LOOP ENERGY INC.

Annual Information Form

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

DATED MARCH 30, 2021

LOOP ENERGY INC.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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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. All information in this AIF is as at December 31, 2020, with subsequent events disclosed to March 30, 2021.

Currency

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

Cautionary Note Regarding Forward-Looking Information

Except for statements of historical fact, this AIF contains certain forward-looking statements and forward-looking information within the meaning of applicable securities law. Such forward-looking statements and information include, but are not limited to, statements or information with respect to: the Company's future business and strategies; requirements for additional capital and future financing; estimated future working capital, funds available, and uses of funds, and future capital expenditures and other expenses for specific operations, intellectual property protection; industry demand; ability to obtain employees, consultants or advisors with specialized skills and knowledge; anticipated joint development programs; incurrence of costs; competitive conditions; general economic conditions; and scalability of developed technology.

Forward-looking information is frequently characterized by words such as "plan", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Although the Company's management believes that the assumptions made and the expectations represented by such statement or information are reasonable, there can be no assurance that a forward-looking statement or information referenced herein will prove to be accurate. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, the following: (i) our limited operating history and our nascent industry makes evaluating our business and future prospects difficult; (ii) we have limited experience manufacturing fuel cell products on a commercial basis and our experience has been limited to relatively low production volumes; (iii) the competitive advantages of our products, in relation to fuel efficiency, peak power output and durability may not be realized or maintained; (iv) our technology and products may not meet the market requirements, including requirements relating to performance, integration and/or cost; (v) widespread deployment of hydrogen vehicles will be dependent upon the economic production and broad distribution of hydrogen; (vi) a mass market for our products may never develop or may take longer to develop than we anticipate; (vii) our plans are dependent on market acceptance of our products; (viii) certain estimates of market opportunity and forecasts of market growth included in this AIF may prove to be inaccurate; (ix) failure to successfully implement our growth strategy could result in reduced revenue and net income growth; (x) we may have difficulty executing on our growth strategy and expanding our manufacturing capability; (xi) we may have difficulty bringing in-house the manufacturing of certain product components currently sourced from third-party suppliers; (xii) 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, (xiii) we are dependent on third-party suppliers for the supply of key materials and components for our products and services; (xiv) 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; (xv) 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; (xvi) in the Chinese market, a significant amount of operations are currently conducted by a joint venture in China that we cannot operate solely for our benefit; (xvii) we expect we will depend on Chinese customers for a significant portion of our revenues and we are subject to risks associated with the economic conditions and government practices in China; (xviii) emerging infectious diseases, like the ongoing COVID-19 pandemic, may adversely affect our operations, our suppliers, our customers, or the InPower-Loop JV; (xix) 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; (xx) 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; (xxi) we have incurred operating losses and negative cash flow in the past and may incur the same in future periods; (xxii) the Company will incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could harm its operating results; (xxiii) the Company may need additional capital, which it may not be able to raise on favourable terms, or at all; (xxiv) the adoption of new accounting standards or interpretations could adversely affect the Company's financial results; (xxv) failure to establish and maintain effective internal controls in accordance with NI 52-109 could have a material adverse effect on the Company's business and the market price of the Common Shares; (xxvi) 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; (xxvii) we are dependent upon systems integrators and OEMs to purchase certain of our products; (xxviii) 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 its manufacturing costs, damage the Company's reputation and brand and substantially harm our business; (xxix) negative publicity could result in a decline in the Company's client growth and its business could suffer; (xxx) if the Company fails to develop widespread brand awareness cost-effectively, its business may suffer; (xxxi) 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; (xxxii) exchange rate fluctuations may adversely affect the Company's results and/or compliance with financial covenants; (xxxiii) commodity price fluctuations are beyond our control and may have a material adverse effect on our business, operating results, financial condition and profitability; (xxxiv) regulatory agencies could require us to modify or terminate existing investments or acquisitions and could delay or prevent future opportunities; (xxxv) growth may place significant demands on the Company's management and infrastructure; (xxxvi) 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; (xxxvii) current or future litigation could substantially harm the Company's business; (xxxviii) warranty claims, product performance guarantees or indemnification claims could negatively affect our financial performance; (xxxix) we could be adversely affected by risks associated with acquisitions and investments; (xl) we depend on our intellectual property, and our failure to protect that intellectual property could adversely affect our expected future growth and success; (xli) confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information; (xlii) we may experience cybersecurity threats to our information technology infrastructure and systems, and unauthorized attempts to gain access to our proprietary or confidential information, as may our customers, suppliers, subcontractors and joint venture partners; (xliii) global macro-economic conditions are beyond our control and may have an adverse impact on our business or our key suppliers and customers; (xliv) 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; (xlv) the Company depends on its key personnel; (xlvi) 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; (xlvii) if the Company cannot maintain its corporate culture, the Company could lose valuable qualities from its workforce; (xlviii) public policy and regulatory changes could hurt the market for our products and services; (xlix) 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; (l) the Company's risk management efforts may not be effective; (li) we could be liable for environmental damages resulting from our research, development or manufacturing operations; (lii) the Company's insurance coverage reserves may not cover future claims; (liii) if completed, 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; (liv) 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; and (lv) our products use flammable fuels and some generate high voltages, which could subject our business to product liability claims.

The Company undertakes no obligation to update forward-looking statements and information if circumstances or management's estimates should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements and information. More detailed information about potential factors that could affect results is included in the documents that may be filed from time to time with the Canadian securities regulatory authorities by the Company.

For a more detailed discussion of certain of these risk factors, see "*Risk Factors*". The list of "*Risk Factors*" set out in this AIF is not exhaustive of the factors that may affect any of our forward-looking information.

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's articles were amended (a) on December 15, 2015 in order to change its name to "Loop Energy Inc."; (b) on June 27, 2016 to amend the special rights and restrictions attaching to the Common Shares; and (c) on September 16, 2019 in order to create the Series 1 Preferred Shares and the Series 2 Preferred Shares and attach special rights and restrictions thereto.

Prior to closing its initial public offering (the "**IPO**") on February 25, 2021, the Company implemented a reorganization under which, among other things, the Company: (a) amalgamated with Loop Energy (VCC) Inc. and Loop Energy (VCC) II Inc.; (b) consolidated all of its outstanding Series 1 Preferred Shares, Series 2 Preferred Shares and Common Shares on the basis of 3 pre-consolidation shares for one post-consolidation share (the "**Consolidation**"); (c) converted all of the issued and outstanding Series 1 Preferred Shares and Series 2 Preferred Shares into Common Share; (d) amended its authorized capital such that all of the pre-existing classes of Preferred Shares were deleted and the Company's authorized capital only be comprised of an unlimited number of Common Shares (the "**Common Shares**").

The Company's head office is located at:

2880 Production Way
Burnaby, British Columbia V5C 4T6
Telephone: (604) 222-3400
Website: www.loopenergy.com

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

2900 – 550 Burrard Street
Vancouver, British Columbia V6C 0A3.

Intercorporate Relationships

Loop has one wholly-owned subsidiary, 1123640 B.C. Ltd. (the "**Subsidiary**"). The Subsidiary was incorporated under the BCBCA.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Fiscal 2018

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.) in 2017 to build two Peterbilt Class 8 trucks with Loop's fuel cell system to be operated in California. In 2018, the California Air Resources Board announced a grant to the Peterbilt Consortium of US$2 million to support this project.

The Company and Sustainable Development Technology Canada ("**SDTC**") entered into a development project (the "**SDTC Development Project**") in March 2017. The project represented a total investment of $30.9 million over five milestones with the Company and its partners providing $19.0 million and the Government of Canada providing the remaining $11.9 million. In 2017, the Company received an initial payment of $1.2 million for the start of the SDTC Development Project and to fund SDTC's portion of the first milestone. In 2018, the Company received a follow-on payment of $0.7 million for the SDTC Development Project related to purchases of equipment for the project.

Loop was awarded a grant of $0.8 million through the Automotive Supplier Innovation Program ("**ASIP**") in 2017 to assist the Company with the development and demonstration of its automotive eFlow™ fuel cell stack technology (the "**Plate Development Project**"), particularly the development of a bipolar plate design for use in light duty commercial applications. The Company also received a second tranche of $0.4 million from ASIP in 2018 for the Plate Development Project. The Plate Development Project was completed at a total value of $0.8 million.

In 2018, the Company completed a convertible debenture financing of an aggregate principal amount of $3.6 million. These debentures carried an annual interest rate payment of 12%, were convertible into Common Shares at a price of $0.50 per share and were secured against the assets of the Company. The debentures converted into 2,399,999 Common Shares on the closing of the IPO.

Fiscal 2019

In 2019, the Company completed development and commenced commercial sales of the T505 fuel cell engine module (the "**T505**"), which is offered for sale as a commercial product in China, Europe and North America. The T505 is Loop's next generation 50 kW fuel cell system for use in material handling vehicles, stationary power and transit buses.

In January 2019, the Company entered into a Sino-foreign equity joint venture agreement with Beijing In-Power Renewable Energy Co., Ltd. ("**InPower**"), a Chinese manufacturer of power electronics equipment (the "**InPower-Loop JV Agreement**"). The InPower-Loop JV Agreement provided for the formation of InPower-Loop Energy Technology (Beijing) Co., Ltd. ("**InPower-Loop JV**"), a Sino-foreign joint venture enterprise and limited liability company existing under the laws of the People's Republic of China, with an initial ten year term from the date on which a certain business license is issued to InPower-Loop JV. InPower-Loop JV was created in order to establish and operate a production and assembly line to manufacture fuel cell range extender units using the Company's proprietary fuel cell stacks, and the sale and service of such units, in China into bus, truck and heavy duty vehicle applications. The InPower-Loop JV Agreement also permits the Company to conduct and develop business within China independently of InPower-Loop JV, except for in respect to certain customers and prospective customers of InPower-Loop JV. InPower provided financing to the InPower-Loop JV for the build out of a manufacturing plant in Langfang, China. In connection with the joint venture, In-Power Energy Inc. made a $750,000 equity investment in Loop and purchased $750,000 of convertible debentures.

In March 2019, the Company entered into a technology license agreement with InPower-Loop JV (the "**JV License Agreement**") under which the Company licensed to InPower-Loop JV certain know-how related to the parts and operating conditions within the fuel cell module balance of plant.

Loop was awarded a loan in 2017 through the Western Innovation Initiative ("**WINN**") supporting 49% of the purchase of certain capital assets related to the procurements of manufacturing related equipment (the "**WINN Loan**"). In April 2019, the Company started repaying the WINN Loan (under which it received $0.8 million over the term of the loan) over 60 equal monthly installments. The Company was subsequently given an extension of payment terms under the WINN Loan through a COVID-19 relief program whereby payments were halted between April 2020 and January 2021.

The Company received the second milestone payment of $1.4 million under the SDTC Development Project in 2019. The Company also successfully completed the first milestone during the year ended December 31, 2019 and recorded $1.3 million as cost recovery.

In September 2019, the Company entered into an investment agreement (the "**Cummins Apollo Investment Agreement**") with Apollo FC Holdings Ltd. ("**Cummins Apollo**"), pursuant to which Cummins Apollo made an initial equity investment of $5 million in Loop and had the right to make an additional equity investment in Loop of up to $10 million.

In 2018 and 2019, the Company completed a convertible debenture financing of an aggregate principal amount of $3.6 million. These debentures carried an annual interest rate payment of 12%, were convertible into Common Shares at a price of $0.50 per share and were secured against the assets of the Company. The debentures converted into 2,399,999 Common Shares, on a post-Consolidation basis, as part of the IPO.

Fiscal 2020

In 2020, the first Peterbilt Class 8 truck completed build in California and is currently undergoing on road acceptance testing. The Company expects manufacturing of the second truck to commence in the first half of 2021. The Company also designed and commenced customer sales of a 60 kW fuel cell system (the "**T600**") and completed the development of a 30 kW fuel cell module (the "**S300**") for use in light commercial vehicles. The Company expects the first customer shipments of both the T600 and the S300 to occur in 2021.

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 MOU outlines the terms under which the Lishui Government would provide an annual order of 100 hydrogen fuel cell operated vehicles for three years 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., a leading Chinese electric bus manufacturer located in Nanjing, China, received index approval from China's Ministry of Industry and Information and Technology for a bus with a Loop fuel cell module, after having been tested and verified to meet the requirements to be registered as eligible for government subsidies.

The Company was awarded a $7.5 million grant from SDTC in 2015 to fund a 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. The project would also advance the Company's products from technology readiness level ("**TRL**") from TRL 5 to TRL 8. The Company receives milestone payments over the life of the contract with SDTC once we have achieved certain targets as set out in the agreement. In March 2020, the Company received an additional $0.4 million grant to the project or an increase of 5% of the overall project grant.

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

The Company was given an extension of payment terms under the WINN Loan in 2020 through a COVID-19 relief program. Under the program, payments on the WINN Loan were halted between April 2020 and January 2021. The Company recommenced the monthly WINN Loan payments in January of 2021.

In December 2020, the Company entered into a MOU with Gaussin SA (the "**Gaussin MOU**") for the purposes of designing and manufacturing hydrogen electric tractors based on the Gaussin SA platform. Under the Gaussin MOU, the parties anticipate close cooperation during the vehicle design phase followed by the commercial supply of fuel cell products by Loop to Gaussin SA starting with the Canadian market.

Subsequent Events

In January 2021, the Company entered into a commercial sales agreement and conditional purchase order MOU with InPower (the "**InPower MOU**") for the purposes of outlining Loop's intended long-term strategic partnership with purchase volume forecasts for the T505 and commitments to product pricing based on such purchase volume forecasts. Under the InPower MOU, Loop anticipates purchase orders from InPower for up to 110 units of the T505 in 2021 and for up to 200 units of the T505 in 2022, subject to certain conditions, including confirmation by InPower.

On February 25, 2021, Loop completed its IPO for aggregate gross proceeds of $100,000,000 and its Common Shares began trading on the Toronto Stock Exchange (the "**TSX**").

Over the course of 2021, Loop intends to advance the business in geographic reach, manufacturing capability and product offerings. These advances are intended to enable Loop to take maximum advantage of the projected growth of the fuel cell industry; expand its revenues; increase manufacturing capacity to control quality, secure supply and reduce costs; and broaden the customer base for the Company's products. The Company has developed, and is in the process of executing, a strategic plan designed to accomplish these objectives.

Loop expects to continue to expand into the Chinese market over the course of 2021. In addition to existing strategic customer relationships, Loop's objective is to expand its market presence in China by engaging additional channel partners in key vertical markets, as well as establishing local field service and manufacturing capabilities. In order to better support new customer engagement efforts, in 2021, Loop expects to expand its Asia Pacific sales and business development team, including building a China based business development team and a technical sales group.

Manufacturing localization is another critical element of the Chinese expansion strategy. Before the end of 2021, the Company expects to select and secure a location, and to begin the build out of a manufacturing facility in China that is wholly owned by Loop. This facility will be designed to produce both Loop fuel cell stacks and Loop fuel cell modules for the Chinese market, with the long-term goal of having bipolar plate production in China as well. This is intended to help ensure that Loop is well-positioned to meet all localization requirements, control and protect its intellectual property and meet the manufacturing cost reduction targets required to be a leader in the China fuel cell market.

The Company intends to expand its local presence in the European market during 2021, by adding additional sales and business development staff, as well as establishing a local field service presence to support the sales, integration and post-sales support efforts. The Company expects that for the duration of 2021, products for the European market will be built in the Company's Burnaby facility and shipped to Europe.

Loop anticipates making its first commercial shipments of the S300 and the T600 products during 2021. In addition, the Company is developing its next generation fuel cell stack. The Company expects to launch more powerful fuel cell modules in 2021 for use in larger applications such as medium and heavy duty trucks. The first prototypes of this next generation fuel cell stack are planned to be built and tested during 2021, with the first field deployments planned for early 2022. Loop intends to continue to expand its product development, testing and prototyping capabilities during 2021 through the addition of testing equipment and personnel.

Loop intends to advance its vertical integration of manufacturing during 2021 by bringing the manufacturing capability for certain key components into the Burnaby-based manufacturing facility. This process has been started for two key components, other components may follow within the year. The Company's plans for 2021 also contemplate purchasing capital assets to start the process of setting up a manufacturing facility in China.

Significant Acquisitions

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

Loop is a designer of PEM fuel cell systems targeted for the electrification of commercial vehicles. Our mission is to create world-changing fuel cell products through ingenuity and customer collaboration to drive a thriving hydrogen society. We sell and service two categories of products: fuel cell stacks and fuel cell modules, which are intended to serve a variety of commercial applications including light commercial vehicles, transit buses, medium and heavy duty trucks, marine, train, mining trucks, material handling vehicles and stationary power. Our headquarters are in British Columbia, Canada and we have a manufacturing facility in Burnaby, British Columbia.

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, we believe fully battery-powered commercial vehicles 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 the 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. eFlow™ was designed to enable commercial customers to achieve performance maximization and cost minimization. We believe that Loop has superior fuel cell systems when compared to those of our competitors for a variety of reasons that are important to our customers, including (a) leading fuel efficiency, (b) higher durability, and (c) increased power capabilities.[1]

Our immediate focus markets include light commercial vehicles and medium duty trucks, where we believe there are rapid growth opportunities in the short, medium and long term. We see substantial growth opportunities integrating fuel cell range extenders with battery electric vehicle ("**BEV**") 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 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. Over the next 10 years, we believe the heavy duty truck market will emerge as a cornerstone application for hydrogen fuel cell solutions.

Near-Term Market

Our near-term market penetration strategy is to focus on the European and Chinese markets, as we believe these markets currently have the highest levels of government support, anti-emissions regulations, and stakeholder commitments to deploy hydrogen infrastructure. We will continue to focus on the supply of our fuel cell stacks and modules to the light commercial vehicles, material handling vehicles, transit buses and stationary power applications through our relationships with OEMs and OEM Suppliers. In the near term, we are also exploring opportunities for the use of our products in medium and heavy duty trucks by engaging with vehicle manufacturers that produce such *vehicles* in low volumes in anticipation that these manufacturers will launch FCEV trucks in the near term. Finally, we are also engaging with Tier 1 OEM Suppliers, as some of these larger manufacturers are now beginning the design of vehicle platforms equipped with fuel cell systems for commercial launch between 2025 and 2027.

Mid-to-Long Term Market

In the mid- to long-term, our strategy will focus on fostering channel partner relationships with Tier 1 OEM Suppliers to supply fuel cell systems to medium and 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 after 2025. We also anticipate demand for high volumes of light 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 mining trucks, rail, marine and aerospace transport may present additional market opportunities.

Geographically, we expect to expand our focus to include North and South American and Asia Pacific markets, as market demand in these regions increases.

We expect that in the mid- to long-term, our sales product mix will shift 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.

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[1] When compared with fuel cell stacks of the same size as measured by total active area.

100% of our revenues for the years ended December 31, 2020 and 2019 were derived from shipments of both demo filed and bench units. Among those, 22% (2019 - nil) were from the Company's joint venture and 78% (2019 – 100%) were from external customers.

Products

Loop provides two market ready categories of products, fuel cell stacks and fuel cell modules.

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 together 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. Our fuel cell stacks are paired with balance of plant components to produce fuel cell modules, but are also offered as standalone fuel cell stacks. We offer our fuel cell stacks directly to customers with significant in-house expertise in the design, manufacture and assembly of fuel cell modules and electrical drivetrain systems. For example, we offer our fuel cell stacks to the InPower-Loop JV for assembly into fuel cell modules in China.

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

Loop Fuel Cell Stacks:	**Small Plate**	**Large Plate**
Target Power Range:	15 kW – 30 kW	50 kW – 100 kW (expected launch in 2021)
Target Application:	Used in a single or twin-stack fuel cell module architecture for stationary power, light commercial vehicles, material handling vehicles and transit buses.	Used in single or twin-stack fuel cell module architecture for stationary power, medium and heavy duty trucking applications.

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

Fuel cell modules

Our fuel cell modules are assembled using our fuel cell stacks and components sourced from various suppliers. As with our fuel cell stacks, 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 powertrains, 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 of FCEVs increase, many of our customers will assume fuel cell assembly in-house, and we will transition to only selling fuel cell stacks to these customers.

After almost two decades of technology development, 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. In 2020, we also launched the S300, a 30 kW fuel cell module, for use in light commercial vehicles, an end market that is expected to grow significantly. We expect to launch more powerful fuel cell modules in 2021 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 (expected launch in 2021)	120 kW – 240 kW (expected launch in 2022)
Target Application Example:	Light commercial vehicles.	Stationary power, material handling vehicles and transit buses.	Stationary power, medium and heavy duty trucking 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 of 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.

Manufacturing and Facilities

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. Based on our current product configurations, we believe this will produce, in the aggregate, peak power output between 75,000 kW and 90,000 kW. 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 Burnaby facility is also fully equipped with equipment to conduct testing for 5 kW and 30 kW fuel cell stacks and 50 kW fuel cell modules.

Our fuel cell stacks and fuel cell modules use components that we source from a variety of suppliers. We intend to begin in-house manufacturing and fabricating of certain components, including, all or part of the bipolar plate assembly and the membrane electrode assembly, as our sales volumes increase.

We lease a manufacturing facility and administration office in Burnaby, British Columbia that houses our corporate headquarters and our fuel cell development, manufacturing, assembly and testing activities.

We have established a joint venture with InPower in China, the InPower-Loop JV, that is equipped to assemble fuel cell modules incorporating fuel cell stacks manufactured by Loop. The InPower-Loop JV occupies an approximately 35,392 square foot floor space in an InPower-owned facility in Langfang, China. The joint venture will supply 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.

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

Specialized Skill and Knowledge.

Loop'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 and General Motors, among others. We believe this diversity in experiences and backgrounds will allow Loop to plan and execute leading programs for the development and launch of its 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 vehicles ("**ICEVs**"). These parameters include cargo capacity, range, refueling time, acceleration and the total cost of ownership. To the extent that ZEVs can deliver on cost and performance parameters comparable to that of the status quo experienced with ICEVs, we believe adoption will accelerate. For this reason, Loop 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 ICEs.

In addition to existing ICEVs, Loop competes with other fuel cell developers and manufacturers who also 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.

Our internal test results indicate that relative to our competitors' fuel cell stacks, our fuel cell stacks:[2]

- consume less fuel when operating in half power cruise mode;
- generate more additional peak power when manufactured using equivalent material quantity; and
- are expected to be more durable as they produce more uniform current density across the bipolar plates and are therefore less likely to experience excessive degradation.

We believe these competitive advantages deliver superior technical performance, substantial reduction in total cost of ownership and competitiveness with incumbent technologies.

As fuel cell materials and designs improve, we expect our competitive advantage to be maintained as it relates to the bipolar plate design – an essential component of any fuel cell. We expect eFlow™-equipped fuel cells to continue to offer performance improvements, and as such, any advantages of eFlow™-equipped fuel cells will enhance the fuel cell industry by extension.

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. Our intellectual property portfolio is not limited to our patents and patent applications; it also includes know-how and trade secrets developed over more than 20 years of technology development, product development and production.

As of March 30, 2021, we own and control six United States granted patents, one United States allowed patent (pending grant); 10 non-United States granted patents; three United States published patent applications; nine published non-United States patent applications; and one filed (not yet published) United States patent application. Existing granted patents will expire between February 2022 and March 2037. Pending and granted patents are filed in the United States, Canada, China, Japan, India and various European countries. The patent expiring in 2022 relates to conceptual lab-scale demonstration. Loop's first generation eFlow™ fuel cell technology patent expires in 2027. A new generation of eFlow™ patents have been or are expected to soon be granted, expanding and extending the eFlow™ patent family to 2037 and beyond. This new generation of granted patents covers Loop's product designs and leverages the benefits of eFlow™ concepts for hydrogen gas management, thermal management and hydrogen generation.

Employees

As of March 29, 2021, we have 36 full-time employees, all of whom are located in Canada. We also have a small sales team with two operating regional satellite sales offices in China and Italy. Our product development team has 29 full-time employees and includes four employees with PhDs and 11 employees with Master's degrees. Our employees have backgrounds in diverse disciplines, such as electrochemistry, polymer chemistry, chemical,

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[2] When compared with fuel cell stacks of the same size as measured by total active area.

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.

Environmental Matters and Sustainability

An obligation to incur environmental costs may arise from the future requirement to decommission our plant 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, as at December 31, 2020 and the date hereof.

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 without par value (the "**Common Shares**"). As at the date hereof, 33,577,961 Common Shares were issued and outstanding (December 31, 2020 – 53,950,518 on a pre-Consolidation basis (17,983,506 Common Shares on a post-Consolidation basis)).

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 investor rights agreement between the Company and Apollo FC Holdings Ltd. (the "**Investor Rights Agreement**") (as described below), none of the Common Shares are subject to any call or assessment nor pre-emptive or conversion rights.

As at the date hereof, 2,832,292 Common Shares are reserved for issuance under stock options granted, collectively ranging in exercise prices from $0.50 to $2.79 per share.

As at the date hereof, 381,167 Common Shares are reserved for issuance under share purchase warrants issued, all of which are exercisable at $16.00 per share.

Investor Rights Agreement

On February 4, 2021, the Company and Apollo FC Holdings Ltd. entered into the 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 of Directors of the Company (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" since the Company's IPO and up to March 29, 2021.

Month	High ($)	Low ($)	Close ($)	Volume
February 25-28, 2021	17.44	15.90	16.45	1,762,689
March 1-29, 2021	17.36	11.53	13.01	1,409,802

Prior Sales

During the fiscal year ended December 31, 2020 and up until the date of this AIF, the following securities of the Company, which are not listed or quoted on a marketplace, were granted or issued:

Date of Grant or Issuance	Aggregate Number and Type of Securities	Issuance / Exercise Price per Security ($)
February 28, 2020	33,333 Options (1)	1.50 (1)
February 28, 2020	106,667 Options (1)	1.80 (1)
March 13, 2020	4,166,667 Series 2 Preferred Shares (1)	2.40 (1)
September 11, 2020	3,125 Common Shares (1)	1.80 (1)
August 15, 2020	163,333 Options (1)	2.40 (1)
August 16, 2020	16,667 Options (1)	2.40 (1)
February 25, 2021	230,632 Options	16.00
February 25, 2021	314,500 Special Advisor Warrants to purchase Common Shares	16.00
February 25, 2021	6,250,000 Common Shares	16.00

Notes:

(1) As adjusted to reflect the Company's three for one Consolidation that occurred upon the closing of the IPO.

ESCROWED SECURITIES

The following table sets out the number of each class of the Company's securities that, to the knowledge of the Company, are subject to a contractual restrictions on transfer and the percentage that number represents of the outstanding securities of that class. The contractual restrictions are contained in Lock-Up Agreements entered into on in connection with the IPO under which the holders of Common Shares agreed to not transfer shares for a period of 180 days following the closing of the IPO.

Designation of Class	Number of Securities that are subject to a Contractual Restriction on Transfer	Percentage of Class
Common Shares	26,624,616	79.29%

Holders of 2,019,466 Options and 66,667 Warrants (on a post-Consolidation basis) have also entered into Lock-Up Agreements under which they have agreed that any Common Shares received on exercise of such securities may not be transferred for a period of 180 days following the closing of the IPO.

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 of Directors of the Company (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 Occupation	Date(s) Served as a Director or Officer Since	Ownership or Control Over Voting Shares Held[(1)]
Andreas Truckenbrodt Chairman and Director *British Columbia, Canada*	Consultant for Truckenbrodt Clean Energy Consulting Inc. (March 2014 to present).	March 3, 2015	44,444
Neil Murdoch Director *Ontario, Canada*	• Chief Executive Officer of Connor Clark & Lunn Capitals Markets Inc. (December 2003 to August 2013) • Chief Operating Officer of Aston Hill Financial Inc. (August 2013 to December 2015) • Chief Executive Officer of Wm T Murdoch Ltd. (January 2005 to present)	June 16, 2016	1,213,463
Allan Collings Director *British Columbia, Canada*	Co-Chairman of ACM Advisors Ltd. (January 1993 to present)	June 16, 2016	1,323,464
Ben Nyland Director (Not Independent), President, and Chief Executive Officer *British Columbia, Canada*	• Chief Executive Officer of the Company (June 2016 to present) • President of the Company (January 2015 to present)	June 16, 2016 (Director and CEO) January 2015 (President)	254,444
Sophia Langlois Director *Alberta, Canada*	• Director of Alaris Equity Partners Income Trust (July 2020 to present) • Director of Southern Alberta Institute of Technology (April 2014 to July 2020) • Audit Partner with KPMG LLP (October 2006 to April 2020)	February 25, 2021	3,125
Christopher C. Clulow[(2)] Director *Indiana, USA*	• Corporate Controller at Cummins (March 2017 to present) • Components Controller at Cummins (April 2015 to March 2017)	February 25, 2021	Nil

Name, Position(s) with the Company and Place of Residence	Principal Occupation	Date(s) Served as a Director or Officer Since	Ownership or Control Over Voting Shares Held[(1)]
Darren Ready Chief Financial Officer and Corporate Secretary *British Columbia, Canada*	• Corporate Secretary of the Company (January 2021 to present) • Chief Financial Officer of the Company (January 2017 to present) • Accountant at the Company (November 2016 to January 2017) • CFO at Ronin8 Technologies Ltd. (March 2015 to October 2016)	February 25, 2021	33,333
George Rubin Chief Commercial Officer *British Columbia, Canada*	• Chief Commercial Officer of the Company (January 2021 to present) • 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) • Managing Partner of Pacific Surf Partners Corp. (September 2012 to July 2016)	February 25, 2021	Nil
Daryl D. Musselman VP Engineering *British Columbia, Canada*	• VP, Engineering of the Company (May 2020 to present) • 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) • Director and President of First Principles Engineering Inc. (September 2000 to present)	February 25, 2021	Nil

Notes:

(1)As of the date here of

(2) Chris Clulow is the nominee of Cummins Apollo under the Investor Rights Agreement.

As at the date hereof, the directors and executive officers of the Company, collectively, beneficially own, directly and indirectly, or exercise control or direction over 2,869,148 Common Shares, representing approximately 8.54% of the total number of Common Shares outstanding. 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

Other than as set out below, 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.

Other than as set out 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.

Neil Murdoch was a director of Eight Solutions Inc. ("**Eight Solutions**") between January 6, 2014 and May 22, 2019. On June 5, 2019, the British Columbia Securities Commission issued a cease trade order against Eight Solutions. The cease trade order was issued in connection with Eight Solutions failing to file its interim financial report, interim management's discussion and analysis, and certification of interim filings for the period ended March 31, 2019, during which time Neil Murdoch was a director of Eight Solutions. The cease trade order is still in effect. On July 4, 2019, the Supreme Court of British Columbia issued an order pursuant to the Bankruptcy and Insolvency Act (Canada) appointing a trustee of the estate of Eight Solutions.

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, 2020 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 Charter

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

Composition of the Audit Committee

The Company's Audit Committee is comprised of three directors: Neil Murdoch, Allan Collings, and Sophia Langlois. As defined in NI 52-110, each member of the Audit Committee is considered independent.

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:

- Mr. Murdoch has been a director of the Company since 2016 following a rewarding career as COO of Aston Hill Financial Inc. ("Aston Hill") and founding member of Connor, Clark & Lunn Capital Markets Inc. where, as CEO, he raised over $2.5 billion in new assets before being acquired by Aston Hill in 2013. Mr. Murdoch is a retired Chartered Financial Analyst, and holds a Bachelor of Commerce degree from McGill University, a Bachelor of Law from the University of Toronto, and an MBA degree from the Kellogg Graduate School of Management.

- Mr. Colling is co-chairman of ACM Advisors Ltd., a leading commercial mortgage fund manager in Canada with assets under management in excess of $3.5 billion. Since joining Loop as a director in 2016, Mr. Collings has added significant strategic business planning, financial analysis, management and administrative experience to the Board based on his many years of senior financial and accounting management positions with Rogers Cablevision and companies in British Columbia's forest industry. He holds a Bachelor of Commerce degree (Dean's List) from the University of British Columbia.

- Ms. Langlois is a member of the board of directors of 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.

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 Charter of the Company. A copy of the Company's Audit Committee Charter 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, 2020	$511,460[1]	$ -	$ -	$ -
December 31, 2019	$69,657	$ -	$ -	$ -

Note:
(1) Includes amounts in relation to the audits of the Company's annual financial statements for the years ended December 31, 2017, 2018 and 2019 and interim review of the Company's September 30, 2020 and 2019 interim financial statements in preparation for the Company's initial public offering

Exemptions

During the most recently completed financial year, the Company did not rely on the exemptions set out in section 2.4 (*De Minimis Non-Audit Services*), 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"), namely, or on any.

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.

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.

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 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.

Widespread deployment of hydrogen vehicles 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 widespread deployment of hydrogen-powered vehicles in our target markets. This deployment 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:

- 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 included in this AIF may prove to be inaccurate.

This AIF 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:

- 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 performance 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 bipolar plates. 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.

We have only recently started commercial sales of our products. 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. 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, a significant amount of our operations are currently conducted through a joint venture in China that we cannot operate solely for our benefit.

One of the key parts of our strategy is based on the localization of production with our joint venture partner in China, where we do not control the InPower-Loop JV. Manufacturing of fuel cell modules for distribution in China is currently 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.

We expect we will depend on Chinese customers for a significant portion of our revenues and we are subject to risks associated with the economic conditions and government practices in China.

We expect to increase sales of our product in China to Chinese customers, including through the InPower-Loop JV and affiliates of the InPower-Loop JV. Any significant economic slowdown in China could have an adverse impact on our business, financial condition and results of operations.

In addition, macro-economic conditions, including government subsidy programs and significant volatility in China's capital markets, may adversely affect access to capital and program plans by our Chinese customers, which could adversely affect our business. Furthermore, successful large-scale deployment of ZEVs will require adequate investment in hydrogen fueling infrastructure and competitive pricing of hydrogen fuel. Inadequate hydrogen fueling infrastructure and/or excessive hydrogen fuel costs could negatively impact deployment of fuel cell powered ZEVs and may negatively impact our business, financial condition and results of operations. Our performance in China is dependent on our business model of localization, including the strength and performance of our localization partners.

Emerging infectious diseases, like the ongoing COVID-19 pandemic, may adversely affect our operations, our suppliers, our customers, or the InPower-Loop JV.

Emerging diseases, like COVID-19, and government actions to address them, may adversely affect our operations, our suppliers, our customers, or the InPower-Loop JV.

A local, regional, national or international pandemic, like the COVID-19 pandemic, 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 economic conditions, which could negatively impact levels of investment in fuel cell technology deployments by governments and/or our customers;
- 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 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, WINN and ASIP. 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.

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.

Throughout our history, we have experienced net losses. As of December 31, 2020, we had an accumulated equity of $0.7 million. We commenced commercial sales of our products in 2019 and have had minimal 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 incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could harm its operating results.

As a public company whose shares have recently commenced trading on the TSX, the Company has and will incur significant legal, accounting, investor relations and other expenses that it did not incur as a private company, including costs associated with the increased reporting requirements that apply to public companies. The Company also has incurred and will incur costs associated with current corporate governance requirements, including requirements implemented by securities regulators and the TSX. The Company expects these rules and regulations to increase its legal and financial compliance costs substantially and to make some activities more time-consuming and costly. The Company's management team does not have experience operating the Company as a public company and may not successfully or efficiently manage the Company's transition to being a public company which is subject to significant regulatory oversight and reporting obligations under Canadian securities laws.

In particular, these new obligations will require substantial attention from the Company's management team and could divert their attention away from the day-to-day management of the Company's business. The Company also expects that, as a public company, it will be more expensive to obtain director and officer liability insurance and it may be more difficult to attract and retain qualified individuals to serve on its Board or as its executive officers.

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

The Company expects that available cash will be sufficient to meet its future capital requirements. Nevertheless, the Company may require additional capital if it experiences higher than anticipated expenses or cost overruns, encounters unanticipated problems or delays, fails to achieve further market adoption of its products or engages in acquisitions or additional joint ventures. The Company may 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 it cannot raise additional funds, further business development may be delayed, the Company may lose clients and its sales and growth may be limited.

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.

Failure to establish and maintain effective internal controls in accordance with NI 52-109 could have a material adverse effect on the Company's business and the market price of the Common Shares.

The Company has only recently been required to comply with NI 52-109. As a publicly-traded company with its Common Shares admitted to trading on the TSX, the Company is subject to reporting and other obligations under applicable Canadian securities laws and the rules of the TSX, including NI 52-109. These reporting and other obligations will place significant demands on the Company's management, administrative, operational and accounting resources. In order to meet such requirements, the Company must maintain financial and management controls, reporting systems and procedures. 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 effected 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.

The Company does not expect that its disclosure controls and procedures and internal controls over financial reporting will prevent all 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.

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 OEMs to purchase certain of our products.

To be commercially useful, our fuel cell products must be integrated into products manufactured by systems integrators and OEMs. We can offer no guarantee that systems integrators or OEMs 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 OEMs 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 and the InPower-Loop JV. 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. Through the operations of the InPower-Loop JV in China, the Company is exposed to Chinese local currency. In other markets, the Company's operations are exposed Japanese yen, euros, U.S. dollars and UK Pound sterling. Fluctuations in the exchange rates between the Canadian dollar and these currencies could result in the dollar equivalent of such revenue and expenses being lower, 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 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.

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.

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.

We depend on our intellectual property, and 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 the patents to which we currently have, or expect soon to have, rights expire between 2022 and 2037. 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 IT 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-man 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 management 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 management 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, 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 the 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.

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.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than disclosed elsewhere in this AIF, no director, senior officer or principal shareholder of the Company and no associate or affiliate of the foregoing have 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 Loop, 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) Underwriting Agreement dated February 18, 2021 among the Company, National Bank Financial Inc., CIBC World Markets Inc., Raymond James Ltd., Canaccord Genuity Corp. and Cormark Securities Inc. as underwriters for the IPO;

(b) 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; and

(c) Equity Joint Venture Agreement dated January 22, 2019 among the Company and InPower regarding the establishment of InPower-Loop JV.

Copies of the contracts may be 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 Loop 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, 2020.

SCHEDULE "A"

Charter of the Audit Committee

of Loop Energy Inc.

(the "Company")

1 PURPOSE

The purpose of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Loop Energy Inc. (the "**Corporation**") is to:

(a) assist the Board in fulfilling its responsibility to oversee the Corporation's accounting and financial reporting processes and audits of the Corporation's financial statements;

(b) review the Corporation's financial reports and other financial information, disclosure controls and procedures and internal accounting and financial controls;

(c) review the Corporation's financial statements, management's discussion and analysis and annual and interim profit or loss press releases before public release;

(d) serve as an independent and objective party to monitor the Corporation's financial reporting processes and internal control systems;

(e) recommend to the Board of Directors the appointment of the external auditors, to be approved by the shareholders, compensation, and retention (and where appropriate, replacement) of the external auditors;

(f) oversee the work of the external auditor in preparing or issuing an audit report or related work, monitor the independence of the external auditor and pre-approve all auditing services and permitted non-audit services provided by the external auditor;

(g) receive direct reports from the external auditor and resolve any disagreements between management and the external auditor regarding financial reporting;

(h) review the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation; and

(i) carry out the specific responsibilities set forth below in furtherance of this stated purpose.

2 COMPOSITION AND TERM

Committee members shall be appointed by the Board, and shall serve at the pleasure of the Board. Any member of the Committee may be removed or replaced at any time by the Board and shall, in any event, cease to be a member of the Committee upon ceasing to be a member of the Board. The Board shall designate one member as chair of the Committee (the "**Chair**").

The Committee shall be comprised of three or more directors, each of whom shall be "independent" and "financially literate", as required by and defined in National Instrument 52-110 – *Audit Committees* ("**NI 52 110**"), subject to any exceptions permitted under NI 52-110.

3 MANDATE AND RESPONSIBILITIES

The Committee's role is one of oversight of the integrity of the Corporation's accounting and financial reporting process, including financial reporting processes, internal controls over financial reporting and disclosure controls procedures. It is recognized that the Corporation's management is responsible for preparing the financial statements and notes thereto and that the Corporation's external auditor is ultimately accountable to the Board and the Committee, as representatives of the shareholders and other stakeholders, for providing an audit opinion on the financial statements and notes.

The mandate and responsibilities of the Committee are as follows:

(a) *Appointment of External auditor*. The Committee shall have direct responsibility for recommending the appointment, compensation, retention (and where appropriate, replacement), and oversight of the work of any accounting firm selected to be the Corporation's external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Corporation, and to review the performance of the external auditors.

(b) *Appointment of Chief Financial Officer and Internal Auditor*. The Committee shall participate in the identification of candidates for the positions of Chief Financial Officer and the manager of the Corporation's internal auditing function, if any, and shall advise management with respect to the decision to hire a particular candidate.

(c) *Disclosure Controls and Procedures*. The Committee shall review periodically with management the Corporation's disclosure controls and procedures.

(d) *Internal Controls*. The Committee shall discuss periodically with management and the external auditor the quality and adequacy of the Corporation's internal controls and internal auditing procedures, if any, including any significant deficiencies in the design or operation of those controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data and any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls. The Committee shall also discuss with the external auditor how the Corporation's financial systems and controls compare with industry practices.

(e) *Accounting Policies.* The Committee shall review periodically with management and the external auditor the quality, as well as acceptability, of the Corporation's accounting policies, and discuss with the external auditor how the Corporation's accounting policies compare with those in the industry. The Committee shall discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles, including all critical accounting policies and estimates used, 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.

(f) *Pre-approval of All Audit Services and Permitted Non-Audit Services*. The Committee shall approve, in advance, all audit services and all permitted non-audit services to be provided to the Corporation by the external auditor; provided that any non-audit services performed pursuant to an exception to the pre-approval requirement permitted by applicable securities regulators shall not be deemed unauthorized and as permitted under the rules of professional conduct of the Chartered Professional Accountants of Ontario.

(g) *Annual Audit*. In connection with the annual audit of the Corporation's financial statements, the Committee shall:

  (i) request from the external auditor a formal written statement delineating all relationships between the external auditor and the Corporation;

  (ii) discuss with the external auditor any disclosed relationships and their impact on the external auditor's objectivity and independence, and take appropriate action to oversee the independence of the external auditor;

(iii) approve the selection, and the terms of the engagement, of the external auditor;

(iv) review with management and the external auditor the audited financial statements to be filed on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and review and consider with the external auditor the matters required to be discussed under applicable statements of auditing standards;

(v) perform the procedures set forth under the heading "Financial Reporting Procedures" below with respect to the annual financial statements;

(vi) review with the Corporation's counsel, external auditors and management any legal or regulatory matter that could have a significant impact on the Corporation's financial statements;

(vii) review and make recommendations with respect to any litigation, claim or contingency that could have a material effect upon the financial position of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Committee; and

(viii) review with management and the external auditor the Corporation's critical accounting policies and estimates.

(h) *Financial Reporting Procedures*. In connection with the Committee's review of each reporting of the Corporation's annual financial information, the Committee shall:

(i) discuss with the external auditor whether all material correcting adjustments identified (if any) by the external auditor in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board of London, England and adopted by the Canadian Accounting Standards Board, Generally Accepted Auditing Standards of Canada and the rules of the applicable securities regulators, as may be amended from time to time, are reflected in the Corporation's financial statements;

(ii) 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);

(iii) review with management and the external auditor any significant financial or other arrangements of the Corporation which do not appear on the Corporation's financial statements and any transactions or courses of dealing with third parties that are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties, and which arrangements or transactions are relevant to an understanding of the Corporation's financial statements; and

(iv) resolve any disagreements, if any, between management and the external auditor regarding financial reporting.

(i) *Insurance Coverage*. Review and make recommendation regarding insurance coverage (annually or as may be otherwise appropriate).

(j) *Audit Committee Charter*. The Committee shall review and reassess at least annually the adequacy of this Audit Committee Charter and recommend any proposed changes to the Board for approval.

4 MEETINGS AND PROCEDURES

4.1 Meetings

The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure at such meetings shall be determined by the Chair. The Committee shall meet as many times as it considers necessary to carry out its responsibilities effectively and shall, in any event, meet at least once per quarter.

4.2 Quorum

Unless otherwise determined by the Committee, two or more members of the Committee shall constitute a quorum.

4.3 Attendance

The Committee may invite such officers, directors or employees of the Corporation, external auditors, insurance agents and brokers, financial, technical or legal advisors, or other persons as it sees fit, from time to time, to attend at meetings of the Committee and to assist in the discussion of matters being considered by the Committee.

4.4 Chair

The Chair shall preside at all meetings of the Committee. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair. The Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and will, in any event, advise all other members of any decisions made or powers exercised. In case of an equality of votes on any matter voted on by the Committee, the Chair shall have a second casting vote.

4.5 Decisions

Decisions of the Committee shall be evidenced by resolutions passed at meetings of the Committee and recorded in the minutes of such meetings or by an instrument in writing signed by all of the members of the Committee.

4.6 Secretary and Minutes

The Chair shall appoint a secretary for each meeting to keep minutes of such meeting. The minutes of the Committee will be in writing and duly entered into the books of the Corporation. The minutes of the Committee will be circulated to all members of the Board, redacted as may be determined necessary by the Chair to remove any sensitive personnel information not otherwise material to the Board.

4.7 Authority to Engage Advisors

The Committee shall have the authority to engage, at the expense of the Corporation, such outside advisors as it determines necessary or advisable to carry out its duties, including legal, financial, tax, technical and accounting advisors, and establish the compensation of such advisors.

4.8 Reporting to the Board

The Committee shall report to the Board on such matters and questions relating to the mandate and activities of the Committee as the Committee may deem appropriate or as the Board may from time to time request or refer to the Committee.

4.9 Complaints

Any issue of significant financial misconduct shall be brought to the attention of the Committee for its consideration. In this regard, the Committee shall establish and maintain procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

5 RESOURCES AND AUTHORITY

The Committee is granted all authority required by NI 52-110, including without limitation the authority to:

(a) investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Corporation;

(b) engage independent legal, tax, accounting or other advisors to obtain such advice and assistance as the Committee determines necessary to carry out its duties and set and pay the compensation for any advisors so engaged; and

(c) communicate directly with the external auditors (and internal auditors, if any).

The Committee may request any officer or employee of the Corporation or the Corporation's counsel or other advisors to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee.

The Corporation shall provide the Committee all appropriate funding, as determined by the Committee, for payment of compensation to any such advisors and any external auditor, as well as for any ordinary administrative expenses of the Committee that it determines are necessary or appropriate in carrying out its responsibilities.

This Charter is not intended to give rise to civil liability on the part of the Corporation 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.

Effective Date: February 17, 2021