The Engine Driving Zero-Emissions

LOOP ENERGY INC.

Management's Discussion and Analysis

FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2023

(in Canadian dollars, amounts expressed in thousands except number of shares, per share amounts and number of units)

DATED MARCH 21, 2024

Loop Energy Inc. ("Loop", "Company", "we", "us" or "our") has prepared the following management's discussion and analysis ("MD&A") for the three and twelve months ended December 31, 2023, as of March 21, 2024. This MD&A has been prepared in accordance with National Instrument 51-102 – Form F1 and should be read in conjunction with the consolidated financial statements and accompanying notes thereto for the years ended December 31,2023 and 2022, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") and have been filed with applicable securities regulatory authorities on SEDAR at www.sedarplus.ca. All references to "$" are references to Canadian dollars, unless otherwise stated. The functional currency of certain of the Company's subsidiaries is the Renminbi and all balances have been translated to the presentation currency of the Company, the Canadian dollar.

Additional information relating to the Company, including our Annual Information Form for the year ended December 31, 2023, is available on SEDAR at www.sedarplus.ca and is also available on our website at www.loopenergy.com. The Company's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "LPEN".

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1. OVERVIEW AND HIGHLIGHTS

1.1 Loop Energy

At Loop Energy, our mission is to accelerate the hydrogen revolution and power a cleaner future. We are committed to delivering high-performing and economical solutions for our customers to accelerate the global adoption of fuel cell technology.

Our primary business is the design, development, manufacture, sale and service of hydrogen fuel stacks and systems targeted for the electrification of commercial vehicles like trucks and buses, and stationary power applications. Our fuel cell stacks are manufactured in-house to ensure state-of-the-art performance and quality management. Our products feature the Company's proprietary eFlow™ technology in the fuel cell stack's bipolar plates, enabling customers to achieve superior performance and higher fuel efficiency when using Loop Energy's fuel cell stacks, lowering operating cost for end users, and enabling OEMs to achieve lower capital cost and faster time to market.

We are based in Burnaby, British Columbia, Canada, and were incorporated under the laws of British Columbia on June 21, 2000. Our headquarters in Burnaby include a head office, research and development, manufacturing, testing, and service facilities.

1.1.1 Our eFlow™ Technology

A fuel cell is an environmentally clean electrochemical device that combines hydrogen fuel with oxygen to produce electricity. There are approximately 20 established manufacturers of fuel cells in the market today; however, only Loop Energy's products feature our patented eFlow™[1] fuel cell architecture. When incorporated into mobility and stationary power applications, Loop Energy's eFlow™ fuel cell stacks deliver up to 16% lower fuel consumption, up to 90% more peak power, and up to 10x better uniformity of current density[2], lowering Total Cost of Ownership and improving performance. At the core of this innovation is its signature trapezoid plate design that ensures improved uniform current density across the entire active area and increases gas velocity throughout the plate to deliver superior performance and water management.

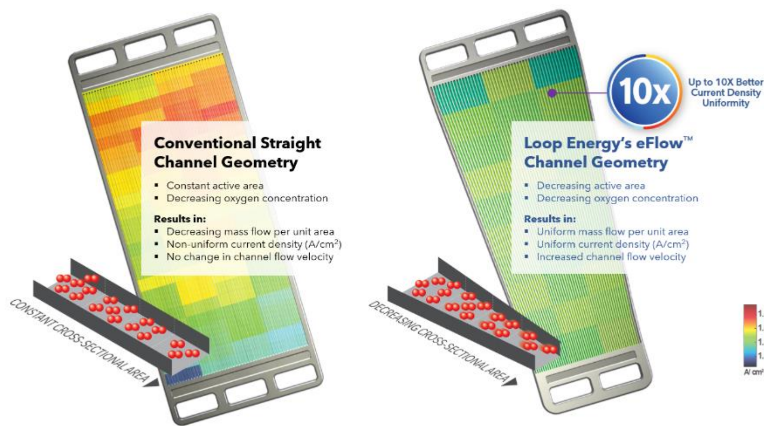

Figure 1: Conventional vs. eFlow™ Fuel Cell Bipolar Plate

[1] This trademark is protected under applicable intellectual property laws and is the Company's property. The Company's trademark may appear without the ™ symbol in this MD&A, but such absence is not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, the Company's rights to this trademark. All other trademarks and trade names used in this MD&A are the property of their respective owners.

[2] Based on Loop's internal testing and comparisons of published studies of the performance of fuel cells from other manufacturers and competitors.

While the primary focus for eFlow™'s patented modified geometry continues to be fuel cells, we continue to investigate the potential positive impact that eFlow™ can have on Polymer Electrolyte Membrane ("PEM") Electrolyzers. Third-party validation testing with Fraunhofer Institute for Solar Energy Systems ISE in partnership with Fraunhofer USA, demonstrated that eFlow™'s trapezoid flow field design can increase green hydrogen production. The Company continues to invite expressions of interest for strategic partners to complete commercial trials of the use of its patented eFlow™ technology in PEM electrolyzers.

1.1.2 Commercial Strategy

We create value for our shareholders and customers by designing, developing manufacturing, selling and servicing of hydrogen fuel cell stacks and systems targeted for the electrification of commercial vehicles like trucks and buses, and stationary power applications in our target markets. eFlow is embedded in the design of bipolar plates that are the fundamental building components of every fuel cell stack. Our commercial strategy is two-fold:

1. Use eFlow technology and our fuel cell stack design expertise to develop and license custom bipolar plate and fuel cell stack solutions to large OEM customers with in-house fuel cell balance of plant design and manufacturing capabilities; and

2. Design, manufacture and sell eFlow bipolar plate and fuel cell stack products to fuel cell module and system manufacturers.

1.1.3 Underlying Market Drivers

The decarbonization of transportation and stationary power via electrification and fuel switching has the potential to greatly impact global emissions. The movement towards electrification has grown as countries take action to achieve commitments made in the Paris Agreement. These actions include the banning of diesel vehicles in major city centers and the progressive phasing out of internal combustion engine vehicles ("ICEVs").

In the transportation sector, this movement is apparent in the recent growth in the number of electric vehicles ("EVs"), most commonly battery-powered ("BEVs"). Several governments around the world are combining regulatory changes with financial support for the transition to zero emission vehicle technologies. Recent examples include REPowerEU in Europe and the Inflation Reduction Act in the USA. With expanding e-commerce freight demands, we believe that zero emission vehicles are one of the only viable options for a sustainable future. Commercial vehicles powered solely by lithium-ion batteries are a part of the solution.

However, electrification is not winner-take-all. Fully battery-powered commercial vehicles are currently unable to economically meet many of the critical functional characteristics required for mass-market adoption. Commercial EVs and medium and heavy-duty BEVs currently suffer from reduced operating performance as the substantial weight, and the dimensions of battery packs limit range, reduce payload capacity and necessitate long re-charging times - all increasing total cost of ownership ("TCO").

We continue to believe hydrogen fuel cells combined with lithium-ion batteries ("FCEV") are a vital component of the overall electrification solution. In this hybrid, hydrogen fuel cells act as on-board chargers and address BEV's shortcomings. While smaller deployments of FCEVs and hydrogen refueling infrastructure are costlier, benefits are compounded when fleets are deployed at scale. We believe that when FCEV fleet sizes increase, hydrogen infrastructure becomes less costly per vehicle than BEV recharging infrastructure. Given the level of enquiries, we believe that major fleet operators of commercial vehicles are beginning to recognize the potential benefits of this hybrid approach.

In stationary power this movement is apparent in the recent adoption of fuel cells by some of the worlds largest companies to provide reliable off-grid power to businesses, telecommuniations networks, utilities and other idustrial applications. Stationary fuel cell systems are zero emmission, quiet, and can be installed nearly anywhere. In addition, they take up a fraction of the space required for other clean energy technologies like solar and wind. According to the Fuel Cell and Hydrogen Energy Association (https://www.fchea.org), as of January 2020 there were more than 550 megawatts of stationary fuel cells installed in the USA.

1.2 Recent Developments

The following highlights the significant corporate, financial events and announcements of the Company since December 31, 2022:

- On January 30, 2023, we announced the appointment of Brad Miller to the Board of Directors. In conjunction with this appointment, Neil Murdoch resigned from the Board.
- On February 23, 2023, we announced a partnership with H2 Portable Power Corp Inc., a Chilliwack, BC, developer of hydrogen-electric mobile power solutions, to develop zero-emission hydrogen-electric gensets to power movie sets, construction sites and other locations with limited grid power access. Under the agreement, field testing was expected to begin in late 2023, followed by scaling of production in 2024.
- On February 27, 2023, we announced that Wiggins Lift Co., a leading American material handling vehicle manufacturer, had selected Loop to provide the fuel cell system for its new hydrogen-powered eBull forklift product. Under the agreement, we will deliver the S300 (30 kW) fuel cell system and begin commissioning in Q2 2023 to support commercial deployment of the hydrogen-electric forklifts in late 2023.
- On March 6, 2023, we announced the completion of third-party validation of the use of Loop's patented eFlow™ technology in PEM electrolyzers in partnership with Fraunhofer USA and the German Fraunhofer Institute for Solar Energy Systems ISE. Results showed that eFlow™ architecture creates a more stable and uniform operating environment in the PEM water electrolysis test cells compared to conventional flow fields with parallel channels, resulting in greater hydrogen production and improved efficiency. Testing also showed the enhanced uniform operating environment should have a beneficial impact on durability. Loop and Fraunhofer ISE continue to invite expressions of interest from potential industry partners to design and manufacture an electrolyzer prototype.
- On March 29, 2023, we announced a further reduction in headcount and operating expenses to align the Company with current market conditions, and the retention of Credit Suisse as financial advisor to advise on strategic alternatives, including strategic partnerships, licencing opportunities, joint development and outsource opportunities, and other ways to bring new capital, expertise and resources to the business and to identify growth opportunities and ways to support the Company's expansion plans. In addition, the Company refocused current resources on strategic initiatives to reduce cost through vertical integration of certain key components and to refine products for key market segments such as municipal buses.
- On April 17, 2023, Dr. Sean MacKinnon, Chief Scientist at Loop Energy, and Dr. Tom Smolinka, Head of Department of Energy at Fraunhofer ISE, presented how eFlow™ flow field improves PEM water electrolysis at Hanover Messe.
- On May 1, 2023, we announced a partnership with MYNT First Element to manufacture hydrogen electric power generators. Under the agreement, Loop's hydrogen fuel cell modules are integrated into MYNT's lineup of Purple H2 generators. Further, MYNT was appointed as an exclusive value-added distribution partner for the Australian market.
- On June 16, 2023, Shanghai Tengchi Construction Co. Ltd. filed for arbitration against Loop Energy Technologies (Shanghai) Co. Ltd. in China for disputed cost overruns related to the fixed cost contract for leasehold improvements to the Loop manufacturing facility in Shanghai. Loop Energy Technologies (Shanghai) Co. Ltd. filed a counter suit in response for delays and quality deficiencies in response to the construction claim for additional charges.
- On June 27, 2023, we announced that Polish electric bus manufacturer ARP E-Vehicles selected Loop Energy's T605 fuel cell system for its new hydrogen electric bus platform. Under the agreement, Loop Energy's 60 kW fuel cell system will be integrated into ARP E-Vehicles' new 12 m hydrogen-electric bus designed for municipal transit service market in Europe.
- On July 26, 2023, we announced the voting results of 2023 Annual General Meeting. All of the nominees proposed as Directors and listed in the Company's Management Information Circular were elected as Directors. At the AGM, KPMG LLP were also reappointed as auditors of Loop Energy.
- On August 1, 2023, we announced that our value-added distributor in South Korea - NGVI Inc., had secured a supply contract for a hydrogen electric bus project with a second municipality in the country. The two-year government project, led by KAR Co. Ltd., will see the hydrogen electric bus put into operation in Ulju-gun, South Korea in 2024.

- On August 8, 2023, we announced that Loop Energy had been selected to supply fuel cell systems for a new fire truck platform by an established specialty vehicle OEM with significant global presence. The new hydrogen electric fire truck will be fitted with two of Loop Energy's T505 fuel cell systems. In the first stage of the roll-out plan, a pilot project will see a vehicle put into operation at an airport in Spain. In subsequent stages, the OEM is looking to scale production for use in other locations with production expected to begin in Q4 of 2023.
- On September 12, 2023, we announced that Loop Energy and TYCROP Manufacturing Ltd., an industrial manufacturing and engineering company based in Chilliwack, BC, had been selected to provide a hydrogen electric solution for the global supply chain leader DP World pilot project to decarbonize its rubber-tired gantry cranes (RTGs) fleet at the Port of Vancouver. DP World's rubber-tired gantry crane will be fitted with a TYCROP-designed dual fuel system powered by two of Loop Energy's T505 fuel cell systems. The pilot project will see DP World's first RTG powered by hydrogen fuel cell systems put into operation at the Port of Vancouver. The RTG pilot is expected to begin operation in Q2 2024 and will be used as a demonstrator to scale the electrification across the organization's global fleet in subsequent phases. With 1,500 RTGs operating globally, DP World is one of the world's largest port operators with over 80 terminals across 40 countries.
- On September 19, 2023, we announced further cost reduction activities and an update on the previously announced review and evaluation of strategic alternatives, including investigating strategic partnerships, licensing opportunities, joint development and outsourcing opportunities, and other ways to bring new capital, expertise and resources to the business and to identify growth opportunities and ways to support Loop's expansion plans. Due to challenging capital market conditions, including significant stock price declines in the hydrogen fuel cell sector since the beginning of the year, and after careful consideration of its alternatives, including a comprehensive outreach to over 130 potential counterparties, the Board determined that was in the best interests of the Company to immediately execute an additional operating cost reduction program, including an approximate 65% global headcount reduction by the end of the year and the closing of production in China. We also communicated that we would refocus staffing and business development efforts on fuel cell stack design, development, production and testing based on the Company's proprietary eFlow technology, and that business development efforts would include finding potential partners to support the existing install base and exploring options for its fuel cell modules and systems business.
- On October 24, 2023, we provided a corporate update announcing that the Company was divesting its module business and that the Company had executed its first non-binding letter of intent and was considering other non-binding proposals for the acquisition of components of its module business. In addition, the Company announced that it had responded to a request for proposal to develop a new hydrogen fuel cell stack and was in active discussions with a number of other parties with respect to fuel cell stack engineering and design services. Further, the Company announced that while the change in ownership of the Company's financial advisor Credit Suisse and the strategic direction of its new owner had required a termination of its engagement as financial advisor to Loop for the strategic alternative review process, the Company was engaged in discussions with potential new investors interested in supporting a smaller and more tightly focused company.
- On February 12, 2024, we announced that the Company and H2 Portable Power Corp Inc. ("H2P") had entered into an amalgamation agreement dated February 9, 2024, in respect of a three-cornered amalgamation pursuant to which H2P will amalgamate with a subsidiary of Loop. Loop will acquire all of the issued and outstanding common shares of H2P, and H2P shareholders will receive common shares of Loop. The transaction will constitute a backdoor listing of H2P under Toronto Stock Exchange policies. Please note that the proposed transaction is subject to a number approvals and risks (For full details on the risks and uncertainties affecting the Company, please refer to the Company's AIF (see section entitled "Risk Factors") for the year ended December 31, 2023, a copy of which is available on SEDAR at www.sedarplus.ca.) In conjunction with the signing of the Amalgamation Agreement, Ben Nyland resigned as President and CEO of Loop, Paul Cataford was appointed interim CEO, and Daryl Musselman was appointed Interim CFO and COO of Loop. Paul Cataford will remain Corporate Secretary and Director and Ben Nyland will remain a Director of Loop. Further, in February 2024, George Rubin resigned from his role as CCO of the Company but continues to support the Company in his capacity as a contractor.
- On February 29, 2024, Loop Energy Technologies (Shanghai) Co. Ltd. exited the Loop manufacturing facility in Shanghai and terminated outstanding lease obligations in a negotiated three-way agreement between the landlord Qiuqiao Industry & Trade Co., Ltd., and the local industrial zone Shanghai Jiading Industrial Zone Economic Development Co., Ltd.

1.3 Proposed Transaction

On February 12, 2024, we announced that the Company and H2P, a Chilliwack, British Columbia based industrial equipment developer of hydrogen-enabled industrial equipment, had entered into an Amalgamation Agreement in respect of a three-cornered amalgamation pursuant to which H2P will amalgamate with a subsidiary of Loop, Loop will acquire all of the issued and outstanding common shares of H2P, and H2P shareholders will receive common shares of Loop. This transaction will constitute a backdoor listing of H2P under Toronto Stock Exchange policies. Concurrent with the Transaction, H2P plans to raise approximately $15.0 million in equity in a brokered private placement of subscription receipts, which will provide growth capital and stability to the combined entity upon closing of the transaction. In addition, subsequent to above announcement, H2P has provided the Company with $2.0 million in funding through a prepayment deposit associated with a purchase order of $0.5 million for inventory of Loop and a further $1.5 million in the form an unsecured bridge loan with interest charged at the Royal Bank of Canada prime lending rate. Should the merger transaction not be completed, the bridge loan becomes due and payable the fifth day following the termination of the Amalgamation agreement. This cash infusion has provided immediate improvement for Loop's balance sheet and ability to maintain operations through to the anticipated closing of the transaction.

Provided that the transaction is completed in accordance with the provisions of the Amalgamation Agreement, the following benefits are anticipated for the combined entity following the amalgamation:

- A strong incoming team with significant board and operational expertise in industrial equipment integration and sales, led by incoming CEO Scott Mason (TYCROP), and supported by Gary Teichrob (TYCROP), Ken Hallat (Sun Rype & Sleeman Breweries), Greg Bay (Cypress Capital Management) and Jim Barton (Hub International) as directors.
- A proven track record in selling industrial solutions to customers. Gary Teichrob founded and leads TYCROP, a multi-faceted organization known for bringing ideas to life, serving customers with innovative industrial equipment solutions across multiple industries, and supported by 650 employees and 5 facilities in Canada and the United States.
- Operational efficiencies and cost savings upon closing through the immediate downsizing of the Company's leased real estate portfolio, selling non-core equipment and rationalizing operating expenses.

The transaction will be carried out by way of the amalgamation under the Business Corporations Act (British Columbia) and is subject to receipt of approval of holders of common shares of Loop at a special meeting of Loop Shareholders to be held on April 26, 2024. Following the completion of a share consolidation and closing of the transaction and the concurrent financing, existing shareholders of Loop will own approximately 9.0-9.6% of the Combined Entity Shares on a fully diluted basis, existing shareholders of H2P will own approximately 60.5-62.0% of the Combined Entity Shares on a fully diluted basis, and investors in the concurrent financing are expected to own 28.4-30.5% of the Combined Entity Shares on a fully diluted basis.

We believe that upon the successful completion of the proposed transaction between Loop and H2P, that the combined entity will provide a strong platform to deliver hydrogen-enabled equipment across Loop and H2P's existing and prospective customer bases in commercial mobility, port operations, rail, film, construction, and other industrial use cases that would benefit from the conversion of legacy diesel equipment to zero emissions hydrogen technology. Conditions to completion of the proposed transaction include: (a) approval of the Amalgamation by the shareholders of both the Company and H2P; (b) approval of the TSX; (c) approval of the Minister responsible for Pacific Economic Development Canada; (d) there being no material adverse changes in respect of either the Company or H2P; and, (e) other standard conditions of closing for a transaction of this nature. There can be no assurance that all of the necessary approvals will be obtained or that all conditions of closing will be satisfied in which event the proposed transaction may not proceed.

2. DECEMBER 2023 FINANCIAL PERFORMANCE OVERVIEW

The following table highlights key financial information for the three months and year ended December 31, 2023, as compared to the prior comparative periods.

Table 1: Selected Interim Financial information (in thousands of CAD dollars, except per share amounts)	**Three months ended December 31,**		**Variance**	
	2023	**2022**	**$**	**%**
Revenues	$ 451	$ 681	(230)	(34)
Cost of Sales				
Cost of goods sold	1,551	2,421	(870)	(36)
Change in allowance for inventory write-down	(301)	1,360	(1,661)	(122)
Gross margin	(799)	(3,100)	2,301	(74)
Expenses	3,286	7,137	(3,851)	(54)
Cost recoveries	(141)	(594)	453	(76)
Net expenses	3,145	6,543	(3,398)	(52)
Loss before the undernoted	(3,944)	(9,643)	5,699	(59)
Other income (expenses)	11	(10)	21	(210)
Net loss for the period	(3,933)	(9,653)	5,720	(59)
Other comprehensive income	3	63	(60)	(95)
Total comprehensive	(3,930)	(9,590)	5,660	(59)
Loss per common share – basic and diluted	(0.11)	(0.28)	(0.17)	(60)

	Year ended December 31,		**Variance**	
	2023	**2022**	**$**	**%**
Revenues	$ 2,104	$ 3,328	(1,224)	(37)
Cost of Sales				
Cost of goods sold	6,536	10,182	(3,646)	(36)
Change in allowance for inventory write-down	5,701	3,143	2,558	81
Gross margin	(10,133)	(9,997)	(136)	1
Expenses	27,158	30,505	(3,347)	(11)
Cost recoveries	(3,558)	(2,635)	(923)	35
Net expenses	23,600	27,870	(4,270)	(15)
Loss before the undernoted	(33,733)	(37,867)	4,134	(11)
Other income (expenses)	(422)	380	(802)	(211)
Net loss	(34,155)	(37,487)	3,332	(9)
Other comprehensive income	(179)	(86)	(93)	108
Total comprehensive loss	(34,334)	(37,573)	3,239	(9)
Loss per common share – basic and diluted	(1.00)	(1.11)	0.11	(10)

2.1 Revenues and Cost of Sales:

Table 2: Revenues and Cost of Sales (in thousands of CAD dollars, except units sold)	**Three months ended December 31,**		**Variance**	
	2023	**2022**	**$**	**%**
Revenues	$ 451	$ 681	(230)	(34)
Units sold	5	9	(4)	(44)
Cost of sales				
Cost of goods sold	1,551	2,421	(870)	(36)
Change in inventory write-down allowance	(301)	1,360	(1,661)	(122)
Gross margin	(799)	(3,100)	2,301	(74)
	Year ended December 31,		**Variance**	
	2023	**2022**	**$**	**%**
Revenues	$ 2,104	$ 3,328	(1,224)	(37)
Units sold	30	49	(19)	(39)
Cost of sales				
Cost of goods sold	6,536	10,182	(3,646)	(36)
Change in inventory write-down allowance	5,701	3,143	2,558	81
Gross margin	(10,133)	(9,997)	(136)	1

The Company's primary source of revenues has been the sale of its fuel cell modules. As the Company continues to commercialize its fuel cell stacks, it is expected that revenue will vary from period to period.

The Company's revenues were $0.5 million and $2.1 million for the three months and year ended December 31, 2023 (2022- $0.7 million and $3.3 million respectively), due to the sale of 5 units in Q423 (Q422: 9) and 30 units in 2023 (2022: 49). The average price per unit in 2023 is similar to 2022.

Cost of sales includes the cost of materials, direct and indirect labour and overheads incurred in the manufacturing of our products, in addition to a warranty provision for products sold, inventory write-downs as required, and the cost of parts and components sold as part of the integration process as follows:

Table 3: Cost of sales (in thousands of CAD dollars)	**Three months ended December 31,**		**Variance**	
	2023	**2022**	**$**	**%**
Cost of goods sold	$ 1,551	$ 2,421	(870)	(36)
Change in inventory write-down allowance	(301)	1,360	(1,661)	(122)
Cost of sales	1,250	3,781	(2,531)	(67)
	Year ended December 31,		**Variance**	
	2023	**2022**	**$**	**%**
Cost of goods sold	$ 6,536	$ 10,182	(3,646)	(36)
Change in inventory write-down allowance	5,701	3,143	2,55858	81
Cost of sales	12,237	13,325	(1,088)	(8)

Cost of sales decreased to $1.3 million for the three months ended December 31, 2023 (Q422- $3.8 million), mostly due to the decrease in inventory write-down allowance related to lower inventory levels. For the year ended December

31, 2023, cost of sales decreased to $12.2 million (2022 - $13.3 million), primarily due to lower sales volume partially offset by higher inventory write-down allowances.

A warranty provision, dependant upon the warranty period, is recorded for each applicable fuel cell unit sold. As the Company has just begun commercializing its fuel cell units and does not have a detailed warranty history, the warranty provision is a significant accounting estimate.

Due to the Company's current scale of production, and the start-up nature of our manufacturing operations, our cost per unit currently exceeds our selling price and we have a negative gross margin. We record our finished goods at the lower of costs and their net realizable value (estimated selling price less the estimated cost of completion and selling costs) recording a write down allowance when required and record a provision against our raw materials on hand.

The change in inventory write-down allowance decreased by $0.3 million and increased by $5.7 million during the three months and year ended December 31 2023, respectively (2022 - increases $1.4 million and $3.1 million), as a result of significant write-downs taken at September 30, 2023, resulting in the increase for the year and limited change in the fourth quarter of 2023. On December 31, 2023, the Company had inventory of $1.0 million in raw materials and $0.4 million in finished goods recorded at their net realizable value. As the inventory write-down allowance is based on the amount of inventory on hand at period end, this amount can significantly vary period over period. We expect that as we increase our scale of production and can approach a breakeven point, the write-down of inventory will decrease or will no longer be required.

2.2 Operating Expenses

Table 4: Operating expenses (in thousands of CAD dollars)	**Three months ended December 31,**		**Variance**	
	2023	**2022**	**$**	**%**
General and administrative	$ 1,480	$ 2,372	(892)	(38)
Engineering	1,233	3,089	(1,856)	(60)
Business development	473	1,237	(764)	(62)
Technology development	100	439	(339)	(77)
Cost recoveries	(141)	(594)	453	(76)
Operating expenses	3,145	6,543	(3,398)	(52)

	Year ended December 31,		**Variance**	
	2023	**2022**	**$**	**%**
General and administrative	$ 8,368	$ 10,732	(2,364)	(22)
Engineering	9,561	12,976	(3,415)	(26)
Business development	3,656	5,426	(1,770)	(33)
Technology development	763	1,371	(608)	(44)
Impairment loss	4,810	-	4,810	100
Cost recoveries	(3,558)	(2,635)	(923)	35
Operating expenses	23,600	27,870	(4,270)	(15)

Operating expenses in general have decreased across most functions since Q422, after a period of continuous growth, as the Company is streamlining its costs and focusing on key priorities, in order to conserve cash, while waiting for markets to recover. A quarter-by-quarter comparison for the last eight quarters is included in section 3.2.

G&A expenses were $1.5 million (Q422: $2.4 million) and $8.4 million (2022: $10.7 million) for the three months and year ended December 31, 2023, as headcount and activity decreased in both periods.

Engineering expenses were $1.2 million (Q422: $3.1 million) and $9.6 million (2022: $13.0 million) in the three months and year ended December 31, 2023, respectively. The decrease compared to the same periods in 2022 is primarily related to reduced product development and plate manufacturing activities and reduced headcount, as the Company keeps focusing on key initiatives to optimize product design and costs.

Business development costs decreased to $0.5 million (Q422: $1.2 million) and $3.7 million (2022: $5.4 million) in the three months and year ended December 31, 2023, primarily due to reduced headcount and tradeshow participation.

Technology development costs decreased to $0.1 million (Q422: $0.4 million) and $0.8 million (2022: $1.4 million) in the three months and year ended December 31, 2023. The Company has continued working on initiatives related to technology research and new material development, and how the benefits of eFlow™'s patented modified geometry may apply to electrolyzers, but at a slower pace, resulting in lower technology and development expenditures.

During the quarter ended September 30, 2023, the Company assessed that indicators of impairment existed due to the Company's decision to execute operating cost reductions including closure of production in China and shift the Company's focus to the sale of fuel cell stacks. As a result of the above indicators of impairment, the Company estimated the recoverable amount of the certain assets being the higher of their fair value less costs of disposal ("FVLCD") and their value-in-use. Since the recoverable amounts of the assets were less than the carrying amounts, the Company recognized a total impairment loss of $4.8 million on respective asset classes as disclosed in note 7 to the FY2023 financial statements.

$3.6 million in cost recoveries were recognized in the year ended December 31, 2023 (2022: $2.6 million), which includes $3.1 million related to funding received under its Sustainable Development Technology Canada ("SDTC") project, mostly related to the completion and finalization of milestones 4 and 5, which was recognized in Q123, and $0.5 million of cost recovery related to the Company's agreement with Pacific Economic Development Canada pursuant to which the Company was originally entitled to receive up to $9.75 million of Jobs and Growth Fund-Innovation Program ("JGF Program") funding. Subsequent to December 31, 2023, the maximum JGF Program funding was adjusted to $8.86 million being the amount already received by the Company.

Net loss decreased to $3.9 million (Q422: $9.7 million) and $34.2 million (2022: $37.5 million) in the three months and year ended December 31, 2023, respectively, mostly driven by lower operating expenses as the Company focused on key initiatives, reducing costs and conserving cash.

Revenue and operating costs are further analyzed and discussed in section 3.1.

3. REVIEW OF QUARTERLY PERFORMANCE

The following tables highlights key financial performance for the last eight quarters and year-to-date for the past three years:

3.1 Revenues and Cost of Sales

Table 5: Quarterly and Annual Revenue and Cost of Sales (in thousands of CAD dollars)

	Quarter								YTD		
	Q423	**Q323**	**Q223**	**Q123**	**Q422**	**Q322**	**Q222**	**Q122**	**2023**	**2022**	**2021**
Revenues	$ 451	$ 416	$ 334	$ 903	$ 681	$ 1,404	$ 1,065	$ 178	$ 2,104	$ 3,328	$ 1,424
Units sold	5	6	4	15	9	22	16	2	30	49	14
Cost of sales											
Cost of goods sold	1,551	1,199	1,335	2,451	2,421	3,283	3,685	793	6,536	10,182	4,450
Inventory write-down allowance	(301)	2,941	1,662	1,399	1,360	736	(159)	1,206	5,701	3,143	1,800
Cost of sales	1,250	4,140	2,997	3,850	3,781	4,019	3,526	1,999	12,237	13,325	6,250
Gross margin	(799)	(3,724)	(2,663)	(2,947)	(3,100)	(2,615)	(2,461)	(1,821)	(10,133)	(9,997)	(4,826)

Revenues

The Company's primary source of revenues is the sale of its fuel cell modules and systems, with 5 units sold in the three months ended December 31, 2023 (2022: 9) and 30 (2022: 49) units sold in the year ended December 31, 2023. The increase in Q2 2022 and Q3 2022 was driven by Tevva transitioning to the Production Phase of the Customer Adoption Cycle. The increase in Q1 2023 was mostly due to the delivery of units that were shipped in December 2022 but not delivered until Q1 2023. The decrease in Q223 is due to lower commercial activity, with no material changes in the following quarters.

Cost of sales

Our cost of goods sold varies with the number of units sold and product mix, with Q123, Q422, Q322 and Q222 being significantly higher than other periods, consistent with unit sales in such periods. Our average cost of goods sold per unit will also vary based on the volumes and type of units and models being sold. We expect to see average costs decrease as a result of design improvements, supply chain efforts and volume increase.

Due to the Company's low production volumes and the build-out of manufacturing capacity, the cost per unit currently exceeds our selling price, and as a result we have a negative gross margin. Therefore, at the end of each accounting period we are required to not only write down our finished goods to their net realizable value (estimated selling price less the estimated cost of completion and selling costs), but also record a provision against our raw materials on hand.

The inventory write-down allowance described above represents the movement in the write-down of raw materials and finished goods on hand during the period. As this is based on the amount of inventory on hand at period end, this amount can vary significantly period over period. We expect that when we increase our scale of production and approach a breakeven point, the write-down of inventory will decrease or will no longer be required. The credit recorded in Q222 reflects that the previously written down inventory was sold during the period and presented as cost of goods sold, to reflect the actual cost of inventory used. The increases from Q322 to Q323 reflect the impact of the build up of our inventory levels and associated inventory write-down allowance during the period. The decrease in Q423 is mostly due to the reclassification to cost of goods sold of amounts previously written-down upon sale.

3.2 Operating Expenses

Table 6: Quarterly and Annual Operating Expenses (in thousands of CAD dollars)

	Quarter								YTD		
	Q423	**Q323**	**Q223**	**Q123**	**Q422**	**Q322**	**Q222**	**Q122**	**2023**	**2022**	**2021**
G&A	$ 1,480	$ 2,561	$ 1,971	$ 2,356	$ 2,372	$ 3,329	$ 2,633	$ 2,398	$ 8,368	$10,73 2	$10,077
Engineering	1,233	2,458	2,381	3,489	3,089	4,126	3,168	2,593	9,561	12,976	8,085
BD	473	859	998	1,326	1,237	1,794	1,643	752	3,656	5,426	2,601
Tech Dev	100	150	254	259	439	290	215	427	763	1,371	1,056
Impairment loss	-	4,810	-	-	-	-	-	-	4,810	-	-
Cost recoveries	(141)	(107)	(188)	(3,122)	(594)	(2,051)	53	(43)	(3,558)	(2,635)	(1,944)
Operating expenses	3,145	10,731	5,416	4,308	6,543	7,488	7,712	6,127	23,600	27,870	19,875

General & Administrative (G&A) Expenses

The increase in Q222 compared to Q122 is mainly due to costs associated with additional headcount. The increase in Q322 compared to prior periods includes a credit loss charge of $0.7 million. The decrease in Q422, Q123 and Q223 is in line with the Company's effort to streamline costs. The increase in Q323 is mostly due to the booking of a credit loss provision of $0.5M, payment of severance and retention packages and additional legal fees. The decrease in Q423 is mostly due to reduce headcount, lower activity and the release of bonus provisions.

Engineering Expenses

Engineering expenses are associated with the expansion of the Company's product lines, the evolution of the Company's fuel stack technology and initiatives to optimize product design and costs. The increase in Q322 is mostly due to increased headcount, to support the larger plate design and the 120kW product launched in September 2022. The increase in Q123 is mostly due to work related to a new 60kW product design and plate manufacturing activities which still remain. The decrease in Q223 and Q423 reflects the impact of reduced headcount and activities. Q323 slight increase is due to payment of severance and retention packages and the increased costs of materials and prototypes.

Business Development Expenses

Q322 and Q222 saw an increased focus on tradeshows along with growth in technical service team to support customer integration of fuel cell modules as well as an increase in the sales team. Business Development expenses in Q422 and Q123 dropped off slightly due to reduced activity and headcount compared to previous quarters. The decrease in Q223 is mostly due to reduced tradeshow activity and cost optimization. Decrease in Q323 and Q423 is related to lower activity and reduced headcount.

Technical Development Expenses

Technical development expenses are comprised of the Company's advanced development research. The Company has continued to engage in initiatives related to early-stage technology research and new material development, and in particular how the benefits of eFlow™'s patented modified geometry applies to electrolyzers and the potential to produce more hydrogen in a more cost-efficient manner. The increase in Q422 is associated with such additional efforts. The decrease in Q123 takes the expenses to its baseline as most of the electrolyzers work is already finished, with Q223 staying at a similar level. Q323 and Q423 decrease due to lower activity as per the change in the Company's focus.

Impairment Loss

During the year ended December 31, 2023, the Company assessed that indicators of impairment existed due to the Company's decision to execute operating cost reductions including closure of production in China and shift the Company's focus to the sale of fuel cell stacks.

As a result of the above indicators of impairment, the Company estimated the recoverable amount of the certain assets being the higher of their fair value less costs of disposal ("FVLCD") and their value-in-use. Since the recoverable amounts of the assets were less than the carrying amounts, the Company recognized a total impairment loss of $4.8 million at September 30, 2023 on respective asset classes as disclosed in note 7 to the FY2023 financial statements.

In determining the impairment loss, the Company has assessed its right-of-use assets and associated leasehold improvements assets and has fully impaired the carrying value of such assets to the extent that the corresponding leased space is no longer expected to be used to generate cash flows. With respect to determining the impairment amounts of specifically identified equipment, computer hardware and computer software, the Company considered the FVLCD of such assets. In China FVLCD for equipment was based on indicative values resulting from a non-binding letter of intent received from a potential buyer of specific assets. In Canada the Company has impaired any equipment specific to the manufacture of fuel cell modules. The Company then assessed if the recoverable amount of its CGU exceeds its remaining carrying value. Management prepared a value-in-use cash flow model to determine the recoverable amount of the CGU based on cash flows anticipated to be achieved in the continuing fuel cell stack business, discounted at a rate of 18%. Based on such model the recoverable amount of the CGU exceeded its carrying value, indicating no further impairment was required. Sensitivities performed indicated that no impairment was identified at a discount rate as high as 23%.

Cost Recoveries

Cost recoveries primarily relates to Sustainable Development Technology Canada ("SDTC") credits, which are recognized only when milestones are completed and approved. During each of Q322 and Q123 the Company recognized $1.8 million and $3.0 million, respectively, of cost recoveries, mostly related to achieving and finalizing SDTC milestones.

From Q322 onwards the Company has also recorded recoveries in relation to the JGF loan.

3.3 Net Loss

Table 7: Quarterly and Annual Net Loss in thousands of CAD dollars except per share amount)

	Quarter								YTD		
	Q423	**Q323**	**Q223**	**Q123**	**Q422**	**Q322**	**Q222**	**Q122**	**2023**	**2022**	**2021**
Net loss	$(3,933)	$ (14,722)	$ (8,217)	$(7,283)	$(9,653)	$(9,864)	$ (9,923)	$ (8,047)	$(34,155)	$(37,487)	$(25,020)
Loss per common share - basic and dilute	(0.11)	(0.43)	(0.24)	(0.21)	(0.28)	(0.29)	(0.29)	(0.24)	(1.00)	(1.11)	(0.80)

After a significant drop in Q123, as a result of cost recoveries of $3.1 million and cost reduction actions defined at the end of 2022 and beginning of 2023, Net Loss increased in Q223 due to lower cost recoveries compared to Q123, and Q323 as a result of the increase of inventory write down allowances and impairment costs. Q423 decrease is mostly due to lower headcount and reduced operational expenses.

4. FINANCIAL POSITION

The following tables summarize the financial position for the Company as at the end of each of the last eight quarters.

4.1 Assets

Table 8: Total Assets (in thousands of CAD dollars)	**Q423**	**Q323**	**Q223**	**Q123**	**Q422**	**Q322**	**Q222**	**Q122**
Current assets:								
Cash and cash equivalents	$ 2,935	$ 5,611	$ 9,927	$ 13,163	$ 24,524	$ 36,949	$ 43,325	$55,730
Accounts receivable	136	306	1,661	4,015	3,842	3,237	2,914	2,533
Tax credit receivable	-	-	-	-	-	182	1,329	1,416
Inventory	1,356	2,306	5,255	5,632	4,288	3,927	1,591	1,637
Prepaid expenses and advances	647	1,003	2,555	3,063	2,001	7,105	7,748	6,575
Total current assets	5,074	9,226	19,398	25,873	34,655	51,400	56,907	67,891
Non-current assets:								
Accounts receivable	36	-	122	186	239	289	345	412
Equity-accounted investment	-	-	-	-	-	-	-	-
Property, plant and equipment	16,868	17,494	23,054	21,846	20,344	13,659	10,301	8,589
Total non-current assets	16,904	17,494	23,176	22,032	20,583	13,948	10,646	9,001
Total assets	21,978	26,720	42,574	47,905	55,238	65,348	67,553	76,892

The reduced cash burn in Q322 is attributed to the draw down of non-dilutive government funding in the form of tax credits and an interest free loan from JGF, similarly in Q223 the Company received an additional $2.1 million from JGF, and GST refunds of $1.8 million. In Q323, cash burn reduced as a result of cost reduction activities and an additional $0.8 million in funding received from JGF. Q423 cash burn decreased due to lower activity, limited purchases and reduced headcount.

The decrease in accounts receivable in Q323 is mostly due to a decrease in revenue, and a credit loss provision of $0.5 million. The decrease in Q423 is due to collections on sales during the quarter.

In Q323, the decrease in inventory is related to additional write-downs, whereas, the decline in property, plant and equipment is primarily related to impairment losses previously described. The decrease in inventory in Q423 is primarily due to sales of finished goods, inventory write-downs and reduced purchases.

The following table summarises the net cash flow from operating, investing, and financing activities:

Table 8.1: Cash Flow (in thousands of CAD dollars)	**Q423**	**Q323**	**Q223**	**Q123**	**Q422**	**Q322**	**Q222**	**Q122**
Net operating cash flow	$ (2,226)	$ (4,176)	$ (3,463)	$ (9,011)	$ (6,226)	$ (8,458)	$ (10,654)	$ (7,839)
Net investing cash flow	28	(719)	(1,432)	(2,392)	(7,605)	(2,542)	(1,541)	(3,274)
Net financing cash flow	(284)	523	1,845	(91)	940	4,568	(99)	(187)
Foreign exchange	(194)	56	(186)	133	466	56	(111)	-
Net change in cash and cash equivalents	(2,676)	(4,316)	(3,236)	(11,361)	(12,425)	(6,376)	(12,405)	(11,300)

The change in net operating cash outflow is generally consistent with the change in net loss (refer to section 3.3). In each of Q322, Q223, Q323 and Q423, net operating cash outflow was higher than the net loss primarily due to the timing of inventory purchases. Q423 decrease cash outflow due to lower activity and reduced headcount.

Cash used in investing activities relates entirely to the purchase of capital assets and leasehold improvements. Capital assets include testing and manufacturing equipment to continue growing the Company's manufacturing, product development, testing and prototyping capabilities. As at December 31, 2023, outstanding commitments related to purchases of property, plant, and equipment were $0.05 million.

In Q322, Q422, Q223 and Q323 the Company received $4.9 million, $1.1 million, $2.1 million and $0.8 million, respectively, related to its agreement with Pacific Economic Development Canada for the JGF program.

Fluctuations in accounts receivable relate to the timing and quantum of sales of fuel cell modules by quarter and the timing of receipt of payments on such sales. The timing of collection of GST receivables has also resulted in fluctuations in receivables.

In Q322, the Company completed and submitted filings and received $1.1 million of Scientific Research and Experimental Development (SR&ED) credits in cash, with an additional and final cash payment of $0.2 million received in October 2022.

Inventory increased in most quarters as the Company continued to build its inventory balance to meet the anticipated demand of its customers. The increases in Q122, Q322 and Q123 are consistent with the build up of raw materials and finished goods to meet production requirements associated with the fulfillment of purchase orders. The reduction in inventory in Q323 is the result of an increase in the allowance for inventory write-down during the period reflecting the Company's change in focus away from its fuel cell module business. The decrease in Q423 is due to sales of inventory assets and reduced purchasing activities. The amounts recorded in the Company's statement of financial position are the estimated net realizable value of inventory. As of December 31, 2023, not including write down allowance, the Company has $8.2 million in inventory, out of which approximately 78% is raw materials.

Prepaid expenses and advances are comprised of deposits for property, plant and equipment, inventory, software and corporate G&A expenses. Increases in Q122, Q222 and Q123 are due to increases in refundable deposits made for inventory and property, plant, and equipment, as the Company continued to expand its manufacturing capabilities to continue to meet customer demands. The decrease in Q422 is mostly due to a reclassification of $3.9 million to property, plant and equipment for deposits paid for equipment to be delivered in 2023 that were no longer refundable, and in Q323 and Q423 due to the receiving of equipment and raw materials for inventory.

Property, plant and equipment ("PPE"), which includes right-of-use assets associated with leases, has increased to expand the Company's testing and manufacturing capabilities, as well as during Q223 when the Company entered into new office lease in Canada and during Q322 as a result of new office and facility leases in Canada and the UK. The decrease in Q323 reflects the impact of impairment of PPE.

4.2 Liabilities

Table 9: Liabilities

(in thousands of CAD dollars)	**Q423**	**Q323**	**Q223**	**Q123**	**Q422**	**Q322**	**Q222**	**Q122**
Current liabilities:								
Accounts payable and accrued liabilities	$ 2,615	$ 3,412	$ 4,641	$ 4,684	$ 3,939	$ 5,312	$ 2,416	$ 3,037
Current portion of lease liabilities	1,169	1,237	1,214	1,002	972	900	708	713
Current portion of long-term debt	166	175	175	175	175	175	175	175
Deferred revenue and recoveries	417	686	447	717	1,656	666	2,453	2,836
Warranty provision	322	290	281	253	184	427	310	138
Total current liabilities	4,689	5,800	6,758	6,831	6,926	7,480	6,062	6,899
Non-current liabilities:								
Lease liabilities	2,236	2,410	3,092	2,569	2,764	2,983	2,190	1,202
Long-term debt	6,085	5,953	5,347	3,993	3,928	3,226	170	195
Deferred revenues and recoveries	2,154	2,006	2,324	1,430	1,737	2,275	757	807
Warranty provision	449	420	410	391	373	471	185	189
Total non-current liabilities	10,924	10,789	11,173	8,383	8,802	8,955	3,302	2,393
Total liabilities	15,613	16,589	17,931	15,214	15,728	16,435	9,364	9,292

Accounts payable increased in Q322 and Q123 mostly due to increase in purchases for inventory and equipment and consulting services, and the difference in timing between the receipt of the goods and services and payment of the invoices. The decrease in Q323 and Q423 reflect reduced payroll accruals and purchasing activity.

Lease liabilities increased in Q223 as a result of a new lease entered into in Canada, in Q322 due to new leases in Canada and the UK, and in Q222 due to an extension of a facility lease in Canada. The decrease in Q323, includes remeasurement of lease liability in China, as the Company no longer expected to utilize the lease extension option.

Long-term debt increased in Q322, Q422, Q223 and Q323 as a result of the recording of the fair value of the loan payable to Pacific Economic Development Canada from funding received under the JGF program.

Deferred revenues and recoveries include SDTC credits received for which milestones to recognize the cost recoveries had yet to be achieved and the government grant value associated with the interest free JGF funding received from Pacific Economic Development Canada. The balance of deferred revenue and recoveries will fluctuate period to period based on the timing of receipt of grants and the timing of recognition of recoveries associated with such grants.

In Q322 another $1.8 million was recognized as a cost recovery associated with the completion of the third milestone of the SDTC project. In Q422 the Company received from SDTC a further advance payment of $0.8 million to fund the fourth milestone project which was recorded as deferred cost recovery and subsequently recognized in Q123. In Q123 the Company received from SDTC a final payment of $1.9 million in relation to completion of the fifth milestone, which was recognized completely alongside additional funding of $0.3 million upon completion of the fourth and fifth milestone.

On March 31, 2022, the Company entered into an agreement with Pacific Economic Development Canada for JGF funding of up to $9.75 million in cash to assist with project costs associated with increases in the Company's manufacturing capacity. Subsequent to December 31, 2023, the maximum JGF Program funding was adjusted to $8.86 million being the amount already received by the Company. Under the terms of the agreement the funding is repayable over 60 consecutive months commencing on April 1, 2025 and is non-interest bearing. The funds are to be received as certain milestones are accomplished over a period up to March 31, 2024. The Company received advances of JGF funding in four tranches of $4.9 million, $ 1.1 million, $2.1 million and $0.8 million during Q322, Q422, Q223 and Q323 respectively. These advances were valued at $3.1 million, $0.7 million, $1.3 million and $0.5 million respectively on the applicable payment receipt date with the discount of $1.8 million, $0.5 million, $0.8 million and $0.3 million respectively being recorded as deferred cost recovery. The Company recognized $0.1 million in each Q123, Q223 and Q423 and $0.2 million in Q323 as a cost recovery.

The increase in the non-current portion of deferred revenues and recoveries during Q322 and Q223 is related to the non-current portion of the JGF loans from Pacific and Economic Development Canada and all other movements are due to the timing of customer deposits and the recognition of revenues.

Since 2021, the Company records a warranty provision for the estimated costs of replacement and associated services costs that will be incurred by the Company with respect to the products sold.

4.3 Liquidity and Working Capital

Table 10: Liquidity and Working Capital

(in thousands of CAD dollars)	**Q423**	**Q323**	**Q223**	**Q123**	**Q422**	**Q322**	**Q222**	**Q122**
Cash and cash equivalents	$2,935	$5,611	$9,927	$13,163	$24,524	$36,949	$43,325	$55,730
Working capital	385	3,426	12,640	19,042	27,729	43,920	50,845	60,992

The Company's working capital position, being its current assets less its current liabilities, keeps declining as we have spent a majority of the funds received during the Company's IPO in Q121 on the development of our business.

In the year ended December 31, 2023, the Company realized a net loss of $34.2 million (December 31, 2022 - $37.5 million) and had negative cash flows from operations of $18.9 million (year ended December 31, 2022 - $33.2 million). The Company believes it will have sufficient funding, with the bridge financing provided by H2P subsequent to year end (as previously discussed in the Outlook section of this MD&A), to fund operations up to the successful close of the proposed merger transaction. However, the Company expects to incur further losses in the development of its business and forecasts and it will need to seek additional financing on or before May 15, 2024 to continue as a going concern and meet its ongoing expenditures and obligations. While the Company has been successful in securing financing in the past, there can be no assurances that it will be able to do so in the future. These conditions indicate a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern.

While the Company has incurred losses to date, its strategy to mitigate this uncertainty is to continue its drive to attain profitable operations that are sustainable by executing a business plan that continues to focus on revenue growth, improving gross margins, maintaining discipline over, and reducing operating expenses, managing working capital

requirements, and securing additional financing to fund operations as needed until the Company does achieve profitable operations that are sustainable. As at December 31, 2023, the Company has working capital of $0.4 million.

The Company's primary liquidity needs for the next twelve months are to pay existing committed capital expenditures, to make scheduled repayments of debt, to pay operating expenses and to manage its working capital.

The table below outlines the Company's contractual maturities (including interest) of our financial obligations as at December 31, 2023:

Table 10.1: Obligations (In thousands of CAD dollars)	**Carrying amount $**	**Contractual cash flows $**	**Within 1 year $**	**1-3 years $**	**Thereafter $**
Accounts payable and accrued liabilities	2,615	2,615	2,615	-	-
Lease liabilities	3,405	4,094	1,298	1,609	1,267
Long-term debt	6,251	9,029	175	3,099	5,755
	12,271	**15,738**	**4,008**	**4,708**	**7,022**

In addition, as at December 31, 2023, the Company had committed to the following obligations that were not recognized as liabilities:

Table 10.2: Commitments (In thousands of CAD dollars)	**Contractual cash flows $**	**Within 1 year $**	**1 to 3 years $**	**thereafter $**
Property, plant and equipment	46	46	-	-
	46	**46**	**-**	**-**

4.4 Shareholders' Equity

Table 11: Shareholders' equity (in thousands of CAD dollars)	**Q423**	**Q323**	**Q223**	**Q123**	**Q422**	**Q322**	**Q222**	**Q122**
Common shares	$ 127,672	$ 127,641	$ 127,591	$ 127,183	$ 126,828	$ 126,517	$ 126,517	$ 126,402
Share-based payments reserve	8,311	8,178	7,954	8,015	7,966	8,090	7,511	6,973
Accumulated deficit	(129,439)	(125,506)	(110,784)	(102,567)	(95,284)	(85,631)	(75,767)	(65,844)
Foreign currency reserve	(179)	(182)	(118)	60	-	(63)	(72)	69
Total shareholders' equity	6,365	10,131	24,643	32,691	39,510	48,913	58,189	67,600

As of December 31, 2023, and at the date of this MD&A, the following equity instruments were outstanding:

Table 12: Equity Instruments	**March 21, 2024**	**December 31, 2023**
Common shares	34,395,495	34,395,495
Stock options	697,645	1,506,810
Warrants	-	66,667
Restricted Share Units	679,614	1,126,457

In the prospectus filed in connection with the IPO, the Company stated that it intended to use the net proceeds from the IPO for product and technology development, sales, general and administrative expenses and capital assets, as set forth in the table below. The Company's product and technology development, sales and general and administration expenses are working capital in nature.

Table 13: Use of proceeds (in thousands of CAD dollars)

Shares	Price (per share)	Net Proceeds	Intended Use	Intended use	Actual use
6,250,000	$16.00	$91,801	Product and Technology development	$19,000	$25,240
			Sales General and Administration	7,200	33,540
			Capital Assets	66,000	24,340
			Unallocated working Capital	-	7,380
			Total	**92,200**	**90,500**

The variance between the anticipated use of proceeds described in the prospectus for the Company's IPO and the actual use of proceeds from the IPO is principally the result of the impact of the COVID-19 pandemic and geopolitical events in Europe.

As set out in the prospectus for the IPO, a significant portion of the IPO proceeds were anticipated to be used on capital investment to set up a facility in Shanghai, China. With the zero-tolerance policy in certain parts of China during the pandemic, the opening of our Shanghai facility was delayed until July 2022, resulting in a significant delay in capital investment in the facility. In addition, geopolitical events in Europe have resulted in energy security becoming an increasingly important issue in Europe. This has accelerated hydrogen adoption in Europe and created an opportunity for the Company to advance its business objectives without the same degree of capital investment. This has also led to higher than anticipated sales and marketing expenditures intended to take advantage of these opportunities.

As a consequence of these developments, the Company focused its efforts on building its product portfolio and the sales and support team needed to achieve its growth targets, and in optimizing its production capacity needs. The unallocated working capital is mostly related to expenses associated with inventory and production costs. In 2023, the Company reduced its headcount and operating expenses, and expects to use the remaining proceeds to support the updated business strategy.

4.5 Related Party Transactions

The Company has related party relationships, as defined by IFRS, with its key management personnel, which includes the members of the Board of Directors and the officers of the Company. In addition to their salaries, key management personnel also participate in the Company's share-based compensation plan. Related party transactions with key management personnel were as follows:

Table 14: Related Party Transactions

(in thousands of CAD dollars)	Q423	Q323	Q223	Q123	Q422	Q322	Q222	Q122
Salaries and benefits	$ 308	$ 357	$ 416	$ 532	$ 388	$ 377	$ 400	$ 531
Share-based payments	153	371	81	232	191	409	341	267
Director fees	58	115	99	27	41	44	38	38
	519	843	596	791	620	830	779	836

The increases during Q123 is related to costs associated with the departure of the Company's Chief Financial Officer at the time. The decrease in Q223 is mostly due to removal of options that were cancelled in Q123. The increase in Q323 is related to expense associated with RSUs granted during Q223.

As at December 31, 2023, the Company has $0.3 million (December 31, 2022 - $0.3M) in accounts receivable for which an allowance for credit losses has been fully provided, and Nil in accounts payable and accrued liabilities (December 31, 2022 – $0.04 million) from transactions with a joint venture. The transactions were carried out in the normal course of operations and have been measured at their exchange value.

Related party transactions and balances are disclosed in note 18 of the consolidated financial statements for the years ended December 31, 2023 and 2022.

4.6 Off Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

4.7 Selected Annual Financial Information

Table 15: Selected Annual Financial Information	**As at December 31,**			**Variance**	
(in thousands of CAD dollars)	**2023**	**2022**	**2021**	**2023 vs 2022 %**	**2022 vs 2021 %**
Cash and cash equivalents	$ 2,935	$ 24,524	$ 67,030	(88)	(63)
Total assets	21,978	55,238	84,093	(60)	(34)
Total non-current financial liabilities	8,321	6,692	1,569	24	327

Cash and cash equivalents decreased to $2.9 million as at December 31, 2023, compared to $24.5 million as at December 31, 2022 and $67.0 million as at December 31, 2021. The decrease in cash as at December 31, 2023 is primarily due to $18.189 million of cash used in operating activities and a $4.6 million investment in equipment to expand our testing and manufacturing capabilities. This was partially offset principally by proceed from long term debt of $2.9 million related to JGF program.

The decrease in cash and cash equivalents, as described above, partially offset by an increase in investment in capital assets to facilitate product development, testing and manufacturing capabilities, has led to the decrease in total assets as at December 31, 2023, relative to last year.

5. CRITICAL ACCOUNTING ESTIMATES, POLICIES AND RISK MATTERS

The Company's management uses its judgement when applying the Company's accounting policies in the preparation of its audited consolidated financial statements. The preparation of financial information requires management to make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and on the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant in the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

5.1 Key Sources of Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the reported amount of assets, liabilities, revenues and expenses within the next financial year.

Determination of the carrying value of inventory:

In determining the lower of cost and net realizable value of inventory, the Company estimates the likelihood that inventory carrying values will be affected by changes in market pricing or demand for the products and by changes in technology or design which could make inventory on hand recoverable at less than the recorded value. The Company performs regular reviews to assess the impact of changes in technology and design, sales pricing and other changes on the carrying value of inventory. Where it is determined that such changes have occurred and will have a negative impact on the value of inventory on hand, an appropriate write-down is made.

If there is a subsequent increase in the value of inventory on hand, reversals of previous write-downs to net realizable value are made. Unforeseen changes in these factors could result in additional inventory write-downs, or reversals of previous write-downs being required. During the year ended December 31, 2023, the Company recorded a $7.7 million write down of its inventory to its net realizable value (December 31, 2022 - $6.8 million).

Impairment of financial assets

In determining the expected credit loss on the Company's trade receivables, the Company has elected to measure loss allowances for trade receivables using a provision matrix which specifies fixed provision rates depending on the

number of days that a trade receivable is past due, using reference to past default experience of the debtor and an analysis of the debtor's current financial position, which also forms a basis for the Company's future expectations for potential defaults of the debtor. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

As at December 31, 2023 the Company has recorded an allowance for an expected credit loss of $1.8 million (December 31, 2022 - $0.9 million).

Impairment of assets

In determination of the recoverable amount of assets and its cash-generating unit ("CGU") when conducting impairment testing, the Company has determined the fair value less cost to sell of certain identified assets based on the best information available, including a non-binding letter of intent to purchase certain equipment received from a potential buyer. The Company determined the recoverable amount of its CGU based on a value-in-use model that requires management to apply judgement and estimation, including forecast future sales and costs, the terminal value and the discount rate used. During the year ended December 31, 2023, the Company recorded an impairment loss of $4.8 million (December 31, 2022 - $nil).

Warranty provision

A provision for warranty costs is recognized when the underlying products are sold. In establishing the warranty provision, the Company estimates the likelihood that products sold will experience warranty claims and the estimated cost to resolve claims received, taking into account the nature of the contract and past and projected experience with the products, and applying a weighting of possible outcomes against the associated probabilities that the product will experience warranty claims. In making such determinations, the Company uses estimates based on the nature of the contract and past and projected experience with the products. Should these estimates prove to be incorrect, the Company may incur costs different from those provided for in the warranty provision, which would impact cost of sales in the Company's consolidated statements of loss and comprehensive loss. The Company reviews the warranty assumptions and adjusts the provision at each reporting date based on the latest information available, including the expiry of contractual obligations.

As at December 31, 2023, the Company had recorded warranty provisions of $0.8 million (December 31, 2022 - $0.6 million).

Share-based payments:

To calculate the fair value of stock options and warrants, the Company uses the Black-Scholes option pricing model. This inherently requires management to make various estimates and assumptions in relation to the expected life of the award, expected volatility, risk-free rate and forfeiture rates. Changes in any of these inputs could cause a significant change in the share-based compensation expense charged in the statements of loss and comprehensive loss and to share-based payment reserves in a given period.

The Company recognized share-based payments expense, net of recoveries on cancellations of unvested options, during the three and twelve months ended December 31, 2023 and 2022 with allocations to functional expense as follows:

Table 15: Share-Based Payments (in thousands of CAD dollars)	**Three months ended December 31,**		**Year ended December 31,**	
	2023 $	**2022 $**	**2023 $**	**2022 $**
Engineering	9	105	149	417
General and administrative	149	(97)	763	874
Business development	1	97	158	411
Technology development	3	9	21	27
	162	114	**1,091**	1,729

5.2 Changes in Accounting Policies and Recent Accounting Pronouncements

The Company's material accounting policies are detailed in Note 3 to the Company's annual financial statements for the year ended December 31, 2023. The Company did not adopt any new accounting policies in the current period. There are no significant accounting pronouncements which are anticipated to impact the Company's financial reporting.

5.3 Financial Instruments

As at December 31, 2023, the Company's financial instruments consists of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, lease liabilities and long-term debt.

The fair values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities as at December 31, 2023 approximates their carrying values because of the short-term nature or the discount rates used in assessing the fair value of the instrument. The fair value of long-term debt was less than its carrying value by $0.3 million as a result of increases in discount rate during the period.

The Company is exposed to the following risks: credit risk, liquidity risk, and market risk (i.e. interest rate risk, foreign currency risk and commodity risk). The following is a description of these risks and how they are managed:

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's intent is to maintain sufficient financial liquidity to be able to meet its ongoing operating requirements. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at December 31, 2023, the Company had working capital, being current assets less current liabilities, of $0.4 million. This working capital and the subsequent funding of $2.0 million related to merger transaction as disclosed above are expected to be sufficient to fund operations (with the implementation of the operating cost reduction program) up to the close of merger transaction.

The Company's primary liquidity needs for the next twelve months are to pay existing committed capital expenditures, to make scheduled repayments of debt, to pay operating expenses and to manage its working capital.

Contractual maturities of financial obligations (including interest) and the commitments that were not recognized as liabilities that exist as at December 31, 2023 are shown in section 4.3 in Tables 10.1 and 10.2 respectively.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying value of the Company's cash and cash equivalents and accounts receivable, totaling $3.1 million, represents the Company's maximum exposure to credit risk. The Company does not believe it has a significant credit risk associated with its cash and cash equivalents as such funds are on deposit with major credit worthy financial institutions and thus credit risk arises principally from the Company's receivables from customers. The Company's exposure to credit risk on customer accounts receivable is influenced mainly by the individual characteristics of each debtor. The Company currently only has a small number of customers and is therefore able to monitor credit risk on an individual account basis.

At December 31, 2023, excluding a $0.9 million historic aged receivable fully provided for in the preceding year, two customers accounted for 98% of the outstanding customer receivables (December 31, 2022 – one customer accounted for 87%). At December 31, 2023, the Company has $77,000 in customer receivables which are current, $18,000 in receivables 0-90 days past due and $866,000 of outstanding customer receivables more than 120 days past due for which an allowance for credit loss of $866,000 has been recorded.

As at December 31, 2023, the Company has an expected credit loss provision of $1.8 million (December 31, 2022 - $0.9 million) relating to certain historic receivables that have been fully provided for.

The Company attempts to limit its exposure to credit risk from accounts receivables by contracting prepayments from certain customers when possible.

Market risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, foreign currency exchange rates and changes in market prices due to factors other than interest rates or foreign currency exchange rates, such as changes in commodity prices or credit spreads.

Interest rate risk

Interest rate risk is the risk that the fair value of deferred cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's long-term debt is non-interest bearing and therefore does not fluctuate. Interest income on cash and cash equivalents is considered incidental and not significant to operating results.

Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk related to working capital balances denominated in foreign currencies, primarily the United States dollar, Euro and Renminbi. The following tables sets out the Company's currency exposure of financial instruments as at December 31, 2023:

Table 19: Foreign Currency Exchange Risk (in thousands of CAD dollars)	**USD** **$**	**EUR** **$**	**RMB** **$**	**GBP** **$**	**Total** **$**
Financial assets					
Current assets	1,058	-	-	-	1,058
Non-current assets	-	-	-	-	-
Total	**1,058**	**-**	**-**	**-**	**1058**
Financial liabilities				-	-
Current liabilities	87	107	884	70	1,148
Non-current liabilities	-	-	-	120	120
Total	**87**	**107**	**884**	**190**	**1,268**

Based on financial assets and liabilities held on December 31, 2023, a 10% increase in the United States dollar relative to the Canadian dollar, with all other variables held constant, would result in an increase in foreign exchange gains(loss) of approximately $0.1 million recorded against net loss. If the United States dollar weakened 10% against the Canadian dollar, there would be an equal, and opposite impact, on net income. A 10% increase or decrease in other currencies noted above would not significantly impact net loss. This sensitivity analysis includes foreign currency denominated monetary items, and adjusts their translation at year-end, for a 10% change in foreign currency rates.

Commodity risk

Commodity risk is the risk of financial loss due to fluctuations in commodity prices, in particular, for the price of platinum and iridium, which are key components of the Company's fuel cell products. Platinum and iridium are scarce natural resources and therefore the Company is dependent upon a sufficient supply of these commodities. To manage its exposure to commodity price fluctuations, the Company may include platinum and or iridium pricing adjustments directly into certain significant customer contracts.

Fair value hierarchical levels

The Company does not have any financial instruments measured at fair value in the interim condensed consolidated statements of financial position and therefore there were no transfers between the levels of the fair value hierarchy during the three months and year ended December 31, 2023. Additionally, there were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the three months and year ended December 31, 2023.

Capital Management and Financial Risk Management

As at December 31, 2023, the capital structure of the Company consists of $12.6 million (December 31, 2022 - $43.6million) in shareholders' equity and debt. In accordance with the terms of the JGF Program (note 10 to the

Company's financial statements), the Company shall not pay any distribution of retained earnings to shareholders until the loan contribution has been repaid in full.

The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. The Company manages its capital to ensure, as far as possible, that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity given the assumed risks of its operations. The Company considers shareholders' equity and debt as capital. The Company manages capital through its operating and financial budgeting and forecasting processes on a regular basis. The Company reviews its working capital and prepares future cash flow forecasts which are reviewed and approved by the Board of Directors. The Company continually makes strategic and financial updates to both capital expenditure and operational budgets in order to adapt to changes in risk factors, proposed expenditure programs and market conditions.

There were no changes to the Company's approach to capital management during the year ended December 31, 2023.

5.4 Risks and Uncertainties

Risk is inherent in all business activities and cannot be entirely eliminated. As a global company, we are subject to the risks arising from adverse changes in global economic and political conditions. Political conditions such as government commitments and policies towards environmental protection and renewable energy may change over time. Economic conditions in leading and emerging economies have been, and remain, unpredictable. These macroeconomic and geopolitical changes could result in decreased or delayed revenue recognition, increased costs and other potential material impacts to our business.

For full details on the risks and uncertainties affecting the Company, please refer to the Company's AIF (see section entitled "Risk Factors") for the year ended December 31, 2023, a copy of which is available on SEDAR at www.sedarplus.ca. The risks and uncertainties described in our AIF are not the only ones that we face. Additional risks and uncertainties, including those that we do not currently know of or that we deem immaterial, could materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial condition.

5.5 Management's Report on Internal Controls

Disclosure controls and procedures

We have designed disclosure controls and procedures, as defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), to provide reasonable assurance that material information is identified and communicated to senior management, including the Chief Executive Officer and Chief Financial Officer, in a timely manner to allow decisions regarding required disclosures. As of December 31, 2023, we have evaluated, under the supervision and with the participation of senior management including the Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures, as defined in NI 52-109, and concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports that we file or submit is recorded, processed summarized and reported within the time periods required and is accumulated and communicated to senior management to allow timely discussions regarding required disclosures.

Internal control over financial reporting

We have also designed internal controls over financial reporting ("ICFR"), as defined in NI 52 109, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Any system of ICFR, no matter how well designed, has inherent limitations and cannot provide absolute assurance that all misstatements and instances of fraud, if any, within the Company have been prevented or detected. We have evaluated, under the supervision and with the participation of senior management including the Chief Executive Officer and Chief Financial Officer, the effectiveness of ICFR, as defined in NI 51-109, in relation to the criteria in the 2013 Internal Control – Integrated Framework published by The Committee of Sponsoring Organizations of the Treadway Commission ("2013 COSO framework"). Based on this evaluation, we have determined that ICFR was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as of December 31, 2023.

Change in internal control over financial reporting

During the year ended December 31, 2023, there were no changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

5.6 Cautionary Statement Regarding Forward-Looking Information

This MD&A contains certain "forward-looking statements" within the meaning of Canadian securities legislation that involve risks, uncertainties and assumptions and relate to the Company's current expectations and views of future events.

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

- our liquidity needs and our ability to secure financing within the next quarter to meet our ongoing expenditures and obligations;
- our future growth prospects and business outlook including without limitation the expected demand for our products, the planned growth of our customer base and the expected growth of our operations globally;
- our ability to secure future firm order commitments or develop further market opportunities under existing and future customer and/or partner agreements;
- our ability to meet manufacturing cost reduction targets;
- our plans to integrate certain upstream activities to drive further cost out;
- the expected rollout and timing of our planned field deployment of our next generation fuel cell stacks and the belief that the larger e-flow plate will result in significant cost reductions;
- the expected performance, durability and total cost of operation of our fuel cell stacks and systems;
- our expected manufacturing capacity and production capability;
- the timing of expected integration, testing and commissioning of our products in customer vehicles or other customer applications;
- our goal to become a leader across the entire fuel cell market;
- the estimated future TAM for hydrogen fuel cells and for our current target market;
- our anticipated completion of milestones with Pacific Economic Development Canada and receipt of associated funds as applicable;
- our belief that zero emission vehicles are one of the only viable options for a sustainable future and that hydrogen fuel cell systems (combined with Lithium-ion batteries) are the optimal solution for the commercial mobility market;
- our expectation that our patents will adequately protect our intellectual property now and in the future; and
- the realization of electrification of transportation, elimination of diesel fuel and ongoing government support of such developments.

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

that actual results will be consistent with these forward-looking statements. Material assumptions underlying forward-looking statements in this MD&A include future expectations and assumptions regarding:

- our ability to secure adequate financing to implement our business plan and strategy on favourable terms or at all;
- our belief of the value of the total assessable market today and by 2030;
- our intention to become the market leader and moving to adjacent market applications;
- our expectation that eFlow™-equipped fuel cells will continue to offer performance improvements over time and the increased offerings for uniformity of current, increased flow velocity and water removal;
- our expectation that total cost of ownership will decrease and demand for our products will increase;
- our expectation that we will continue to scale production and decrease average unit cost;
- our belief that our market visibility will increase;
- the demand for, and supply of, hydrogen fuel cells for the commercial mobility and stationary power markets;
- the realization of electrification of transportation, elimination of diesel fuel and ongoing government support of such developments;
- our belief that hydrogen fuel cells combined with lithium-ion batteries are the optimal solution for the commercial mobility market;
- our belief that hydrogen fuel cells combined with lithium-ion batteries are the optimal solution for the stationary power market;
- our ability to increase capacity, enhance our supply chain and reduce delivery time;
- our ability to reduce costs through scale purchasing and minimize inflation impact;
- our expectation that the write-down of inventory will decrease or will no longer be required in the future;
- our expectation that revenue will vary period to period;
- the timely availability of key equipment and components required in the manufacture of our products;
- our expectation that there are no significant unmitigated safety risks associated with the use of hydrogen;
- the availability of sufficient skilled human resources and financial capital required to meet our sales, product development and production growth aspirations.

In addition, forward-looking-statements, by their nature, involve risks and uncertainties. Certain of these risks are included in "*Risks and Uncertainties*" in this MD&A and "Risk Factors" in the Company's Annual Information Form dated March 28, 2023 ("AIF"), which factors should not be considered exhaustive and should be read together with the other cautionary statements in this MD&A. Given these risks, uncertainties and assumptions, readers should not place undue reliance on forward-looking statements and the Company cautions readers that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by forward-looking statements contained in this MD&A. In addition, even if the Company's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this MD&A, those results or developments may not be indicative of results or developments in subsequent periods. Any forward-looking statement that is made in this AIF speaks only as of the date of such statement, and the Company undertakes no obligation to update any forward-looking statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

5.7 Non-IFRS Financial Measures

None