT System failure or non-availability, cyber-attack or breach of systems security could disrupt our operations, cause the loss of, corruption of, or unauthorized access to sensitive, confidential or personal data or information or expose us to regulatory investigation, litigation or contractual penalties. Our customers, partners or governmental authorities may question the adequacy of cybersecurity processes and procedures and this could have a negative impact on existing business or future opportunities. Furthermore, given the highly evolving nature of cybersecurity threats or disruptions and their increased frequency, the impact of any future incident cannot be easily predicted or mitigated, and the costs related to such threats or disruptions may not be fully insured or indemnified by other means.

Additionally, the legal and regulatory environment surrounding information security and privacy in Canada and international jurisdictions is constantly evolving. Violation or non-compliance with any of these laws or regulations, any contractual requirements relating to data security and privacy, or with our own privacy and security policies, either intentionally or unintentionally, or through the acts of intermediaries could have a material adverse effect on our brand, reputation, business financial condition and results of operations, as well as subject us to significant fines, litigation losses, third-party damages and other liabilities.

Global macro-economic conditions are beyond our control and may have an adverse impact on our business or our key suppliers and customers.

Current global economic conditions, including volatility in China, may adversely affect the development of sales of our products, and thereby delay the commercialization of our products. Customers and/or suppliers may not be able to successfully execute their business plans; product development activities may be delayed or eliminated; new product introduction may be delayed or eliminated; end-user demand may decrease; and some companies may not continue to be commercially viable.

Financial market volatility can affect the debt, equity and project finance markets. This may affect the amount of financing available to all companies, including companies with substantially greater resources, better credit ratings and more successful operating histories than ours. It is impossible to predict future financial market volatility and instability, and it may have a materially adverse effect on us.

The Company operates in a competitive business environment and, if the Company is unable to compete effectively, it could have a material adverse effect on the Company's business, financial condition and results of operations.

As fuel cell products have the potential to replace existing power products, competition for our products will come from current power technologies, improvements to current power technologies and new alternative energy technologies, including other types of fuel cells. Our target markets are currently serviced by existing manufacturers with existing customers and suppliers. These manufacturers use proven and widely accepted technologies such as internal combustion engines and batteries as well as coal, oil and nuclear-powered generators.

Additionally, there are competitors working on developing technologies other than PEM fuel cells (such as other types of fuel cells and advanced batteries) in each of our targeted markets. Some of these technologies are as capable of fulfilling existing and proposed regulatory requirements as the PEM fuel cell.

Within the PEM fuel cell market, we also have a large number of competitors. Across the world, corporations, national laboratories and universities are actively engaged in the development and manufacture of PEM fuel cell products and components. Each of these competitors have the potential to capture market share in our target markets. We expect that the PEM fuel cell market will continue to attract new competitors and new technologies.

Many of our competitors have substantial financial resources, customer bases, manufacturing, marketing and sales capabilities, and businesses or other resources, which give them significant competitive advantages over us. Some competitors may be prepared to offer lower priced products with reduced performance and quality than our products, and we may be unable or unprepared to offer similar lower priced products. There can be no assurance that we will be able to compete successfully against current or future competitors or that the competitive pressures we face in the markets in which we operate will not have a material adverse effect on our business, financial condition and results of operations.

The Company depends on its key personnel.

The Company's future success and its ability to manage future growth depend, in large part, upon the continued services of its senior management and the ability to attract and retain key officers and other highly qualified personnel. Competition for such personnel is intense. There can be no assurance that the Company will continue to be successful in attracting and retaining qualified personnel, and the loss of the services of any of these individuals could have a material adverse effect on its revenue, financial performance and results of operations. The Company does not currently have key-person insurance.

The Company depends on highly-skilled personnel to operate its business and if the Company is unable to retain its current, or hire additional, personnel, its ability to develop and successfully market its business could be harmed.

The Company believes its future success will depend in part upon its ability to attract and retain highly skilled managerial, technical, finance, creative and sales and marketing personnel. The Company may be unable to attract and retain suitably qualified individuals who are capable of meeting its growing sales, operational and managerial requirements, or may be required to pay increased compensation in order to do so. If the Company is unable to attract and retain the qualified personnel it needs to succeed, its business will suffer. If the Company grows, the number of people it needs to hire will increase. The Company will also need to increase its hiring if it is not able to maintain its attrition rate through current recruiting and retention policies.

If the Company cannot maintain its corporate culture, the Company could lose valuable qualities from its workforce.

The Company believes that its corporate culture is a critical component of its success. As the Company develops the infrastructure of a public company and continues to grow, the Company may find it difficult to maintain the valuable aspects of its corporate culture. Failure to preserve its corporate culture could negatively impact the Company's future success, including its ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue its corporate objectives.

Public policy and regulatory changes could hurt the market for our products and services.

Changes in existing government regulations and the emergence of new regulations with respect to fuel cell products may hurt the market for our products and services. Environmental laws and regulations have driven interest in fuel cells. We cannot guarantee that these laws and policies, including subsidies or incentives associated with the adoption of clean energy products, will not change. Changes in these laws and other laws and policies, or the failure of these laws and policies to become more widespread, could result in manufacturers abandoning their interest in fuel cell products or favouring alternative technologies. In addition, as fuel cell products are introduced into our target markets, governments may impose burdensome requirements and restrictions on the use of fuel cell products that could reduce or eliminate demand for some or all of our products and services.

Government budgetary constraints could reduce the demand for our products by restricting the funding available to public transportation agencies and militaries. We cannot guarantee that current government direct and indirect financial support for our products will continue.

Our business is subject to risks associated with obtaining government permits and approvals, and other contingencies that may arise in the course of completing fuel cell installation projects.

Canadian and international governments heavily influence the market for our product and services. A number of our customers are government entities and therefore reviews and approvals are necessary prior to proceeding with projects. In addition, delays with respect to any required approvals or withdrawals of any prior approvals from government or public or regulatory agencies must be considered. If governmental entities modify, delay or reject our participation in certain projects or with specific customers our results of operations or financial condition may be adversely impacted.

The Company's risk management efforts may not be effective.

The Company could incur substantial losses and its business operations could be disrupted if the Company is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk and other market-related risks, as well as operational risks related to its business, assets and liabilities. The Company's risk management policies, procedures and techniques may not be sufficient to identify all of the risks the Company is exposed to, mitigate the risks that the Company has identified or identify concentrations of risk or additional risks to which the Company may become subject in the future.

We could be liable for environmental damages resulting from our research, development or manufacturing operations.

Our business exposes us to the risk of harmful substances escaping into the environment, resulting in personal injury or loss of life, damage to or destruction of property, and natural resource damage. Depending on the nature of the claim, our current insurance policies may not adequately reimburse us for costs incurred in settling environmental damage claims, and in some instances, we may not be reimbursed at all. Our business is subject to numerous laws and regulations that govern environmental protection and human health and safety. These laws and regulations have changed frequently in the past and it is reasonable to expect additional and more stringent changes in the future. Our operations may not comply with future laws and regulations, and we may be required to make significant unanticipated capital and operating expenditures. If we fail to comply with applicable environmental laws and regulations, governmental authorities may seek to impose fines and penalties on us, or to revoke or deny the issuance or renewal of operating permits, and private parties may seek damages from us. Under those circumstances, we might be required to curtail or cease operations, conduct site remediation or other corrective action, or pay substantial damage claims.

The Company's insurance coverage reserves may not cover future claims.

The Company maintains various insurance policies for commercial general liability, excess liability, property and director and officer liability. The Company has third-party insurance coverage to limit its exposure for both individual and aggregate claim costs. The Company is also responsible for losses up to a certain limit for commercial general liability, excess liability, property and director and officer liability insurance.

If a greater amount of claims occur compared to what the Company estimated, its accrued liabilities might not be sufficient and it may be required to record additional expenses. Unanticipated changes may also produce materially different amounts of expenses than reported under these programs, which could adversely impact the Company's results of operations.

The Company's failure to comply with applicable laws regarding privacy and protection of data could lead to significant fines and penalties imposed by regulators, as well as claims by the Company's clients. In addition, if the Company's security measures fail to protect credit and debit card information adequately, the Company could be liable to its clients for their losses. There can be no assurance that the limitations of liability (if applicable) in the Company's contracts would be enforceable or adequate or would otherwise protect the Company from any such liabilities or damages with respect to any particular claim. The Company also cannot be sure that its existing general and management liability insurance coverage will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that the Company's insurers will not deny coverage as to any future claim. The successful assertion of one or more large claims against the Company that exceeds its available insurance coverage, or changes in the Company's insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on the Company's business, financial condition and results of operations.

If completed, any potential merger and acquisition activity may fail to achieve the expected benefits of the transaction, including potential disruptions to operations, higher than anticipated costs and efforts to integrate, and loss of key personnel.

Merger and acquisition activities are disruptive to management and the expected benefits of a merger or acquisition transaction are subject to numerous risks, including the disruption of our day-to-day operations, a failure to realize projected revenue gains, achieve expected cost savings within the assumed timeframe, and integration costs being higher than expected. In addition, the actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. An inability to realize all or any of the anticipated benefits of a merger or acquisition transaction, as well as any delays encountered in the integration process, could have a material adverse effect on our business and results of operations.

The Company's business is subject to the risks of earthquakes, fires, floods and other natural catastrophic events and to interruption by man-made problems such as terrorism.

The Company's systems and operations are vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war and similar events. For example, a significant natural disaster, such as an earthquake, fire or flood, could have a material adverse impact on the Company's business, operating results and financial condition and its insurance coverage may be insufficient to compensate the Company for any losses that may occur. Acts of terrorism, which may be targeted at metropolitan areas which have higher population density than rural areas, could cause disruptions in the Company's or its clients' businesses or the economy as a whole.

The Company may not have sufficient protection or recovery plans in certain circumstances and its insurance policies may be insufficient to compensate the Company for losses that may occur.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this AIF or in our MD&A or Financial Statements for the years ended December 31, 2020, December 31, 2021, or December 31, 2022 no director, senior officer or principal shareholder of the Company and no associate or affiliate of the foregoing has had a material interest, direct or indirect, in any transaction in which the Company has participated within the three-year period prior to the date of this AIF, or will have any material interest in any proposed transaction, which has materially affected or will materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Investor Services Inc. located at 510 Burrard St, 3rd Floor, Vancouver, BC V6C 3B9.

MATERIAL CONTRACTS

The following is a list of each material contract of the Company, other than contracts entered into in the ordinary course of business, that were entered into since the beginning of its most recently completed fiscal year or before the last financial year but are still in effect:

(a) Investor Rights Agreement dated February 4, 2021 among the Company and Cummins Apollo which governs certain rights of Cummins Apollo as a shareholder of the Company;

(b) Equity Joint Venture Agreement dated January 22, 2019 among the Company and Beijing In-Power Renewable Energy Co., Ltd. regarding the establishment of InPower-Loop Energy Technology (Beijing) Co., Ltd.; and

(c) Technology License Agreement dated March 31, 2019 between the Company and InPower-Loop Energy Technology (Beijing) Co., Ltd.

Copies of the contracts may be obtained from SEDAR at www.sedar.com under the Company's profile.

NAMES AND INTERESTS OF EXPERTS

KPMG LLP are the external auditors of the Company and have confirmed that they are independent of the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

ADDITIONAL INFORMATION

Additional information relating to the Company may be obtained from SEDAR at www.sedar.com under the Company's profile.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities, and interests of insiders in material transactions, where applicable, will be contained in the Company's information circular for its upcoming annual meeting of shareholders.

Additional financial information is provided in the Company's annual financial statements and Management's Discussion & Analysis for the fiscal year ended December 31, 2022.

SCHEDULE “A”
Mandate of the Audit Committee of Loop Energy Inc. (the “Company”)

1. Introduction

The Audit Committee (the “Committee” or the “Audit Committee”) of Loop Energy Inc. (the “Company”) is a committee of the Board of Directors (the “Board”) of the Company. The Committee shall oversee the accounting and financial reporting practices of the Company and the audits of the Company’s financial statements and exercise the responsibilities and duties set out in this Mandate.

2. Membership

a. Number of Members

The Committee shall be composed of three or more members of the Board, subject to any exemptions or relief that may be granted from such requirement under National Instrument 52-110 – Audit Committees (“NI 52-110”) or other applicable securities laws, or the rules or requirements of any stock exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, in each case as amended or as are in effect from time to time (collectively, “Applicable Requirements”).

b. Independence of Members

Each member of the Committee must be independent, subject to any exemptions or relief that may be granted from such requirement under Applicable Requirements. “Independent” shall have the meaning, as the context requires, given to it under Applicable Requirements, including without limitation NI 52-110, as may be amended from time to time.

c. Financial Literacy of Members

Subject to any exemptions or relief that may be granted from such requirement under, each member of the Committee shall be “financially literate” within the meaning of 52-110 and otherwise have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

d. Term of Members

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed by the Board, or ceases to be a member of the Board.

e. Chair

At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall be a member of the Audit Committee, preside over and set the agenda for all Audit Committee meetings, coordinate the Audit Committee’s compliance with this Mandate, work with management to develop the Audit Committee’s annual work-plan and provide reports of the Audit Committee to the Board.

3. Meetings

a. Number of Meetings

The Committee may meet as many times per year as necessary to carry out its responsibilities and shall, in any event, meet at least once per quarter.

b. Quorum

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A quorum for meetings of the Committee shall be a majority of the members of the Committee, present in person or by teleconference or videoconference that permits all persons participating in the meeting to communicate with each other.

c. Calling of Meetings and Meeting Procedure

The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Company's Corporate Secretary who will notify the members of the Audit Committee. Notice of the time and place of every meeting shall be given in writing, by electronic transmission or otherwise, to each member of the Committee and the external auditor of the Corporation at least 48 hours prior to the time fixed for such meeting, provided, however, that a member may in any manner waive notice of a meeting, and attendance of a member at the meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. The Chair shall chair all Audit Committee meetings that he or she attends and, in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting. The procedures for holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board.

d. Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. The Chair will provide a report to the full Board on the key matters discussed and/or decided by the Committee at the Board's next regular meeting after each Committee meeting.

e. Attendance of Non-Members

The external auditors are entitled to attend and be heard at each Audit Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Company, legal counsel, insurance agents and brokers, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

f. Meetings without Management

Each regular meeting of the Committee will conclude with a session without any members of management present.

g. Access to Management

The Committee shall have unrestricted access to the Company's management and employees and the books and records of the Company.

4. Duties and Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate to the Committee under Applicable Requirements. In addition to these functions and responsibilities, the Committee shall perform the duties required to be performed by an audit committee under any Applicable Requirements.

4.1 Financial Reports

(a) General

The Audit Committee shall assist the Board to discharge its oversight responsibility relating to the integrity of the Company's financial statements and financial disclosures and the financial reporting process.

(b) Review of Annual Financial Reports

The Audit Committee shall review and recommend to the Board for approval the annual consolidated audited financial statements of the Company, the auditors' report thereon and the related management's discussion and analysis of the Company's financial condition and results of operation ("MD&A") and press release.

(c) Review of Interim Financial Reports

The Audit Committee shall review and approve the interim consolidated financial statements of the Company, the auditors' review report thereon and the related MD&A and press release.

(d) Review Considerations

In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:

(i) meet with management and the auditors to discuss the financial statements and MD&A;

(ii) review the disclosures in the financial statements;

(iii) review the audit report or review report prepared by the auditors;

(iv) discuss with management, the auditors and internal legal counsel (if any), any litigation claim or other contingency that could have a material effect on the financial statements;

(v) review the accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management, any alternate treatment of financial information that have been discussed with management, the ramifications of use of such alternative classifications, recognitions, derecognitions, measurements, presentations and disclosures and treatments and the auditor's preferred treatment, as well as any other material communications with management with respect to same;

(vi) discuss with the external auditor whether all material correcting adjustments identified (if any) by the external auditor in accordance with International Financial Reporting Standards are reflected in the Company's financial statements;

(vii) review with the external auditor all material communications between the external auditor and management, such as any management letter or schedule of unadjusted differences (if any);

(viii) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under International Financial Reporting Standards;

(ix) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;

(x) review management's report on the effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting;

(xi) review the factors identified by management as factors that may affect future financial results;

(xii) review results of the Company’s whistleblower hotline program; and

(xiii) review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements.

(e) Periodic Review of Accounting Policies

The Committee shall review periodically with management and the external auditor the quality, as well as acceptability, of the Company’s accounting policies, and discuss with the external auditor how the Company’s accounting policies compare with those in the industry.

(f) Approval of Other Financial Disclosures

The Audit Committee shall review and recommend to the Board for approval financial disclosure in a prospectus or other securities offering document of the Company, press releases disclosing, or based upon, financial results of the Company. With respect to all other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated, the Committee shall review and approve, or if advisable, shall recommend to the Board for approval.

(g) Financial Executives

The Committee shall review and discuss with management the appointment of the Chief Financial Officer and the manager of the company’s internal audit function (if any) and recommend qualified candidates to the Board, as appropriate.

(h) Approval of CEO and Board Chair Expenses

The Committee shall annually review (in the fourth quarter) a report of all of the corporate expenses submitted by the CEO and Chair of the Board.

(i) Review of Capital Structure

The Committee shall review the Company’s capital structure and make recommendations to the Board with respect to:

(i) Compliance under financing arrangements on a quarterly basis;

(ii) Corporate debt facilities, if any, on a quarterly basis;

(iii) Proposed issuances of debt or equity, if any (as required).

4.2 External Auditors

(a) General

The external auditors shall report directly to the Audit Committee and the Committee shall be responsible for oversight of the work of the external auditors, including the external auditors’ work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.

(b) Nomination and Compensation

The Audit Committee shall review and recommend to the Board for approval (i) the external auditors to be recommended to the shareholders for appointment and (ii) the compensation of the external auditor.

(c) Resolution of Disagreements

The Audit Committee shall resolve any disagreements between management and the external auditors as to financial reporting matters brought to its attention.

(d) Discussions with External Auditors

At least annually, the Audit Committee shall discuss with the external auditors such matters as the Audit Committee considers necessary for the discharge of its function, including without limitation such matters as are required by applicable auditing standards to be discussed by the external auditors with the Audit Committee.

(e) Audit Plan

At least annually, the Audit Committee shall review and approve a summary of the external auditors' annual audit plan. The Audit Committee shall consider and review with the external auditors any material changes to the scope of the plan.

(f) Quarterly Review Report

The Audit Committee shall review a report prepared by the external auditors in respect of each of the annual audited financial statements and interim unaudited financial statements of the Company.

(g) Independence of External Auditors

At least annually, and before the auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the external auditors a formal written statement describing all relationships between the external auditors and the Company; discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the external auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements. The Audit Committee shall take appropriate action to oversee the independence of the external auditors.

(h) Evaluation and Rotation of Lead Partner

At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the external auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

(i) Requirement for Pre-Approval of Non-Audit Services

The Audit Committee shall approve in advance any retainer of the external auditors to perform any non-audit services to the Company or any of its subsidiaries that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to any independent member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(j) Approval of Hiring Policies

The Audit Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

4.3 Disclosure and Internal Controls

(a) General

The Audit Committee shall assist the Board to discharge its oversight responsibility relating to the Company's disclosure control and procedures and internal control over financial reporting.

(b) Establishment, Review and Approval

The Company is required to implement and maintain disclosure controls and procedures and internal controls over financial reporting in accordance with Applicable Requirements and to review, evaluate and approve these controls and procedures. The Committee will review, at least annually, the results of management's evaluation of the adequacy and effectiveness of the Company's disclosure controls and procedures and internal controls in connection with the certifications signed by the CEO and CFO. Management's evaluation shall include a review of: (a) policies and procedures to ensure completeness and accuracy of information disclosed in the quarterly and annual reports, prevent earnings management and detect material financial statement misstatements due to fraud and error; and (b) internal control recommendations of the external auditor and arising from the results of the internal audit procedures, including any special steps taken to address material control deficiencies and any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls.

4.4 Compliance with Legal and Regulatory Requirements

The Audit Committee shall review reports from the Company's Corporate Secretary and other management members on: legal or compliance matters that may have a material impact on the Company; the effectiveness of the Company's compliance policies; and any material communications received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

4.5 Complaints and Whistleblower Procedures

The Audit Committee shall establish procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company (through the Company's Whistleblower Process) of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Audit Committee at its next quarterly meeting and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the General Counsel to reach a satisfactory conclusion. The Committee shall annually review (in the fourth quarter) the Code of Business Conduct of the Company, including the Whistleblower Procedures, and recommend any proposed amendments to the Board for approval.

4.6 Insurance Coverage

The Audit Committee shall review and approve insurance coverage maintained by the Company (annually or as may be otherwise appropriate).

4.7 IT and Cybersecurity

The Audit Committee shall review and approve the Company's Strategic IT Roadmap, including Cyber Security Plan (annually or as may be otherwise appropriate).

4.8 Audit Committee Disclosure

The Audit Committee shall review and approve any audit committee disclosures required by Applicable Requirements in the Company's disclosure documents.

4.9 Delegation

The Audit Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.

5. Independent Advisors

The Audit Committee shall have the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisers without consulting or obtaining the approval of the Board or any Company officer. The Company shall provide appropriate funding, as determined by the Audit Committee, for the services of these advisors.

6. No Rights Created

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Audit Committee functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Notice of Articles and Articles, it is not intended to establish any legally binding obligations or give rise to civil liability on the part of the Company or its directors or officers to shareholders, other security holders, customers, suppliers, competitors, employees or other persons or to any other liability whatsoever on their part.

7. Mandate Review

The Committee shall review and update this Mandate annually and present it to the Board for approval.