

# Current Water Technologies Inc.

## Management's Discussion and Analysis

**April 28, 2025**

Management's Discussion and Analysis ("**MD&A**") of the financial condition, results of operation and cash flows for the year ended December 31, 2024 ("**the period**") should be read in conjunction with the financial statements and accompanying notes for the same period. This discussion covers the most recently completed year and the subsequent period to April 28, 2025.

The financial statements ("**financial statements**") of Current Water Technologies Inc. were approved for issuance by the Board of Directors on April 28, 2025. The financial statements were prepared using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"). All comparisons of results for the year ended December 31, 2024 are against results for the year ended December 31, 2023. All dollar amounts refer to Canadian dollars except where otherwise stated.

Management's Discussion and Analysis contains certain forward-looking statements and information related to Current Water Technologies Inc., which are based on the beliefs of Management as well as assumptions made by and information currently available to Current Water. These statements, which can be identified by the use of forward-looking terminology such as "anticipates", "believes", "estimates", "expects", "may", "will", "should" or the negative thereof or other variations thereon and similar expressions, as they relate to Current Water Technologies Inc. or its management, are intended to identify forward-looking statements.

The forward-looking statements relate to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued research and development and marketing of the patented and proprietary technologies of Current Water Technologies Inc. Such statements reflect the current views of the management of Current Water Technologies Inc. with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of Current Water Technologies Inc. to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

The Company disclaims any obligation to update or revise any forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Additional information relating to Current Water Technologies Inc. is available on the SEDAR web site at [www.sedar.com](http://www.sedar.com).

### **Description of the business**

Current Water Technologies Inc. was incorporated on February 15, 1996 under the laws of the Province of Ontario. The company provides innovative patented and proprietary technologies for: 1) the treatment of waste water and drinking water that are contaminated by metals or nutrients (e.g. arsenic, nitrate/ammonia) associated with the mining, metal processing, chemical, agricultural, municipal and waste management sectors; and, 2) treatment of ammonium in waste water and the subsequent production of "Green Hydrogen" and other valuable chemicals..

In January 2018 Current Water Technologies Inc. acquired Pumptronics Incorporated which operates as a division of the Company and functions as an integrated pump station manufacturer specializing in custom design and automation.

Together, Current Water Technologies Inc. and Pumptronics Incorporated ("Current Water" or "the Company" or "the Corporation") can provide increased breadth and depth of technical services and manufacturing capabilities around the world.

## **Overall performance**

Current Water continues to focus on marketing and business development efforts during the current year via establishment of strategic alliances and non-exclusive and exclusive distributorships. The Company is currently marketing its technologies in North America, Australia, Asia, Europe, the Middle East, South America and Africa.

## **Selected financial information**

The following table provides selected financial information, which should be read in conjunction with the financial statements and the accompanying notes of the Company.

	<b>For Audited the year ended December 31, 2024</b>	<b>For Audited the year ended December 31, 2023</b>	<b>For Audited Year ended December 31, 2021</b>
Total Revenues	\$1,600,774	\$3,043,895	\$2,158,266
Net (loss)/income	(\$1,018,287)	\$447,152	(\$1,052,777)
Net loss per share – basic and diluted	(\$0.005)	\$0.002	\$(0.005)
Total assets	\$1,543,532	\$2,107,992	\$902,762

The following summary of quarterly results was prepared by management for the previous eight quarters.

	4 <sup>th</sup> Quarter Dec 31, 2024	3 <sup>rd</sup> Quarter Sep 30, 2024	2 <sup>nd</sup> Quarter June 30, 2024	1 <sup>st</sup> Quarter Mar 31, 2024	4 <sup>th</sup> Quarter Dec 31, 2023	3 <sup>rd</sup> Quarter Sep 30, 2023	2 <sup>nd</sup> Quarter June 30, 2023	1 <sup>st</sup> Quarter Mar 31, 2023
Total Revenues	[\$179,901]	\$430,871	\$481,226	\$868,578	(\$195,875)	\$651,516	\$691,791	\$1,002,280
Net income (loss)	(\$762,972)	(316,405)	(\$36,252)	\$97,345	(\$356,973)	202,392	136,328	329,077
Net income (loss) per share – basic and diluted	(≈\$0.005)	≈ (\$0.001)	≈ \$0.000	≈ (\$0.000)	≈\$0.002	\$0.001	\$0.001	\$0.002

Current Water's revenues of \$1,600,774 decreased for the year ended December 31, 2024 as compared to \$3,043,895 for the same period in 2023. This decrease was due to the timing in the number of projects for both Current Water and Pumptronics and also the recognition of licensing fee received in the previous year. See Events note below and note 18 of the audited financial statements for the year ended December 31, 2024.

Project revenue for test units are normally recorded when risks and benefits of ownership are transferred, which is generally upon delivery. Receivables are normally due and payable within 30 days of delivery; however, management, in an effort to gain strategic relationships, may enter into a payment schedule with key customers who have an on-going relationship with Current Water and its technologies.

The net loss for the year was \$1,018,287, or approximately (\$0.005) per share, as compared to a net income of \$447,152, or approximately \$0.002 per share, in the prior year. Direct expenses include project materials, office salaries, labour, general overhead, professional consulting, travel, and a percentage of general and administrative costs. Direct expenses decreased from \$1,701,475 in 2023 to \$1,662,644 in 2024 due to timing of sales and technical staff, general overhead and professional consulting. General and administrative expenses include marketing, research and development, and accounting and auditor fees, as well as officer fees and public company expenses; these increased from \$532,021 for 2023 to \$659,361 in 2024.

Cash flow from operations for the year ended December 31, 2024 was outflow of \$508,655 compared to inflow of \$168,307 in 2023. The expense for share-based payments was \$13,746 in 2024 as compared to \$114,404 in 2023.

There is no certainty that the money spent by Current Water on research and development of its electrochemical water treatment technologies will result in the acquisition of large scale commercial sales. The long-term profitability of Current Water will be related in part to the success of its marketing and business development initiatives, which may be affected by a number of factors that are beyond the control of the Company. The success of the Corporation will largely depend upon the performance of its officers, consultants and employees.

## **Events**

April 30, 2024, the Company announced the release of its 2023 Audited Financial Statements (December 31 year-end) showing a trend of growing revenue and significant net earnings.

Revenue for 2023 was \$3,043,895, an increase of 41% year over year. Net earnings for 2023 was \$444,152, as compared to a loss of \$1,052,777 in 2022.

May 31, 2024, the Company released its financial results for the three months ended March 31, 2024. A copy of the Company's interim consolidated financial statements and the corresponding management discussion and analysis (MD&A) are available under the Company's profile on [www.sedarplus.ca](http://www.sedarplus.ca). Unless otherwise stated, all dollar amounts are expressed in Canadian dollars.

First quarter 2024 financial highlights:

- First quarter 2024 revenue was \$868,578, a decrease from \$1,002,280 in the first quarter 2023.
- Operating expenses were \$771,233, an increase from \$673,204 in the first quarter 2023.
- On January 12, 2024 the Company repaid the \$80,000 of the \$120,000 COVID bank loans required under the terms of the Canada Emergency Business Account ("CEBA").
- Net Earnings for the first quarter (after payment of the CEBA loan) were \$97,345, compared with Net Earnings of \$329,077 in the first quarter 2023.

June 3, 2024, The Company announced that the private placement announced May 27, 2024 with total proceeds of \$500,000 CAD was closed.

The Company raised a total of \$500,000 and issued 16,666,667 Common Shares at a price of \$0.03 per share. All securities issued pursuant to the Private Placement will be subject to a four month and one day hold period, in accordance with applicable securities laws. This Private Placement will not include Share Purchase Warrants. In connection with the Private Placement, the Company has paid no finder's fees.

The Private Placement was made pursuant to the minimum price exception within Policy 1.1 of the TSXV Corporate Manual allowing for the issuance of Listed Shares equal to the Market Price, subject to a minimum price of \$0.01.

August 29, 2024, the company released its financial results for the three months ended June 30, 2024. A copy of the Company's interim consolidated financial statements and the corresponding management discussion and analysis (MD&A) are available under the Company's profile on [www.sedarplus.ca](http://www.sedarplus.ca). Unless otherwise stated, all dollar amounts are expressed in Canadian dollars.

### **Second quarter 2024 financial highlights**

- Revenue was \$481,225, compared with \$691,791 in the corresponding period in 2023.
- Operating expenses were \$517,478, compared with \$555,463 in the corresponding period in 2023.
- Net Earnings were (\$36,252), compared with \$136,328 in the corresponding period in 2023.
- Revenue for the six months ended June 30, 2024 was \$1,349,804, compared with \$1,694,071 in the corresponding period in 2023.
- Operating expenses for the six months ended June 30, 2024 were \$1,288,711, compared with \$1,228,667 in the corresponding period in 2023.

December 09, 2024. The Company announced a research partnership with University of Illinois (project lead), Stanford University, Colorado State University and Visage Energy. U.S. Army Corps of Engineers announce a global leader in the development of novel electrochemical technology for the treatment of ammonia in the municipal and industrial waste water sectors and in the development of an international Green Hydrogen production network. CWTI is pleased to provide our shareholders and supporters with the following corporate update.

### Testing Activities

Since our October 18, 2023 Corporate Update, CWTI focused its energy on introducing its innovative AmmEL-H<sub>2</sub> waste water treatment technology to domestic and international municipal, military and the following industrial sectors: agriculture, oil & gas, fertilizer, biogas, and mining.

The proven AmmEL-H<sub>2</sub> System is uniquely designed to extract the intrinsic value of waste waters containing problematic levels of ammonium compounds. In addition to eliminating the release of nitrogen compounds, known to have significant negative impacts on aquatic ecosystems and climate change, this unique approach generates multiple high value revenue streams. CWTI envisages playing an important role in establishing a network of highly profitable, technology advanced waste water treatment facilities.

During the first half of 2024, CWTI completed very successful in-house pilot scale studies for two Canadian clients, and anticipates future discussions of the report findings and possible next steps.

New in-house pilot scale testing projects commenced that month with multi-national industrial clients with operations in North America. During the previous year, CWTI entered into Non-Disclosure agreements with several clients. Consequently, without the client's written consent, CWTI is restricted from releasing client names and related confidential information.

During the same time period, CWTI was engaged in discussions with several entities in North America, Europe and Australia, which have led to the submission of proposals for in-house and on-site testing programs. A busy second half of 2024 was anticipated.

December 11, 2024, The Company announced that over the previous 18 months CWTI had collaborated with a firm of water treatment specialists to identify under serviced niche markets for CWTI's innovative electrochemical technologies with a focus on water conservation.

CWTI announced a joint commitment to this exciting sales/marketing endeavour had resulted in an initial sale of our electrochemical water treatment system for the production of high purity water. The team members are excited about the market potential for our combined speciality services.

### **Senior Officers' compensation**

There was no long-term incentive awards made to the Chief Executive Officer or any other officer of the Corporation during the year ended December 31, 2024 other than share options granted during the year. Salaries paid to Chief Executive Officer was \$89,675 for 2024 (2023: \$80,079). None of the Chief Executive Officers, senior officers or directors of the Corporation is indebted to the Corporation. The Chief Financial Officer is entitled to receive \$1,000 quarterly. The Corporate Secretary is entitled to receive \$1,000 quarterly. No fees were paid to Senior Officers in 2024 (2023: \$6,000). Included in accounts payable as at December 31, 2024 is \$11,168 (2023: \$6,000) payable to a Director and Officer of the Company related to these services.

### **Employment contracts**

There are no compensatory plans or arrangements between the Corporation and a Named Executive Officer with respect to the resignation, retirement or other termination of employment of the Named Executive Officer, a change in control of the Corporation or a change in the Named Executive Officer's responsibilities following a change in control of the Corporation involving an amount, including all periodic payments or installments, exceeding \$150,000. The Directors entered into a written employment agreement with Dr. Gene S. Shelp, Chief Executive Officer of the Corporation effective September 29, 2003 and updated on March 24, 2019. The terms of the agreement are in compliance with the requirements of the TSX Venture Exchange.

### **Compensation of directors**

Directors of the Corporation, with the exception of the Chairman of the Board, are entitled to receive \$1,250 quarterly, as well as \$500 for each meeting or committee meeting attended in person, \$200 for each meeting attended by electronic communication, and reimbursement of expenses incurred in attending such meetings. The Chairman of the Board is entitled to receive \$5,000 quarterly in cash, as well as the attendance fees and reimbursement of expenses as described for the other directors. The by-laws of the Corporation provide that the remuneration to be paid to directors shall be determined from time to time by the Board of Directors. No fees were paid to Directors in 2024 (2023: Nil).

### **Insurance**

The Company currently maintains a comprehensive insurance package at a cost of \$100,919 for the year ended December 31, 2024, compared to \$91,720 in 2023. The package includes Commercial General Liability and Pollution Liability with an incident and aggregate limit of \$5,000,000, a Professional Liability with a claim limit of \$2,000,000, and a Directors' and Officers' Liability Policy with a per Claim limit and Aggregate limit of \$2,000,000. The company also carries key man insurance for three executives.

## **Risks and uncertainties**

Current Water faces a number of risk factors and uncertainties due to the nature of the water treatment technologies business in which it is engaged, the limited extent of the Company's assets and the present stage of development. The factors given below, among others, should be considered.

### *KEY EMPLOYEES*

Current Water's future growth and its ability to develop depend on its ability to attract and retain highly qualified personnel. The Company is highly dependent on the principal members of its senior management group and the loss of their services might impede Current Water's business strategy and growth.

### *CONFLICTS OF INTEREST*

Certain members of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or may have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

### *MARKET CONDITIONS*

The principal business of the Company is development and sales of 1) electrochemical wastewater and drinking water treatment technologies, and 2) hydrometallurgical metal recovery technologies. The ability to attract capital to the Company is largely dependent on the efficacy of its technologies. Relaxed enforcement of government water quality standards and regulations, or lower prices for key metals may represent the primary barriers to deployment of the Company's products. If, as a result of the inability to attract investors, financing was not available to meet cash operating costs, the feasibility of continuing operations would be evaluated and if warranted, would be discontinued. Although market conditions cannot be predicted with certainty, the Company monitors those conditions, among other factors and issues, all of which have the potential to affect sales.

### *GOVERNMENT REGULATIONS*

Management anticipates that some of the future demand for the Company's technologies will be generated by the enactment or enforcement of human health and environmental regulations and standards directly affecting water treatment facilities or the management of waste mill sulphide tailings associated with the mining sector. Delays in the introduction of new regulations, or decreased government enforcement action relating to existing regulations, could slow the rate of growth in demand for some of the Company's products within Canada.

### *COMPETITION AND TECHNOLOGICAL CHANGE*

The water treatment marketplace is highly competitive. The ability of the Company to market its current array of products and to introduce new products or enhancements of existing products could require significant additional research and development expenditures. The future success of the Company depends substantially on its ability to develop new or enhanced products that achieve marketplace acceptance. While Current Water has developed unique, proprietary technologies, there is significant

competition from various companies that supply long-standing water treatment systems. With respect to Current Water's hydrometallurgical system, there is currently no competition for the recovery of nickel directly from waste mill sulphide tailings, but as the technology is expanded to other applications, competition may be expected.

While there can be no assurance of the ability of Current Water to penetrate target markets and sustain a share of those markets, the Company has no knowledge of existing or upcoming technologies that would render obsolete or significantly displace our products in the near future. However, such risk exists and, if it was to materialize, would have an adverse impact on the future growth of the Company.

Although markets remain highly competitive, Current Water remains committed to meeting client needs by setting leadership standards in the design and delivery of innovative, highly efficient, cost-effective technologies for water treatment or metal recovery.

#### *LICENSES AND PERMITS*

The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to design, construct and maintain continued operations of its technologies that economically justify the cost.

#### *PATENTS*

Although a patent has a statutory presumption of validity, its issuance is not conclusive as to its validity or as to the enforceability of its claims. Moreover, the laws of certain countries may not protect proprietary rights to the same extent, as do the laws of Canada, the United States and the United Kingdom. Accordingly, there can be no assurance that the Company's patents will afford legal protection against competitors, nor can there be any assurance that the patents will not be infringed by others or that others will not obtain patents that the Company would need to license. Furthermore, successful challenges to certain of the Company's patents could materially and adversely affect its competitive and financial condition.

## *FOREIGN EXCHANGE RATES*

Management anticipates that the Company will engage in international operations within the near term and expects to incur costs and expenses in a number of foreign currencies other than the Canadian dollar. The exchange rates covering such currencies can vary substantially. Substantial portions of our expenses will be incurred in United States dollars while our financing is conducted in Canadian dollars. Fluctuations in exchange rates between the U.S. dollar and the Canadian dollar and between the U.S. dollar and certain other currencies give rise to foreign currency exposure, either favourable or unfavourable, which may materially affect and may continue to affect our results of operations and financial condition. The Company does not hedge foreign currencies against our functional currencies.

## *SHARE PRICE FLUCTUATIONS*

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered in the development stages, have experienced fluctuations in price which would not necessarily be related to the Company's operations and asset values. There is no assurance that fluctuation in share price will not continue to occur.

## **Liquidity and Capital resources**

Current Water has no history of profitable operations because its technologies are at the early stage of commercialization. Therefore, the Company is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources, as well as a lack of revenues.

The financial statements for the year ended December 31, 2024 have been prepared on the basis of accounting principles applicable to a going concern. This assumes that Current Water will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Current Water's ability to continue as a going concern in the short term is dependent upon its ability to obtain financing. The Company obtains financing by the issuance of share capital. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing in the near future will result in the delay or the indefinite postponement of further research and development and marketing initiatives.

Current Water's financial statements reflect management's opinion that the going concern assumption is appropriate. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses, and the balance sheet classifications used.

## **Off-balance sheet arrangements**

The Company had no off-balance sheet arrangements.

## **Related party transactions**

Included in general and administrative expenses are fees paid to the four directors of the Company in the amount of \$NIL (2023: \$NIL). These expenses were paid in the normal course of operations and were measured at the exchange amount, which are the amounts agreed to by the related parties.

## **Capital management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while attempting to maximize the return to shareholders through the optimization of a reasonable debt and equity balance commensurate with current operating requirements. The capital structure consists of debt, cash and cash equivalents and shareholders' equity, excluding accumulated other comprehensive income (loss). The Company raises capital, as necessary, to meet its needs and to take advantage of perceived opportunities, and therefore does not have a numeric target for its capital structure. There were no changes to the Company's approach to capital management during the year ended December 31, 2024 compared to that of 2023. The Company does not have any covenants respecting its capital ratios.

## **Financial instruments**

Current Water's financial instruments predominantly consist of cash, short-term deposits, HST receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation. As at December 31, 2024, cash and cash equivalents were \$79,115 (2023: \$113,140).

## **Outstanding share data**

Basic income (loss) per share was calculated on the basis of the weighted average number of common shares outstanding for the year. Fully dilutive income (loss) per share has not been disclosed as the exercise of the common share purchase options and warrants outstanding as at December 31, 2024 and 2023 would have anti-dilutive effect.

Current Water's authorized capital stock consists of an unlimited number of common shares and an unlimited number of first preferred shares. The Company has 228,941,704 common shares outstanding as at December 31, 2024. As of the date of this MD&A the Company has 239,608,370 common shares outstanding and has not issued any first preferred shares.

### **WARRANTS AND OPTIONS**

During the year ended December 31, 2024, the Company granted no stock options to employees and consultants. No stock options expired or were cancelled during the year. The Company's stock option plan has a total of 29,000,000 options representing the maximum number of options that can be outstanding and exercisable. The Company had 22,050,000 outstanding options to purchase common shares at December 31, 2024 at an average exercise price of \$0.06.

In February 2023, the Company granted 2,000,000 options to employees and directors of the Company. The options can be exercised at \$0.05 per share and vests over a period of 18 months. The value of these stock options were calculated using the Black-Scholes model and the assumptions at grant date were as follows: grant date share price of \$0.05, risk free rate of 3.85%, expected volatility of 129%, expected life of 10 years, and dividend yield of 0%. For the year ended December 31, 2024, the Company recorded a \$13,746 share-based compensation (2023: \$114,404).

Other than the options issued in February 2023 noted above, all remaining outstanding options as of December 31, 2024 and 2023 were fully vested.

During the year ending December 31, 2024, the Company granted no warrants, and no warrants expired. As at December 31, 2024 and the date of this MD&A, the Company had a total of 22,060,000 outstanding and exercisable warrants with an average exercise price of \$0.05.

### ***Outstanding Share Data and Convertible Securities as at April 28, 2025***

As of the date of the MD&A the Company has 239,608,371 common shares issued and outstanding as well as:

- stock options to purchase an aggregate of 22,050,000 common shares expiring at various dates exercisable at various prices between \$0.05 and \$0.10 per share
- warrants to purchase an aggregate of 22,060,000 warrants expiring at various dates and exercisable at prices between \$0.05 and \$0.07 per share.

For additional details of share data, please refer to notes 11 and 22 of the December 31, 2024 audited financial statements.

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares.

### **Accounting standards, policy changes, and critical accounting estimates**

Please refer to note 3 of this financial statement for the year ended December 31, 2024 for our significant accounting policies and critical accounting estimates.

### **Approval**

The Board of Directors and the Audit Committee of the Corporation have approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.