

Eguana Technologies Inc.

Annual Information Form For the year ended September 30, 2021

Dated July 5, 2022

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GLOSSARY

When used in this Annual Information Form (“AIF”), the following terms have the meanings ascribed thereto:

“**2018 LP Units**” or “**2018 LP Unit**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019*”.

“**2020 Broker Warrants**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021*”.

“**2020 LP Unit Financing**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021*”.

“**2020 LP Units**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021*”.

“**ABCA**” means the *Business Corporations Act* (Alberta).

“**Alternating current**” or “**AC**” means a type of electrical current, the direction of which is reversed at regular intervals or cycles. In North America, the standard is 120 reversals or 60 cycles per second; whereas in Europe the standard is 100 reversals or 50 cycles per second.

“**Audit Committee**” has the meaning ascribed to that term in “*Directors and Officers*”.

“**Board**” or “**Board of Directors**” means the board of directors of the Corporation as constituted from time to time.

“**Bridge Loan**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2019 to September 30, 2020*”.

“**CD Agents**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019*”.

“**CD Agents’ Option**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019*”.

“**CD Broker Warrant**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019*”.

“**CD Broker Warrant Unit**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019*”.

“**CD Broker Warrant Unit Warrant**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019*”.

“**CD Debenture**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019*”.

“CD Debenture Shares for Debt Agreement” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021”*.

“CD Offering” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019”*.

“CD Maturity Date” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019”*.

“CD Warrants” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019”*.

“Common Shares” means common shares in the capital of the Corporation.

“Compensation Special Warrants” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021”*.

“Compensation Warrants” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021”*.

“Current” means the flow of electrical energy in a conductor measured in amperes. Current can be DC or AC.

“CWB” has the meaning ascribed to that term in *“Directors and Officers - Bankruptcies”*.

“Demand Charge” means the fee that an electrical utility charges its customers for the right to connect to the utility power grid and to take power measured in kilowatts at a specified point in time.

“DHCT” means DHCT II Luxembourg SARL.

“DHCT Investor Rights Agreement” has the meaning ascribed to that term in *“Interests of Management and others In Material Transactions - DHCT”*.

“DHCT Loan” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2017 to September 30, 2018”*.

“DHCT Loan Agreement” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2017 to September 30, 2018”*.

“DHCT Warrants” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2017 to September 30, 2018”*.

“Direct current” or **“DC”** means a type of electricity transmission and distribution by which electricity flows in one direction through the conductor, usually relatively low voltage and high current.

“Energy Management System” or **“EMS”** has the meaning ascribed to that term in *“Description of Eguana’s Business – Overview”*.

“**EGT LP**” has the meaning ascribed to that term in *“Corporate Structure – Intercorporate Relationships”*.

“**Energy Storage System**” or “**ESS**” means any device which stores electrical energy also referred to as battery storage.

“**FCPA**” means the *Foreign Corrupt Practices Act*.

“**Final Receipt**” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021”*.

“**First Preferred Shares**” shall mean the preferred shares in the capital of the Corporation.

“**Fiscal Year**” means a twelve month period ending September 30, the fiscal year of the Corporation.

“**Fort Capital Warrants**” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021”*.

“**Grid Interactive Energy Storage**” means batteries or other storage devices which are connected to the utility power grid and which can dispatch to or receive power from the utility power grid.

“**Hybrid**” means Hybrid Financial Ltd.

“**Hybrid Agreement**” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019”*.

“**IFRS**” means International Financial Reporting Standards.

“**ITOCHU**” means ITOCHU Corporation.

“**ITOCHU Battery Supply Agreement**” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2019 to September 30, 2020”*.

“**ITOCHU Closing Date**” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2019 to September 30, 2020”*.

“**ITOCHU Debentures**” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2019 to September 30, 2020”*.

“**ITOCHU Development Agreement**” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2019 to September 30, 2020”*.

“**ITOCHU Investor Rights Agreement**” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2019 to September 30, 2020”*.

“**ITOCHU Maturity Date**” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2019 to September 30, 2020”*.

“ITOCHU Purchase Right” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2019 to September 30, 2020”*.

“ITOCHU Units” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2019 to September 30, 2020”*.

“ITOCHU Warrant” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2019 to September 30, 2020”*.

“Jabil Agreement” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019”*.

“LFP” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2019 to September 30, 2020”*.

“MBR” has the meaning ascribed to that term in *“Description of Eguana’s Business – How Eguana Conducts Its Operations”*.

“MD&A” means Management’s Discussion and Analysis.

“Megawatt” or **“MW”** means one thousand kW of electrical power.

“NI 52-110” has the meaning ascribed to that term in *“Audit Committee”*.

“OEM” means original equipment manufacturer and refers to containment-based re-branding, where a company uses a component of another company in its product, or sells the product of another company under its own brand.

“Photovoltaics” or **“PV”** is the conversion of light into electricity using semiconducting materials.

“PCS” has the meaning ascribed to that term in *“Competitive Products and Technologies”*.

“Q CELLS” means Hanwha Q CELLS GmbH.

“Q CELLS Agreement” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019”*.

“Qualification Date” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021”*.

“RESS” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2017 to September 30, 2018”*.

“RTM” means RTM Holdings Inc.

“Series 8 Shares” has the meaning ascribed to that term in *“Description of Capital Structure – First Preferred Shares”*.

“Series A Shares” has the meaning ascribed to that term in *“General Development of the Business*

– *Three Year History - October 1, 2021 to Present*”.

“**Special Warrant Agency Agreement**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021*”.

“**Special Warrant Agents**” means Stifel Nicolaus Canada Inc. and Cormark Securities Inc., together with Mackie Research Capital Corporation.

“**Special Warrant Indenture**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021*”.

“**Special Warrant Offering**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021*”.

“**Special Warrants**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2020 to September 30, 2021*”.

“**SES**” means Sustainable Energy Systems Inc.

“**SET**” means Sustainable Energy Technologies Ltd.

“**Stifel GMP**” means Stifel Nicolaus Canada Inc.

“**Storm Cat**” has the meaning ascribed to that term in “*Directors and Officers - Bankruptcies*”.

“**Terra**” has the meaning ascribed to that term in “*Directors and Officers - Bankruptcies*”.

“**TOU**” has the meaning ascribed to that term in “*Description of Eguana’s Business – Our Markets – Residential Solar and Storage*”.

“**TSX-V**” means the TSX Venture Exchange.

“**Voltage**” or “**V**” is the difference of electrical potential between two points of an electrical or electronic circuit. It measures the potential energy of an electric field to cause an electric current in an electrical conductor. Depending on the difference of electrical potential and the risk of electrical shock, it is called extra low voltage (less than 120 volts DC), low voltage (120 volts DC to 1500 volts DC) and high voltage (more than 1,500 volts DC). Using extra-low voltage (“**ELV**”) is one of several means to protect against electrical shock.

“**Virtual Power Plants**” or “**VPP**” has the meaning ascribed to that term in “*General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019*”.

“**Warrants**” means common share purchase warrants of the Corporation exercisable into Common Shares.

“**Watt**” means the rate of energy transfer equivalent to one ampere under an electrical pressure of one volt. One watt equals 1/746 horsepower, or one joule per second. It is the product of voltage and current (amperage).

“WTI” means Western Technology Investment.

“WTI Lenders” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2021 to Present”*.

“2022 WTI Loan” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2021 to Present”*.

“WTI Loan” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2017 to September 30, 2018”*.

“WTI Loan Agreement” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2017 to September 30, 2018”*.

“2017 WTI Warrants” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2017 to September 30, 2018”*.

“2019 WTI Warrants” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2019 to September 30, 2020”*.

“2022 WTI Warrants” has the meaning ascribed to that term in *“General Development of the Business – Three Year History - October 1, 2021 to Present”*.

FORWARD-LOOKING STATEMENTS

This AIF contains certain forward-looking statements and forward-looking information (collectively, “**forward-looking statements**”) within the meaning of applicable Canadian securities laws, and is subject to numerous risks, uncertainties and assumptions, many of which are beyond the Corporation’s control. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements include, among other things, statements with respect to activities, events or developments that the Corporation expects or anticipates will or may occur in the future, including business results, investment objectives and strategy, development plans, new products and major projects, intentions, results of operations, levels of activity, future capital and other expenditures (including the amount, nature and sources of funding thereof), business prospects and opportunities, construction timetables, extent of solar resources, future growth and performance and anticipated plans and changes for fiscal 2022. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “continuous”, “potential”, “target”, “opportunity”, “believes”, “expected”, “plans”, “may”, “will”, “estimates”, “would”, “could”, “should”, “predicts”, “may”, “suspects”, “outlook”, “intend” or similar words or expressions which are used to identify forward-looking statements, including negatives or other variations thereof that suggest future outcomes.

The results or events, anticipated or predicted, in such forward-looking statements may differ materially from actual results or events. Various material factors and assumptions are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking statements. Those material factors and assumptions are based on information currently available to the Corporation, including information obtained from third party industry analysts and other third party sources. In some instances, material assumptions and material factors are presented elsewhere in this AIF in connection with the forward-looking statements. Specific material factors and assumptions include, but are not limited to: the performance of Eguana's businesses, including current business and economic trends; the ability of Eguana to satisfy its debt repayment obligations; capital expenditure programs and other expenditures by Eguana and its customers; the ability of Eguana to retain and hire qualified personnel; the ability of Eguana to obtain parts, consumables, equipment, technology, and supplies in a timely manner to carry out its activities; risks associated with international operations such as political, economic and other uncertainties; the ability of Eguana to maintain good working relationships with key suppliers; the ability of Eguana to market its services and products successfully to existing and new customers; the ability of the Corporation to raise additional capital in a timely manner on acceptable terms; currency exchange and interest rates; changes under governmental regulatory regimes and tax, environmental and other laws in Canada, the United States, and globally; fluctuations in market value for energy storage power conversion; changes to the Corporation’s leadership position with regards to residential storage technology; the ability of the Corporation to achieve business objectives and milestones; uncertainty in the Corporation’s ability to develop relationships with other companies; the uncertainty surrounding the spread of COVID-19 and the impact it will have on the Corporation’s operations and economic activity in general; the ability

of the Corporation to implement and maintain supply chain flexibility; the ability of the Corporation to implement its growth strategy; a stable competitive environment; the ability of the Corporation to continue to interpret and adapt to the changing dynamics, sizes and characteristics of the markets for energy storage and distribution in which it operates; the continued ability of the Corporation to optimize its supply chain and manufacturing model; the continued ability of the Corporation to complete product development projects within their respective anticipated costs and schedules; the Corporation's ability to launch the products into the market on schedule as planned; the continued existence of barriers to entry for competitive entrants in the markets in which the Corporation is incumbent; and the risks and uncertainties discussed in the Corporation's most recent annual and quarterly reports filed with the Canadian securities regulators and available on the Corporation's profile on SEDAR at www.sedar.com, which risks and uncertainties are incorporated herein by reference. Readers are cautioned that the foregoing list of material factors and assumptions is not exhaustive.

With respect to forward-looking statements contained in this AIF, management of the Corporation has made statements regarding, among other things: the future dynamics and size of the solar PV and energy storage market and segments thereof; characteristics of the markets for distributed energy in Europe, Australia and North America; the value of our technology in enabling battery technologies to be used in lower power ratings; the competition for those segments of the market which we are targeting; the barriers to entry or lack thereof that we face in entering those markets and our ability to sell products on favorable terms; statements concerning the Corporation's expectations of future relationships as well as the size of the market for power electronics; statements concerning the Corporation's sales; statements concerning the anticipated cost, schedule, market launch and success of product development projects of the Corporation; and statements concerning factors which management believes may be relevant in assessing whether the Corporation's plans are achievable.

Forward-looking statements are based upon management's perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by the Corporation as of the date of such statements, are outside of the Corporation's control and are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being entirely or partially incorrect or untrue.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated, or intended. Forward-looking statements are not guarantees of the Corporation's future performance and involve known and unknown risks, uncertainties and assumptions that may cause actual results, performance or achievements, or developments in our industry, to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those

anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

All forward-looking statements contained in this AIF are expressly qualified by the foregoing cautionary statement. The Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Further information about the factors affecting forward-looking statements is available in the Corporation's current annual MD&A which has been filed with Canadian provincial securities commissions and is available on SEDAR at www.sedar.com.

GENERAL MATTERS

CERTAIN REFERENCES

References in this AIF to “Eguana”, the “Corporation,” “us” “we” or “our” mean Eguana Technologies Inc., together with its subsidiaries, Eguana Inc. (formerly SES), Eguana Pty Ltd., Eguana GmbH, and EGT LP, unless otherwise specified or the context otherwise requires. See “*Corporate Structure*” for an overview of the Corporation and each of its material subsidiaries.

This AIF contains various corporate names, product names, trade names, trademarks and service marks, all of which are the properties of their respective owners. In this AIF, all financial information is prepared in Canadian dollars unless otherwise stated and using IFRS as issued by the International Accounting Standards Board. The information contained herein is dated as of September 30, 2021 unless otherwise stated.

MARKET AND INDUSTRY DATA

This AIF includes market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by management on the basis of its knowledge of and experience in the industry in which the Corporation operates (including management's estimates and assumptions relating to such industry based on that knowledge). Management's knowledge of such industry has been developed through its experience and participation in such industry. Although management believes such information to be reliable, neither the Corporation, nor management, has independently verified any of the data from third party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources. Furthermore, references in this AIF to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey, or article. The information in any such publication, report, survey or article is not incorporated by reference in this AIF. While the Corporation is not aware of any misstatements regarding any third party information presented in this AIF, their estimates, in particular, as they relate to projections, involve numerous assumptions, are subject to risks and uncertainties, and are subject to change based on various factors, including those discussed under “*Risk Factors*”.

CORPORATE STRUCTURE

NAME, ADDRESS AND INCORPORATION

Eguana was originally incorporated on November 4, 1996, pursuant to the ABCA under the name 715243 Alberta Ltd. and changed its name to RTM Holdings Inc. (“**RTM**”) on July 2, 1997. On September 30, 1999, RTM acquired all of the issued and outstanding shares of Sustainable Energy Systems Inc. (“**SES**”), by way of a reverse take-over transaction and changed its name to Sustainable Energy Technologies Ltd. (“**SET**”). On December 21, 2012, SET amended its articles to consolidate the issued and outstanding common shares on a ten (10) to one (1) basis.

On May 24, 2002 SET amended its articles to create the First Preferred Shares, Series 1. On November 15, 2002 SET amended its articles to create the First Preferred Shares, Series 2. On September 14, 2005 SET amended its articles to create the First Preferred Shares, Series 3 and the First Preferred Shares, Series 4. On September 15, 2005 SET amended its articles to create the First Preferred Shares, Series 5 and the First Preferred Shares, Series 6. On May 8, 2009 SET amended its articles to create the First Preferred Shares, Series 7 and the First Preferred Shares, Series 8. The characteristics of the Series 8 Shares are described further in “*Description of Capital Structure – First Preferred Shares*” of this AIF. On August 26, 2010, SET amended its articles to create the First Preferred Shares, Series 9. On October 5, 2010 SET amended its articles to create the First Preferred Shares, Series 10. On October 25, 2010 SET amended its articles to create the First Preferred Shares, Series 11. On December 19, 2011 SET amended its articles to create the First Preferred Shares, Series 12. On December 21, 2012 SET amended its articles to create the First Preferred Shares, Series 13. On March 15, 2013 SET amended its articles to create the First Preferred Shares, Series 14. On April 16, 2013 SET amended its articles to create the First Preferred Shares, Series 15.

On November 1, 2013, SET amended its articles and changed its name to the current name of the Corporation, “Eguana Technologies Inc.”

On February 27, 2014, the holders of the Corporation's First Preferred Shares, Series 7, First Preferred Shares, Series 9 and First Preferred Shares, Series 15 approved the amendment of the Corporation's articles to remove the mandatory redemption provision in respect of the Corporation's First Preferred Shares, Series 7, First Preferred Shares, Series 9 and First Preferred Shares, Series 15, respectively.

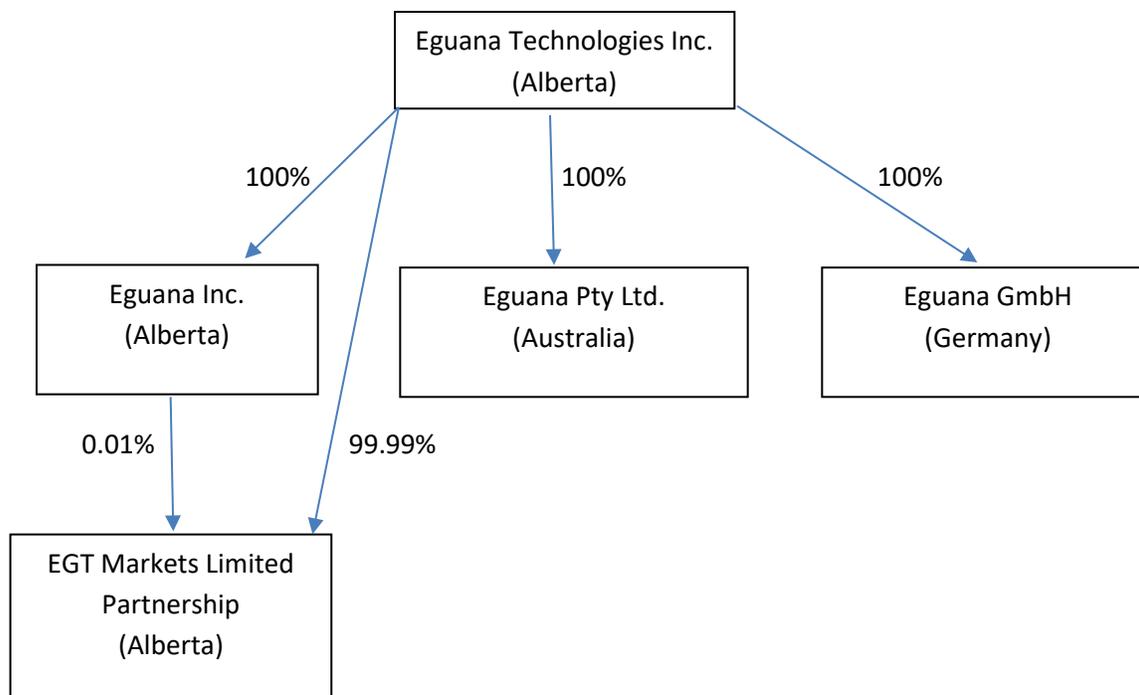
On February 7, 2019, the Corporation filed articles of amendment to create the Series A Shares. The characteristics of the Series A Shares are described further in “*Description of Capital Structure – First Preferred Shares*” of this AIF.

Eguana is a reporting issuer in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador and Prince Edward Island. The Common Shares are listed and posted for trading on the TSX-V under the trading symbol “EGT” and on the OTCQB under the trading symbol “EGTYF”.

Eguana’s head and registered office is located at Bay 1, 3636 7th Street SE, Calgary, Alberta T2G 2Y8.

INTERCORPORATE RELATIONSHIPS

The following chart provides the name, the percentage of voting securities owned, directly or indirectly, by Eguana and the jurisdiction of incorporation, continuance or formation of Eguana's subsidiaries, as at the date hereof:



SES was incorporated on December 6, 1994 pursuant to the ABCA. The head office of SES is located at at Bay 1, –3636 7th Street SE, Calgary, Alberta T2G 2Y8.

On November 22, 2018, Eguana Pty Ltd. was incorporated under the laws of Australia.

On July 25, 2018, Eguana GmbH was incorporated under the laws of Germany.

SES (as general partner) and Eguana (as limited partner) formed Solar Markets Limited Partnership pursuant to the *Partnership Act* (Alberta), renamed EGT Markets Limited Partnership (“EGT LP”), pursuant to a limited partnership agreement dated March 1, 2003. As of April 8, 2021, Eguana has a 99.99% ownership interest and SES has a 0.01% ownership interest in EGT LP.

On April 21, 2022, SES changed its name to Eguana Inc.

GENERAL DEVELOPMENT OF THE BUSINESS

GENERAL

In the wake of international agreement on the Kyoto Protocol in 1997, Eguana was started with the goal of delivering renewable energy solutions to remote areas, specifically by integrating wind-diesel-battery systems using advanced power electronics. The convergence of high-performance, low-cost power semiconductors and powerful digital signal processing integrated circuits in the late 1990s enabled a boom in power electronic products for a range of applications. Eguana's technology focused in particular on high conversion efficiency between 48V energy storage resources and ~200~300V secondary distribution circuits.

In 2000, as developments with hydrogen fuel cell technology proved to have practical potential, Eguana shifted its focus to stationary fuel cell applications to complete the commercialization of its power controls platform. During this time, Eguana also participated in the development of global standards for grid interconnection of distributed energy resources and deployed grid connected systems in the United States, Germany, and Japan.

In 2005, as mainstream PV array design shifted from 48V to 600V and then 1000V and 1500V, Eguana leveraged its fuel cell platform to deliver solutions in niche solar PV markets. This resulted in over 35MW of global installations, including:

- (a) continuous operation to +50° Celsius supported tracker power plants in the Spanish desert;
- (b) parallel solar integration supported rooftop installations of high performance thin film and other emerging solar technology; and
- (c) the world's first solar PV inverter rated for -40° Celsius and support for high DC/AC power ratios in Ontario.

In 2012, Eguana directed its product and business development resources toward energy storage applications, particularly in the emerging residential energy storage market. At this time, Eguana's primary focus was the German residential energy storage market and in 2013, Eguana secured a two-year exclusive supply contract with German market leader Sonnen GmbH, which ultimately delivered over 5,000 residential energy storage units to households in Germany.

In 2018, Eguana launched its Evolve energy storage system ("ESS") targeted at residential applications in Australia and the United States. As part of this launch, Eguana expanded its team to include local sales and technical support in Europe, Australia and the United States, including key members of the Mercedes Benz Energy sales team.

THREE YEAR HISTORY

October 1, 2017 to September 30, 2018

In December 2017, the Corporation called all of the previous outstanding debentures at par and repaid principal of \$586,667, interest of \$3,906, and royalties of \$7,265.

On December 20, 2017, the Corporation entered into a loan agreement (the “**WTI Loan Agreement**”) for general working capital purposes for up to USD\$3,000,000 (the “**WTI Loan**”) with Silicon Valley based lender Western Technology Investment (“**WTI**”). In connection with the WTI Loan, the Corporation issued 2,951,733 common share purchase warrants (the “**2017 WTI Warrants**”) to WTI, with each such warrant exercisable at any time until December 20, 2022, at a price of \$0.17 per share. WTI may exchange the 2017 WTI Warrants for a cash payment equal to US\$1,000,000 until December 20, 2022. The Corporation drew USD\$1,500,000 in December, 2017, USD\$750,000 in August, 2018, and USD\$750,000 in October, 2018. Each draw bore interest at a rate of 12.5% per annum, with both principal and interest paid in equal installments over a period of 30 months commencing on the 6 month anniversary of the relevant draw.

In January 2018, the Corporation debuted its “All in One” residential energy storage system (“**RESS**”). The RESS was custom engineered for the German self-consumption market and includes end-to-end design integration that delivers patented technology advancements in remote diagnostic and recovery features.

In January 2018, the Corporation entered into a private label master supply agreement with Mercedes Benz Energy, which was subsequently cancelled in June 2018. Mercedes Benz Energy paid to Eguana €700,000 Euro as a termination fee, provided Eguana with a full engineering report of tests performed through its six (6) month product validation phase, and transferred to Eguana its global energy storage systems pipeline. Mercedes Benz Energy also provided Eguana an endorsement as a preferred energy storage solution.

In March 2018, the Corporation announced the launch of the Evolve residential line and the Elevate commercial and industrial line, both of which were equipped with deep, advanced integration between the Corporation’s power controls and lithium-ion batteries. The Corporation entered into various agreements to market and sell the Evolve energy storage system, including with Maximo Solar Industries (Puerto Rico and Florida), Create Solar USA (Georgia), Nu-NRG Group (Eastern Canada), Mimeos Sustainability Consultants (California), BE-Solar (Bermuda), and Solar Direct (Florida), AC Solar Warehouse (Australia), and Swell Energy (California), among others.

In June 2018, the Corporation launched its Enduro residential energy storage solution for the European residential PV markets. Enduro was engineered to provide simple and fast installation and included remote diagnostic and auto-recovery technologies to minimize site visits and enhance trouble-free operation.

On August 22, 2018, the Corporation entered into a loan agreement (the “**DHCT Loan Agreement**”) with its largest shareholder, DHCT, pursuant to which DHCT loaned to Eguana \$1,300,000 (the “**DHCT Loan**”). The DHCT Loan bore interest at a fixed annual rate of 8% and was to be paid on maturity. The DHCT Loan was secured by a second priority lien on all of the assets of Eguana and its material subsidiaries. As consideration for the advance of the loan from DHCT, the Corporation issued to DHCT 1,238,095 common share purchase warrants (collectively, the “**DHCT Warrants**” and each, a “**DHCT Warrant**”), with each DHCT Warrant exercisable at any time for a period of three years from the date of issuance thereof at a price of \$0.21 per common share. Financing fees of \$100,000 were paid with respect to the DHCT Loan. On February 7, 2019, the Corporation entered into a loan settlement and conversion agreement, whereby Eguana issued 134,860 Series A Shares to DHCT in satisfaction of both the principal amount of \$1,300,000 and accrued interest in the amount of \$48,606 of the DHCT Loan. The DHCT Warrants were exercised by DHCT in August 2021.

October 1, 2018 to September 30, 2019

In October 2018, the Corporation drew the remaining USD\$750,000 from WTI, bearing interest at 12.5% per annum, which was to be repaid in equal monthly instalments starting in May 2019 for 30 months.

In November 2018, the Corporation was approved for both the South Australia Home Battery Scheme and the Australian government’s Clean Energy Finance Corporation’s home battery financing, which provide homeowners with direct access to \$100 million in subsidies and low interest loans for residential battery storage. As part of the program, Eguana introduced its Evolve home battery systems in South Australia in December 2018 to make the Evolve ESS available to home owners in the state.

On December 31, 2018, the Corporation issued 715 Class E limited partnership units (collectively, the “**2018 LP Units**” and each, a “**2018 LP Unit**”) in EGT LP at a price of \$1,000 per 2018 LP Unit for gross proceeds of \$715,000. On February 20, 2019, Eguana converted the 2018 LP Units into Common Shares at a price of \$0.20 per share and issued 3,575,000 Common Shares. The net proceeds of the offering were used for general working capital to expedite the Corporation’s growth in global markets.

In January 2019, the Corporation entered into an investor relations agreement (the “**Hybrid Agreement**”) with Hybrid Financial Ltd. (“**Hybrid**”), where Hybrid agreed to provide investor relations and communication services to Eguana for a monthly fee of \$14,000 plus reasonable out of pocket expenses. The Hybrid Agreement was for an initial term of six months at which time the Hybrid Agreement would be automatically renewed on a monthly basis. Hybrid was granted stock options to acquire up to an aggregate of 250,000 Common Shares at a strike price of \$0.19 per share, with an expiry of November 26, 2023. The Corporation terminated the Hybrid Agreement in August 2019.

On February 7, 2019, the Corporation completed a private placement of 300,000 Series A Shares, for gross proceeds of \$3,000,000.

In March 2019, Eguana and Hanwha Q CELLS GmbH (“**Q CELLS**”) entered into an exclusive agreement (the “**Q CELLS Agreement**”) to market, sell and distribute the Enduro home storage system through the European Union, Switzerland, and Norway under the Q CELLS brand. In order to extend exclusivity, the Q CELLS Agreement provided that Q CELLS would have to order 500 units in the first contract year to have exclusivity in the second contract year, and an additional minimum of 1,500 units would have to be ordered by Q CELLS in the second contract year to maintain exclusivity in the third contract year. In June 2019, the first volume shipment to Q CELLS was delivered. In May 2020, an additional purchase order of approximately \$1,800,000 from Q CELLS was placed with Eguana. As a result of unexpected raw material shortages within global supply chains driven by the ongoing COVID-19 pandemic, along with significant increases in logistical costs, sales of the Enduro home storage system did not materialize as planned; accordingly, while the parties remain in good standing product exclusivity is no longer in effect.

In April, 2019, the Evolve system was approved to participate in the Simply Energy’s Virtual Power Plant (“**VPP**”) Program in South Australia, the first VPP to be announced since the Home Battery Scheme was launched in South Australia. In May 2019, the Corporation partnered with Sharpe Energy Rating Systems delivering the Evolve system to support the VPP.

On June 21, 2019, the Corporation issued 3,012 unsecured convertible debentures (the “**CD Debentures**”) by way of a private placement (the “**CD Offering**”), at a price of \$1,000 per CD Debenture and 10,039,988 warrants (the “**CD Warrants**”) of the Corporation, for total gross proceeds of \$3,012,000. The CD Debentures mature and are repayable on June 21, 2022 (the “**CD Maturity Date**”) and accrue interest of 10% per annum payable in cash and compound and payable semi-annually or on such earlier date on which the CD Debentures are converted. At any time prior to the CD Maturity Date, the CD Debentures are convertible into Common Shares at a price of \$0.15 per Common Share. Following the date that is four months and one day from the date of issuance, and upon 30 days’ notice, the Corporation shall be able to require the holders to convert their CD Debentures into Common Shares in the event the daily volume weighted average trading price of the Common Shares is greater than \$0.30 for 20 consecutive trading days. Each CD Warrant is exercisable at \$0.20 to acquire one Common Share for a period of 36 months from the date of issuance.

In connection with the CD Offering, Bayfront Capital Partners Ltd. and Mackie Research Capital Corporation (together, the “**CD Agents**”) were granted the option to sell up to an addition \$2,000,000 CD Debentures (the “**CD Agents’ Option**”). Concurrently with the closing of the sale of the CD Debentures, the CD Agents partially exercised the CD Agents’ Option to sell an additional 12 CD Debentures.

As consideration for their services, the CD Agents received (i) a cash commission equal to 7% of the gross proceeds raised pursuant to the CD Offering; and (ii) 466.67 broker warrants (collectively, the “**CD Broker Warrants**” and each, a “**CD Broker Warrant**”) for each \$1,000 principal amount of CD Debentures sold pursuant to the CD Offering. Each CD Broker Warrant entitles the holder thereof to acquire one unit of the Corporation (collectively, the “**CD Broker Warrant Units**” and each, a “**CD Broker Warrant Unit**”) at a price of \$0.15 per CD Broker Warrant

Unit for a period of three years from the closing date. Each CD Broker Warrant Unit shall consist of one Common Share and one-half of one Common Share purchase warrant (each whole warrant, a “**CD Broker Warrant Unit Warrant**”), with each CD Broker Warrant Unit Warrant exercisable at a price of \$0.20 to acquire one (1) Common Share for a period of 36 months from the date of issuance thereof.

On August 8, 2019, the Corporation closed the second tranche of the CD Offering. The Corporation issued an additional 1,215 non-brokered CD Debentures at a price of \$1,000 per debenture and 4,050,000 CD Warrants, for total gross proceeds of \$1,215,000. The Corporation’s largest shareholder, DHCT, subscribed for 1,200 of the total CD Debentures issued. The second tranche of the CD Debentures mature on August 8, 2022, with all other terms remaining identical to the first tranche.

On July 29, 2019, Eguana entered into a multi-year master supply agreement with Jabil Inc. (the “**Jabil Agreement**”), one of the world’s largest electronics manufacturing services companies, to manufacture Eguana’s residential and commercial energy storage systems. The Jabil Agreement has an initial term of three years and will automatically renew for successive periods of one year unless either party provides a notice of intent not to renew.

In September 2019, the Corporation secured a USD\$500,000 letter of credit from Export Development Canada, which was subsequently increased to USD\$750,000 on July 9, 2020.

October 1, 2019 to September 30, 2020

On November 29, 2019, the Corporation entered into a short-term bridge financing transaction (the “**Bridge Loan**”) in the amount of \$280,000, with certain accredited investors, including Justin Holland, the Corporation’s Chief Executive Officer. The principal amount of the Bridge Loan bore an interest rate of 12.0% per annum for the initial three-month period, and 24.0% per annum each month thereafter with a maturity date of May 29, 2020. The Corporation had the right to prepay, at any time, a partial or the entire balance of the Bridge Loan outstanding together with accrued interest, without notice, penalty, or bonus. An administrative fee of 10% on the initial principal amount was due and payable on the earlier of prepayment or the maturity date. On April 7, 2020, the Corporation repaid the full amount outstanding on the Bridge Loan.

On December 31, 2019, the Corporation and WTI amended the WTI Loan, wherein the monthly payments were reduced and comprised of interest only for four (4) months commencing November 1, 2019 through February 1, 2020. Pursuant to the amendment, the WTI Loan continued to bear interest at a rate of 12.5% per annum and matured on February 1, 2022. In consideration for the amendment to the WTI Loan, Eguana issued to WTI 4,161,333 common share purchase warrants (the “**2019 WTI Warrants**”) on January 22, 2020, with each 2019 WTI Warrant exercisable at a price of \$0.06 per share for a period of five years from the date of issuance thereof. The Corporation may accelerate the 2019 WTI Warrant expiry date to the later of (i) one (1) year from the date of issuance; and (ii) thirty (30) days from the repayment date, provided that the WTI Loan is repaid in full on or before December 31, 2020.

On December 20, 2019, the Corporation entered into a development contract (the “**ITOCHU Development Agreement**”) with ITOCHU Corporation (“**ITOCHU**”), a leading renewable energy company, with significant investments throughout the energy storage supply chain, to develop and certify proprietary residential storage systems for distribution through its sales channels across global markets. Pursuant to the ITOCHU Development Agreement, Eguana granted exclusivity for resale of the residential storage systems to ITOCHU and ITOCHU paid Eguana USD\$763, 853.

On March 13, 2020 (the “**ITOCHU Closing Date**”) the Corporation closed a strategic investment from ITOCHU, pursuant to which Eguana issued 5,000 unsecured convertible debentures (the “**ITOCHU Debentures**”) at a price of \$1,000 per ITOCHU Debenture, for total gross proceeds of \$5,000,000. The ITOCHU Debentures mature and are repayable on the date that is three (3) years from the ITOCHU Closing Date (the “**ITOCHU Maturity Date**”). The ITOCHU Debentures bear interest of 10% per annum, payable in cash or Common Shares, compounded semi-annually and payable semi-annually or on such earlier date on which the ITOCHU Debentures are converted pursuant to their terms.

At any time prior to the ITOCHU Maturity Date, the principal amount of the ITOCHU Debentures is convertible into units of the Corporation (the “**ITOCHU Units**”) at a price of \$0.15 per ITOCHU Unit, with each ITOCHU Unit being comprised of one Common Share and one-half of one Common Share purchase warrant (each whole warrant, an “**ITOCHU Warrant**”). Each ITOCHU Warrant will entitle the holder thereof to acquire an additional Common Share at a price of \$0.20 for a period of three (3) years following the ITOCHU Closing Date. Assuming the full conversion of the ITOCHU Debentures and the ITOCHU Warrants issuable upon conversion of the ITOCHU Debentures, ITOCHU will acquire a 15.2% equity interest in the Corporation on a partially diluted basis. Beginning on the date that is four months plus one day following the ITOCHU Closing Date, the Corporation will have the right to require the conversion of the ITOCHU Debentures into ITOCHU Units on not less than 30 days’ notice to ITOCHU in the event that the daily volume weighted average trading price of the Common Shares on the TSX-V is greater than \$0.30, subject to adjustment, for any 20 consecutive trading days.

As a condition to the closing of the financing with ITOCHU, the Corporation and ITOCHU entered into an investor rights agreement, dated March 13, 2020 (the “**ITOCHU Investor Rights Agreement**”) and an amended and restated marketing agreement. Pursuant to the ITOCHU Investor Rights Agreement, one year following the ITOCHU Closing Date, ITOCHU shall have a right to subscribe for additional Common Shares at market prices up to a certain fully diluted ownership threshold of at least 20% and up to 25% (the “**ITOCHU Purchase Right**”). The ITOCHU Purchase Right becomes exercisable if Eguana files on SEDAR financial statements, for a three-month period ending between the first and third anniversaries of the ITOCHU Closing Date, which report positive net income during such period. The Corporation also granted ITOCHU a board observer right, which shall become a board nomination right if ITOCHU maintains a fully-diluted ownership interest equal to or greater than 20%, pursuant to the ITOCHU Purchase Right. ITOCHU will enter into an undertaking with the TSX-V to not acquire Common Shares (including through the exercise of the ITOCHU Warrants and the ITOCHU Debentures) which would result in it

owning 20% or more of the Common Shares outstanding, unless the Corporation has obtained necessary regulatory and shareholder approval in accordance with the policies of TSX-V.

On February 25, 2020 the Corporation entered into a shares for debt agreement with DHCT, wherein the Corporation amended the interest payment schedule of the CD Debenture held by DHCT dated August 8, 2019. The agreement settled \$60,000 of interest due through the issuance 545,454 Common Shares at a price of \$0.11 per Common Share. An additional shares for debt agreement was entered into with DHCT on August 10, 2020, settling an additional \$60,000 of interest due through the issuance 461,538 Common Shares at a price of \$0.13 per Common Share.

In July 2020, the Corporation announced the expansion of the Evolve residential line with the introduction of the Evolve cobalt free lithium iron phosphate (“**LFP**”) ESS. With the introduction of the Evolve cobalt free LFP ESS, Eguana became the first home battery storage company to offer consumers in the United States a choice in battery chemistry.

On September 1, 2020, ITOCHU and the Corporation entered into a battery supply agreement (the “**ITOCHU Battery Supply Agreement**”), pursuant to which ITOCHU procures for and supplies Eguana with the required lithium batteries for manufacturing Eguana’s ESS. The ITOCHU Battery Supply Agreement has an initial term ending February 22, 2021, followed by automatic extensions of successive terms of one year, unless earlier terminated by either party upon providing three months’ notice.

October 1, 2020 to September 30, 2021

On November 2, 2020, EGT LP issued 1,150 limited partnership units (the “**2020 LP Units**”) at a price of \$1,000 per 2020 LP Unit for aggregate gross proceeds of \$1,150,000 (the “**2020 LP Unit Financing**”), with the net proceeds to be used for product development and general working capital purposes. On February 19, 2021, the Corporation converted the 2020 LP Units into Common Shares at a price of \$0.15 per share and issued 7,665,900 Common Shares.

In connection with the 2020 LP Unit Financing, the Corporation paid the agent, Fort Capital Securities Ltd., a cash commission of \$86,250 and issued 574,942 broker warrants (the “**Fort Capital Broker Warrants**”). Each Fort Capital Broker Warrant entitles the holder to acquire one Common Share at an exercise price of \$0.15 per Common Share for a period of 24 months from November 2, 2020.

On November 17, 2020, the Corporation closed a brokered private placement of 10,000,000 Common Shares at an issue price of \$0.15 per Common Share, for gross proceeds of \$1,500,000. The net proceeds of the offering will be used to expedite the development and launch of a higher power cobalt free LFP product and for general working capital purposes. In connection with the offering, the Corporation paid the agents, Stifel GMP and Fort Capital Securities Ltd., a cash commission of \$112,500 and issued 750,000 broker warrants (the “**2020 Broker Warrants**”). Each 2020 Broker Warrant entitles the holder to acquire one Common Share at an exercise price of \$0.15 per Common Share for a period of 24 months from November 17, 2020.

On February 19, 2021 the Corporation exercised its right under the certificates representing the CD Debentures to convert all of the principal amount outstanding of the remaining CD Debentures on March 22, 2021 into 12,953,339 Common Shares at a price of \$0.15 per Common Share.

On February 19, 2021 the Corporation entered into shares for debt agreements (each, a “**CD Debenture Shares for Debt Agreement**”) with certain holders of CD Debentures, pursuant to which the Corporation settled \$57,912 worth of accrued interest by issuing an aggregate of 115,818 Common Shares at a deemed price of \$0.50 per Common Share.

On February 25, 2021 the Corporation completed a brokered private placement, pursuant to which it issued 50,000,000 special warrants of the Corporation (the “**Special Warrants**”) at a price of \$0.40 per Special Warrant (the “**Special Warrant Offering**”). Each Special Warrant entitles the holder thereof to receive, without payment of any further consideration, and subject to customary anti-dilution adjustments, one Common Share in accordance with the terms and conditions of the special warrant indenture among the Corporation and TSX Trust Company dated February 25, 2021 (the “**Special Warrant Indenture**”), until the earlier of (the “**Qualification Date**”): (i) June 26, 2021; (ii) and the third business day following the date on which the Corporation obtains a final receipt (the “**Final Receipt**”) from the applicable securities regulatory authorities for a (final) short form prospectus qualifying the distribution of the Common Shares underlying the Special Warrants. In the event the Corporation does not receive the Final Receipt prior to 4:59 p.m. (EST) on May 26, 2021, each unexercised Special Warrant will thereafter entitle each holder thereof to receive upon the exercise or deemed exercise thereof, for no additional consideration, 1.10 Common Shares in lieu of one Common Share per Special Warrant.

The Special Warrants were offered pursuant to an agency agreement dated February 25, 2021 between Stifel Nicolaus Canada Inc., Cormark Securities Inc., and Mackie Research Capital Corporation (collectively, the “**Special Warrant Agents**”), as agents, and the Corporation (the “**Special Warrant Agency Agreement**”). Fort Capital Partners acted as a capital markets advisor to the Corporation in connection with the Special Warrant Offering. As consideration for the services of the Special Warrant Agents in connection with the Special Warrant Offering, the Corporation paid the Special Warrant Agents a cash fee of \$1,400,000 and issued to the Special Warrant Agents 3,500,000 non-transferable compensation special warrants of the Corporation (the “**Compensation Special Warrants**”). Each Compensation Special Warrant was automatically exercised, without payment of additional consideration, into one compensation warrant of the Corporation (the “**Compensation Warrants**”) on the Qualification Date. Each such Compensation Warrant entitles the holder thereof to purchase one Common Share at a price of \$0.40 per Common Share for a period of 24 months from the closing date.

On March 15, 2021 the Corporation entered into a shares for debt agreement with ITOCHU, pursuant to which the Corporation settled \$247,945 of debt due under the ITOCHU Debentures, through the issuance of 590,345 Common Shares at a deemed price of \$0.42 per Common Share.

On March 22, 2021, the Corporation entered into shares for debt agreements with certain holders of CD Debentures, pursuant to which the Corporation settled \$2,180 worth of accrued interest by issuing an aggregate of 4,588 Common Shares at a deemed price of \$0.475 per Common Share.

On April 14, 2021, ITOCHU elected to exercise its right under the ITOCHU Debentures to convert the total principal amount outstanding of \$5.0 million into 33,333,333 ITOCHU Units of the Corporation at a price of \$0.15.

On May 11, 2021, the Corporation filed a final short form prospectus with the securities commissions in the Provinces of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Ontario and received the Final Receipt from such securities commissions in connection with its previously announced Special Warrant Offering of 50,000,000 Special Warrants of the Corporation. Pursuant to the terms of the Special Warrant Indenture, each Special Warrant was automatically exercised, for no additional consideration, into a Common Share, and such Common Shares were issued to the holders of Special Warrants.

On May 12, 2021, at the request of the Corporation, BDO Canada LLP (“**BDO**”) resigned as the auditor of the Corporation and the Board of Directors appointed KPMG LLP (“**KPMG**”) as the Corporation’s new auditor as of that date.

On May 27, 2021, FREYR AS and the Corporation signed a memorandum of understanding for a non-exclusive development of battery modules.

On July 6, 2021, the Corporation announced the deployment of its Evolve energy storage system under the Emergency Demand Response Program (EDRP) by the Hawaii PUC (Public Utility Commission).

On July 28, 2021, the Corporation appointed two new members to its Board of Directors, Ms. Karen Hayward and Mr. Graeme Stening. Concurrent with these appointments, Mr. Gregory Nelson retired from the Board. As a result, the Board now consists of a total of six directors.

On September 24, 2021, the Corporation announced that it had entered into a licensing agreement to license the energy management system Cloud platform from its long-standing partner E-GEAR LLC (“**E-Gear**”). Under the agreement, Eguana takes control of operation and development of the same cloud platform it has been using for several years in the US energy storage market and also manufactures the site controller hardware. The site controller firmware and IoT network will continue to be developed and maintained by E-Gear.

October 1, 2021 to Present

On November 2, 2021, the Corporation announced a partnership with Omega EMS and its subsidiary, PowerCenter+, to launch a premium line of home energy storage systems into North American and Caribbean markets. Under the terms of the agreements between the parties, PowerCenter+ committed to a minimum volume of 10,000 systems over three years, and Eguana

committed to certify versions of its existing 5kW/14 kWh expandable residential storage solution and its new 10kW/28 kWh full home backup solution for this product line. In addition, the Corporation entered into a manufacturing agreement with Omega EMS to manufacture systems in San Jose, California.

On December 17, 2021, DHCT elected to convert all 434,860 of its First Preferred Shares, Series A (the “**Series A Shares**”) into 18,119,167 Common Shares which were issued on December 17, 2021. In respect of the accretive dividend payable on the Series A Shares, the Corporation paid DHCT \$500,000 and issued, on December 20, 2021, 1,326,986 Common Shares to DHCT at a deemed price per share of \$0.45. On December 17, 2021, DHCT exercised 4,000,000 common share purchase warrants of the Corporation at an exercise price of \$0.20 per warrant for gross proceeds to the Corporation of \$800,000.

On December 20, 2021, the Corporation announced that it received an initial order of 500 units from PowerCenter+ representing 2.5MW and valued at approximately \$6,000,000.

On February 1, 2022, the Corporation repaid the WTI Loan in full.

On February 11, 2022, the Corporation announced that it received a follow on order of 1,000 units from the Omega Group representing 5MW and valued at over \$11,000,000.

On February 28, 2022, the Corporation announced that it expanded its power controls platform to include the Eguana Enfuse product line of solar PV microinverter solutions.

On April 1, 2022, the Corporation entered into a loan agreement for general working capital for up to US\$10,000,000 (the “**2022 WTI Loan**”) with Venture Lending & Leasing IX, Inc. and WTI Fund X, Inc. (the “**WTI Lenders**”). The 2022 WTI Loan has first priority over all assets of the Corporation and its material subsidiaries. On April 7, 2022, the Corporation drew US\$5,000,000 under the terms of the 2022 WTI Loan. An additional US\$5,000,000 is available through August 31, 2022 upon the Corporation achieving revenue of at least C\$14,000,000 between May 1, 2022 and July 31, 2022 and the Corporation having unrestricted cash of C\$10,000,000 at the time of the draw. Each draw bears interest at a rate of 12% per annum, with interest-only payments being paid during the first six months, followed by both principal and interest payments being paid in equal installments over a period of 30 months commencing on the 6-month anniversary of the relevant draw. The Corporation may prepay the 2022 WTI Loan by paying all scheduled but unpaid payments, subject to a scaling discount off future interest owed depending the date of repayment.

The 2022 WTI Loan contains customary events of default and positive and negative covenants for the Corporation, including a restriction on the Corporation borrowing in excess of US\$500,000 in unsecured debt. Upon an event of default, the WTI Lenders are entitled to, among other rights and remedies set out in the loan agreement, terminate or reduce all 2022 WTI Loan commitments, declare all or any portion of the 2022 WTI Loan then outstanding to be accelerated and due and payable, and/or exercise any and all secured creditor enforcement rights relating to the liens and guarantees granted by the Corporation and its material subsidiaries.

As consideration for the advance of the 2022 WTI Loan, the Corporation issued common share purchase warrants of the Corporation (the “**2022 WTI Warrants**”) entitling certain affiliates of the WTI Lenders to purchase up to an aggregate of 4,934,309 Common Shares at a price of \$0.355 per Common Share for a period of five (5) years from the date of the 2022 WTI Loan, with 50% of the 2022 WTI Warrants immediately vesting and 50% of the 2022 WTI Warrants vesting ratably on subsequent draws made under the 2022 WTI Loan. The vested unexercised 2022 WTI Warrants will be exchangeable, at the option of the holder, after the earlier of a liquidity event of the Corporation and September 30, 2025, for an amount equal to the sum of: (i) US\$1,500,000; and (ii) the product obtained by multiplying US\$1,500,000 by the percentage of the principal amount of the 2022 WTI Loan actually advanced by the WTI Lenders relative to US\$10,000,000. The Corporation also granted certain affiliates of the WTI Lenders the right to invest in future offerings of Common Shares, on the same terms and conditions offered to other subscribers, for up to the greater of: (i) US\$250,000; and (ii) such amount as is required for the WTI Lenders to maintain their fully-diluted pro rata ownership position in the Corporation.

On May 25, 2022, the Corporation announced full turnkey production and supply chain management at the Omega EMS facility in San Jose, California.

On May 30, 2022, the Corporation announced that the Board resolved to change the Corporation’s fiscal year-end from September 30 to December 31 to align the Corporation’s financial reporting with the calendar year end and the majority of publicly traded companies.

Eguana’s Strategy and Anticipated Changes for Fiscal Year 2022

Through 2022, Eguana plans to:

- commercialize a larger 10kW Evolve ESS targeted at ‘whole home’ backup applications, in the United States with a primary focus in the state of California;
- launch private label 5kW and 10kW Evolve ESS with PowerCenter+ in the United States, Canada and Caribbean markets;
- exchange Moixa AI EMS with Eguana EMS in 5kW and 10kW Evolve product line for ITOCHU’s Virtual Power Plant (VPP) objectives;
- continue dealer model build out in the United States and Australia markets;
- accelerate supply chain activities through raw material inventory positioning to bring predictability to Eguana revenue streams;
- focus on transitioning the Evolve ESS and Elevate ESS to contract manufacturing;
- reduce debt liabilities to strengthen Eguana’s balance sheet and financial position;
- expand development lab and testing capability to accommodate vertically integrating Eguana’s battery supply chain;

- grow its team, with a focus in research and development and sales and marketing;
- initiate Eguana cloud services to provide better consumer experience and prepare for VPP operational services and recurring revenue models;
- develop backup power capable Elevate product for multi-unit residential applications; and
- introduce the Enfuse line of microinverter products.

COVID-19 Impact and Geo-Political Events

Eguana’s employees and partners are critical for its success, and as such the Corporation places the highest priority on their health and safety. To mitigate and manage the potential spread of COVID-19 and its variants, a series of measures have been implemented in each location, including remote work, limited office attendance and close interaction, and new sanitation protocols. As a result, to date personnel issues have been minimized.

The COVID-19 global pandemic continues to constrain supply chains, ports, and logistical networks around the world as economies reopen under varying safety measures and government guidance, including certain regions that Eguana operates in on both the supply and demand sides of its business. Although the Corporation delivered record revenues in fiscal 2020 and 2021, growth remains constrained by raw material component shortages, and increased transit times for both incoming raw materials and outgoing finished goods. As a result, the Corporation has developed an Alternate Parts Program (“APP) to further help mitigate material risk. The APP is expected to remain in place until all bill of material related components become available under standard lead times. Additionally, Russia’s invasion of Ukraine in early 2022 has raised global concerns over disrupted supply chain channels, and in turn material supply constraints. These global situations remain dynamic and it is currently not possible for the Corporation to predict the duration or magnitude of potential adverse impacts of the COVID-19 global pandemic or Russia’s invasion of Ukraine or their effects on the Corporation’s business or ability to raise funds. See also “*Risk Factors*”.

DESCRIPTION OF EGUANA'S BUSINESS

OVERVIEW

Eguana designs and manufactures ESS for residential and small commercial grid tied applications based on its proprietary and patented, software driven, advanced power control technology. Fully integrated ESS consist of three major components, the software controller (the “**Energy Management System**” or “**EMS**”), the battery, and the advanced power control technology.

The Corporation’s smart power control technology has multiple functions within the ESS, with primary functions relating to power conversion and the charging and discharging of batteries in a bi-directional conversion process. Eguana’s technology provides the critical central point for connectivity of the ESS and provides regulatory and certification control over the interconnection of the ESS to the power grid and the consumer.

Eguana develops and designs fully-integrated, factory assembled, software driven ESS. Key features including flexible capacity, simple installation, remote diagnostic and update capabilities, and remote battery recovery.

Eguana continues to focus on distributed ESS applications located at the point of energy consumption, commonly referred to as “the edge of the power grid” or “behind the meter”. These applications and ESS solutions are a cost-effective way to manage the power grid while delivering multiple value streams to key stakeholders including the consumer, the electricity retailer, the distribution utility, and the system operator.

There are multiple applications for our products including the storage of renewable energy, especially solar energy produced at low demand periods throughout the day to meet peak demand periods in the evenings, providing peak saving capacity for commercial businesses to reduce utility demand charges, providing grid improvements with respect to voltage control, frequency regulation, and capacity to the utilities and power grid operators, providing residential backup power to homeowners, and providing power to super-charge electric vehicles.

Intellectual property relating to Eguana’s advanced power controls are one of the Corporation’s core assets including 13 patents and pending patents globally. At the system level, Eguana maintains competitive advantage through its software-driven open controls architecture, its core technology efficiency advantage, and its energy storage integration capabilities.

Grid Interactive Inverters

Grid interactive inverters are the core technology inside an Energy Storage System PCS. Grid-interactive inverters use modern solid-state power electronics technology to convert direct current from an electrical generator or storage device into the high quality alternating current power required by the power grid and by most electronic and electrical equipment. Grid-interactive inverters require a much higher level of real time control over the power conversion process since they must precisely match the AC wave shape (the sinusoidal wave shape that characterizes AC power) to the AC wave shape of the power grid in real time, meet a variety of

power quality standards (harmonic distortion, power factor, etc.), detect grid outages, and disconnect the energy source from the power grid for safety and grid control reasons.

A key challenge for grid interactive inverters is to limit energy losses as the DC energy is converted into AC energy while maintaining power quality required by the power grid. This is impacted by the resistance of the power electronics to the current level. As the current passing through the electronics circuits increases the conversion, efficiency of the inverter declines with the square of the increase in the current. This means that power ratings of conventional inverters can only be increased without impacting efficiencies by increasing the DC voltage inputs while maintaining low current inputs.

This is a serious issue wherever the generation or storage technology produces high currents (with correspondingly lower voltages) since it is impossible to increase the current ratings of the systems with conventional high voltage inverters without compromising electrical conversion efficiencies of the system. In fact, the manufacture of all cellular generation and storage technologies including solar PV cells, is inherently more efficient where the cells are larger.

Eguana's ESS

Eguana's inverter design improves conversion efficiencies through a variety of connected mechanisms and advanced and patented software controls. Most inverter topologies combine a DC to DC converter which stabilizes the input voltage (and in the case of solar inverters is responsible for maximum power point tracking the PV system) with a DC to AC converter where the DC power is converted into AC power by passing it through power semiconductor switches. The switches control large amounts of power which are operated at comparatively high switching frequencies and using a single "H" bridge to step up the voltage to the voltage output required by the power grid. The high current passing through the "H" bridge is the source of the "I²R" problem for high-voltage inverters.

Eguana's inverter platform eliminates the DC to DC converter and directly splits the DC input into four streams by using four "H" bridges, which are then linked and combined magnetically in a specially designed transformer. The advanced software controls co-ordinate the switching of the bridges to create the high quality AC wave shape. By sharing the current between the bridges, the current through each component is reduced, resulting in lower overall conducted losses. Because the output is created by the switching from each bridge, the switching frequency of each "H" bridge is only one quarter of what is usually required, so there are no additional switching losses. The ability to control the switching of each bridge independently also enables the inverter to accept a wide input voltage range with minimal impact on efficiency, eliminating the need for a DC to DC pre-converter as used in most other PCS. This, in turn, allows for much faster and more stable control loops than competitive products leading to faster control response with greater conversion efficiency.

In the context of grid-interactive energy storage systems, Eguana's high-efficiency, bi-directional conversion of DC to AC or conversely AC to DC enables a very simple power electronics topology. The PCS platform is further strengthened by integrating its proprietary technologies invented

through its research and development. The auto recovery circuit and pre-charge circuits coupled with software algorithms are created to implement a reliable operation with different types of battery modules. Proprietary software control scheme is developed for seamless transition between the backup mode and the grid-tie mode.

The application base is expanded by introducing multi-unit controls that enable coordinated controls of multiple energy storage systems on a single site. Eguana implemented a remote tunneling capability to increase analytics, as well as faster diagnostics therefore minimizing downtimes.

The Corporation's ESS' are available in multiple size configurations to meet individual consumer and regional requirements. The systems, which are branded the Evolve NMC, the Evolve LFP, the Enduro, and the Elevate, maintain approximately 90% bill of material consistency throughout the electronics topology providing a standardized product platform which is where many of the Corporation's proprietary patents reside. Each feature rich system is capable of performing consumer related functions including solar self-consumption with seamless back-up power as well as a full suite of VPP services for fleet aggregators including frequency and voltage control, reactive power management, and spinning reserve.

Revenue

Revenue derived from energy storage systems increased 3.3% to \$7,129,037 (850 units comprised of Evolve, Enduro, and Elevate) in fiscal 2021 in comparison to \$6,903,263 in 2020 (906 units comprised of Evolve, Enduro, and Elevate), representing the highest product based revenue in the Corporation's history. Combined sales and engineering services revenue decreased 9.8% for the year ending September 30, 2021 as compared to 2020, due to the prior year ITOCHU engineering contract accounting for \$1.0M, or 12.6% of the increase. Engineering services consisted of \$45,551 in 2021, compared to a total of \$1,048,415 in 2020.

Distribution

Eguana's global distribution strategy is driven by two specific pathways to encompass both cash sales to consumer and leasing/financing through partnership with focus in three key growth markets, United States, Europe, and Australia. With respect to leasing/financing in the United States and Australia the Corporation has a long-standing partnership with ITOCHU and has developed an ESS for VPP opportunities in those geographies. Eguana sells its product directly to ITOCHU who in turn sells or finances the system for homeowners looking to participate in VPP or fleet aggregation opportunities.

In Europe, Eguana is supporting the multi-country rollout of the Q.Home+ energy storage system with partner Q CELLS. The Q.Home+ ESS has been certified for the United Kingdom and Ireland, the Scandinavian countries, and France as part of the expansion. Q CELLS has sales and installation infrastructure for the sale and installation of the Q.Home+ energy storage systems. The Corporation has also completed several development initiatives to increase system features

including multi-unit controls for multi-unit installations, and remote tunnelling to increase remote analytics and update functions.

Eguana underpins the leasing/financing strategy with an “Eguana” certified dealer program in the United States and Australian markets to access the cash sales market segment. The Corporation partners with key national and regional solar and storage installation companies (dealers) and educates them on product knowledge and installation best practices. The dealer partners in turn provide sales infrastructure to sell Eguana products direct to consumers.

OUR MARKETS

The market for distributed residential energy storage continues to be driven by two primary factors, self-generated energy consumption (consumer) and the need to smooth-out increasing renewable energy generation on local and national electric power grids (infrastructure).

At a macro level, decreasing battery costs and advancement in battery technology remain the significant drivers for increasing adoption rates of residential and small commercial Energy Storage Solutions in all markets. Integrated energy storage has now become an economical proposition driving homeowners to utilize and consume self-generated electricity, and advanced power control and communication networks are enabling Virtual Power Plants, grid services and power grid efficiency. Once deployed, energy storage can provide a wide range of services to the utility, as well as the electricity market, improving its return on investment by stacking both revenue and cost savings streams. Aggregating fleets of distributed energy storage can enable deployed systems to deliver low cost grid services at the same time as delivering electricity cost savings to the consumer.

Management believes the long-term energy storage markets will be characterized by fleets of distributed storage systems that are aggregated and controlled by system operators and energy services companies to deliver grid services including voltage and frequency regulation, spinning reserve, and solar self-consumption or time shifting. From the consumer perspective, residential and small commercial hosts will benefit from electricity savings, reduced cost volatility, backup power, and additional forms of compensation from the aggregator or fleet owner by participation in VPPs (allowing the operator access to the host system from time to time to deliver grid services).

Host applications define product configurations and bill savings opportunities, and are generally categorized into the two following segments:

Residential Solar and Storage

The evolution of the original value proposition of rooftop solar PV systems is to combine self-generation with cost effective and efficient energy storage. High feed-in tariffs and net metering (where the power grid is essentially used as a battery) originally encouraged consumers to export excess generation to the grid. However, in maturing markets, feed-in tariffs have been declining and changes to net metering policies are driving homeowners to store excess generation during

the day and use it at night. This, combined with the ability to arbitrage time of use (“TOU”) rates and to provide backup power during grid outages, has become the economic value proposition for residential consumers.

Demand Charge savings for commercial buildings

In many jurisdictions, rate structures for commercial buildings include Demand Charges, in addition to the energy charges and fixed charges, which are typical of residential rate structures. Demand Charges are based on the “peak” power draw recorded during the previous billing period or over the previous year.

RESEARCH AND DEVELOPMENT

Eguana’s product development process consists of the stage-gate process, with a designated approval procedure at each “gate” of the development process. Gates 1 and 2 are the investigation phase and the business case justification prior to a product’s development. Gate 3 occurs at the start of a product’s development, at which point the project cost and schedule are estimated. Once a project is approved at gate 3, the product’s technical requirements and milestones are defined in finer detail. Achievement of the milestones of a project are tracked throughout its development process and depending on the project’s development tasks and schedule, internal and external resources are identified and assigned. Resources external to the Corporation are occasionally selected if necessary for either consultancy on a technical matter or in order to perform a project deliverable, with such external resources always led by the Corporation’s internal resources.

Gate 4 is the entry into the post-development phase and involves testing and certification of the product. Technical documentation and manufacturing processes of the product are finalized in this phase of development in preparation for market launch. If additional requirements are required for local regulations, they are fulfilled either during the certification process or afterwards as a follow-up activity.

At the end of the certification, the product enters gate 5 at which point it is sent for mass manufacturing and made commercially available in the market.

HOW EGUANA CONDUCTS ITS OPERATIONS

Eguana’s preferred model is to sell its products under longer term customer relationships where it has the opportunity to plan production and deliveries to meet forecasted demand from its customers. Eguana’s goal is to minimize the amount of product and component inventory in the supply chain and to thereby minimize working capital required during a production ramp. Eguana’s model also enables it to optimize its manufacturing model, which outsources manufacturing of interchangeable sub-assemblies to multiple vendors around the world, locating final assembly and testing of the finished product close to our customers.

Such an operating model requires a highly integrated supply chain which responds flexibly and very quickly to changes in demand forecasts from our customers. To optimize its supply chain, Eguana manages its operations through a management business review (“**MBR**”) planning process which (i) updates the assessment of market conditions monthly, (ii) measures and aligns operations across the same period, and (iii) adjusts production, capacity, and development plans to match anticipated changes to the demand mix. Eguana believes that its MBR process enables it to maintain optimal inventory positions, manage capacity and working capital, while minimizing financial risk to Eguana. The Corporation is able to do this effectively because all its products are based on the same standardized power electronics sub-assemblies which are easily adapted for specific product applications.

Eguana outsources manufacturing of its printed circuit board assemblies and other components and subassemblies. Internal manufacturing activities are limited to final assembly and test of those components and subassemblies. Key components and subassemblies are:

1. Batteries: Eguana sources batteries from major global battery suppliers. Due to rapid growth in the battery market, availability of batteries can fluctuate which is the reason we have diversified our supply chain.
2. Printed Circuit Board Assemblies: Eguana designs its electronic circuits in compliance with Electronics Manufacturing Industry standards using off-the-shelf electronic components so that its PCBAs can be manufactured by a range of suppliers. Availability of components is subject to standard supply and demand pressures.
3. Magnetics: The transformers and inductors used in Eguana’s products are sourced from suppliers with expertise in the design and production of this type of component, which are produced to meet performance specifications by Eguana. These components are made of steel and copper. Availability of components is subject to standard supply and demand pressures.

In 2020, Eguana provided engineering services to a customer which involved the integration of Eguana’s Evolve system with a new controller preferred by the customer. No changes to Eguana’s manufacturing process were required.

COMPETITIVE PRODUCTS AND TECHNOLOGIES

There are relatively few competitive products in the market. The early market was populated by products pieced together by local integrators using high-tech components but these have fallen away as standards have become more all-encompassing, battery prices have dropped, and fully integrated products have been introduced by the component manufacturers. While the battery itself is of course fundamental to an Energy Storage System, the key component is actually the power control system (“**PCS**”) which converts the DC power from the battery to the AC power of electrical systems, controls the performance of the system and lifetime of the battery, and provides compliance with evolving grid interconnection standards. It is only through control of

the PCS design that ESS suppliers can differentiate their products and update them to meet changing market requirements.

Accordingly, Eguana expects to see the market continue on its current trend with market share consolidating among a common set of manufacturers that have some level of control over their power electronics. Many of our competitors commercialized their electronics in the same period as Eguana did based on the same drivers. With incumbent solutions now available there are several barriers to entry for aspiring new power controls suppliers to enter the market, including the following barriers:

- (a) high level of engineering expertise and development cost required to develop PCS technology;
- (b) specialized equipment and tools required to prototype, test and produce PCS;
- (c) manufacturing knowhow to meet volume and time requirements on purchase order;
- (d) dynamic and evolving certification requirements that vary by geography or region; and
- (e) developing reputation and credibility.

As a result of the barriers noted above, Eguana does not expect to see a significant change in the competitive environment over the next few years. The Corporation's current competition in the marketplace include:

- (a) Tesla Energy: Controls battery, but not PCS;
- (b) Generac Holdings Inc.: Purchased regional PCS developer in 2019;
- (c) Enphase Energy: PCS technology from PV market;
- (d) SolarEdge Technologies, Inc.: PCS technology from PV market;
- (e) E3/DC GmbH: PCS technology from electrovolt market; and
- (f) Sonnen GmbH and other remaining third-party integrators that have strong brand loyalty.

SPECIALIZED SKILL AND KNOWLEDGE

Specialized skill and knowledge is necessary to capitalize on the significant changes in the ESS industry. To that end, Eguana has retained a management team that has business acumen, high level of engineering expertise, and industry connections. Eguana has developed and patented a proprietary, software driven, advanced PCS which is used to optimize its ESS and which Eguana believes provides a distinct competitive advantage with respect to development lead times, cost control, and product cycle turns. Eguana maintains a high level of core competency within power electronics software and hardware design with approximately 50% of staff with technical backgrounds.

NEW PRODUCTS

Eguana continues to update its product line in response to market needs and technology changes. Eguana is currently working on the following new products:

1. **Evolve Max:** This is the primary focus of Eguana’s product development efforts. The Evolve Max is a higher power model in the Evolve product line with a power rating of 10kW and base capacity of 28kWh. The Evolve Max was launched in response to growing demand in California and across the U.S. for whole home backup capability. The Evolve Max is expected to be the highest power residential energy storage offering globally at launch.
2. **Eguana Cloud Services:** As the market matures, Eguana’s customers are demanding improved user experience and the Corporation sees opportunities to directly engage in VPP aggregation opportunities by offering access to its fleet of customers. To support this, Eguana has licensed an EMS platform from its partner E-Gear and expects to develop its own version of this platform over the coming months. Once complete, Eguana will have direct control over the design and details of the user and commissioning interfaces, including in support of the white label partnerships described below, and expects to be able to offer VPP opportunities directly to its customers.
3. **White label partnerships:** White labelled products are expected to expand the market opportunity for Eguana’s product line with minimal development effort or certification investment. The recent increased interest in residential energy storage may attract large consumer brands and Eguana is aligning its development team to be ready to deliver solutions to these brands, including enclosure and web interface redesigns to allow these brands to differentiate themselves in the market.
4. **Battery Module Development:** Eguana, in conjunction with its ITOCHU partnership, expects to develop a residential battery module and battery management system based on cell technology next generation cell technology. Future battery supply chain diversification is expected to be critical for energy storage developers and manufacturers to maintain cost and feature profiles, and next generation modules are expected to be based on 24M semi solid state cells which are forecasted to have lower costs and higher safety ratings as compared to currently available technology.
5. **Micro Inverters:** Eguana launched a suite of micro inverters, the Eguana Enfuse product line, as part of its power controls platform expansion. Micro inverters are expected to continue to play a key role in the energy and power grid transformation. Rooftop solar, including micro inverters, is providing the energy for the energy storage systems, which management believes will be a critical component of grid transformation and electric vehicle infrastructure. The Enfuse line has been developed to accept up to 30% more power than traditional micros, delivering up to 15% more energy annually. The Enfuse line includes single, dual, and quad configurations, accommodating a wide range of system installations. The quad configuration further simplifies installation processes and

reduces the number of micro inverters required per install, thus reducing system cost while increasing reliability.

Eguana is also currently working on the following major projects:

1. Evolve LFP: The Evolve LFP is undergoing a certification update to the latest grid-supportive North American ESS standards. This standard provides a uniform requirement for the interconnection and interoperability of distributed energy resources and associated security interfaces. The certification cost is anticipated to be approximately C\$150,000.
2. Eguana EMS platform: The Eguana EMS platform is a new site controller hardware development that is expected to incorporate a newer encrypted System-on-Module platform, which is not readily available in the market, and is expected to incorporate an intelligent communication engine for secure and fast processing capabilities. The Eguana EMS platform has been introduced into the Corporation's products and will remain as an active project as additional white label partners require feature customization.

INTELLECTUAL PROPERTY

The following are patents issued by the US Patent Office and owned by the Corporation:

- (a) US Patent No 8,026,639 describes a control scheme for backup power and off grid applications. The anticipated expiration of US Patent No 8,026,639 is July 30, 2027.
- (b) US patent No. 8,031,495 describes a robust controller and the single transformer topology. The anticipated expiration of US patent No. 8,031,495 is August 20, 2029.
- (c) US patent No. 10,181,724 describes seamless transition modes of inverter operation in which the inverter can transition from one mode of operation to another without any interruption, thereby allowing the energy storage system to more effectively control the inverter output using feedback parameters other than just relying on one parameter. The anticipated expiration of US patent No. 10,181,724 is June 9, 2037.
- (d) US patent No. 10,305,321 describes Automatic Recovery Control circuit that enables an inverter controller to start up using power directly from the grid rather than from a battery system, which allows the battery system to increase the usable capacity and recover from deep discharge states without human intervention. The anticipated expiration of US patent No. 10,305,321 is April 19, 2037.
- (e) US patent No. 11,139,654 describes output control and compensation for AC coupled systems where inverter can selectively connect power from PV system to grid based on power measurements within the distributed energy resource system, making it a fast response for controlling distributed energy resource systems. The anticipated expiration of US patent No. 11,139,654 is February 7, 2037.

The foregoing patents are important assets to Eguana that have been developed through research and development. Such patents provide a competitive advantage and market exclusivity

by acting as a barrier for competitors. The patents provide Eguana with exclusive rights to use, sell and manufacture technology, as applicable, for up to an additional 16 years.

In addition to our patents, Eguana relies on copyrights, trademarks, trade secrets, and contracts to protect its technologies, products, and brands. Eguana asserts copyright ownership for its published materials and for the software embedded in its products. Eguana use technical means to prevent unauthorized copying of the software embedded in its products.

CORPORATION, OFFICES AND PEOPLE

Eguana has offices in Calgary, Alberta and Toronto, Ontario in Canada as well as San Jose, California in the U.S., Dresden, Germany and Adelaide, Australia.

The Corporation has 43 full-time personnel, of which 17 are engaged in engineering, product development and technical sales, 12 are engaged full-time in sales and marketing, 8 are in operations, and 6 are in administration. None of Eguana's employees are represented by a labour union or covered by a collective bargaining agreement. Eguana has not experienced any work stoppages.

FOREIGN OPERATIONS

Eguana GmbH, located in Dresden Germany, is the European sales and after sales service office for the European market with the primary function being account management and support of the Hanwha Qcells. European product manufacturing is managed through contract manufacturing partnerships.

Eguana PTY, located in Adelaide South Australia, is comprised of sales, after sales service, and final assembly and test facility.

Geographic Sales Revenue

	2021	2020
Asia	41,367	\$1,039,914
Australia	193,990	\$159,006
Canada	19,095	\$49,389
Europe	583,914	\$1,386,632
United States	6,336,223	\$5,316,737
	7,174,589	\$7,951,678

DESCRIPTION OF CAPITAL STRUCTURE

The following is a summary of the material attributes and characteristics of the securities of Eguana and does not purport to be a complete summary of Common Shares or First Preferred Shares. The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of First Preferred Shares, issuable in series.

COMMON SHARES

Holders of Common Shares are entitled to receive notice of and to attend all meetings of shareholders of the Corporation, except meetings at which holders of another specified class of shares are exclusively entitled to vote, and are entitled to one vote for each Common Share held on all votes taken at such meetings. Holders of Common Shares are entitled to dividends as and when declared by the board of directors of the Corporation. In the event of the liquidation, dissolution, or winding-up of the Corporation, the holders of Common Shares are entitled to receive, subject to the prior rights of the holders of other classes of shares, any remaining assets of the Corporation. As of July 5, 2022, there are 401,841,703 Common Shares issued and outstanding as fully paid Common Shares.

FIRST PREFERRED SHARES

The Corporation is authorized to issue an unlimited number of First Preferred Shares, issuable in series, numbered consecutively from First Preferred Share, Series 1 to First Preferred Share, Series 15, as well as First Preferred Share, Series A. The First Preferred Shares are convertible into Common Shares, have preference with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up over the Common Shares and any shares ranking junior to the First Preferred Shares. Subject to the provisions of the ABCA, the provisions applicable to the class of First Preferred Shares generally and to the provisions of any outstanding series, the Board is authorized to fix, from time to time, before issuance thereof, the designation, rights, privileges, restrictions and conditions attached to each series of such class of shares.

As of the date hereof, the only First Preferred Share issued is 1 First Preferred Share, Series 8 (the “**Series 8 Share**”) held by DHCT.

Holders of the Series 8 Shares are entitled to receive notice of and to attend all meetings of the shareholders and, except for the right to designate one director to the Board of Directors or as otherwise required by the ABCA, not entitled to vote at any meeting of the shareholders. Subject to the foregoing, as long as DHCT, together with its affiliates, also own in the aggregate more than 10% of the issued and outstanding Common Shares and any non-voting common shares on a fully-diluted basis, the holders of Series 8 Shares, voting separately as a class, shall have the right to designate and elect one director from time to time, at the meetings of the shareholders and/or between meetings of the shareholders, and shall not, only in their capacity as holders of Series 8 Shares, be entitled to vote in the election of the remaining directors of the Corporation. Holders of the Series 8 Shares are not entitled to receive any dividends or participate in the distribution of assets in the event of liquidation, dissolution or winding-up. Holders of the Series

8 Shares are entitled to require the Corporation to retract the outstanding shares of the series for \$1 per share.

The Series A Shares have an 8% annual dividend, accruing automatically, and any issued and outstanding Series A Shares will be automatically redeemed in February 2022. Holders of the Series A Shares may convert their Series A Shares, at any time, into that number of Common Shares equal to the then applicable series redemption price divided by the conversion price. The conversion for the Series A Shares includes a fixed conversion price on the initial subscription plus the conversion of accreted dividends to Common Shares. The accreted dividend conversion price is based on the closing price of the Common Shares on the day prior to the conversion. The fixed conversion price for the Series A Shares is \$0.24. The Corporation may force conversion of the Series A Shares once its TSX-V listed share price is equal to or greater than \$0.60 per Common Share for at least sixty (60) consecutive days. Series A Shares are automatically converted into Common Shares if: (i) such conversion is approved by a majority of the Series A Shares holders; or (ii) the Corporation undertakes an underwritten public offering pursuant to a prospectus or similar document for aggregate proceeds of \$20 million. Each holder of Series A Shares is entitled to one vote equal to the number of Common Shares into which his/her/their Series A Shares are convertible at any special or general meeting of the shareholder of the Corporation.

Other authorized, but unissued series of the First Preferred Shares differ on the terms of the dividends as well as on such shares' redemption and conversion terms.

Holders of First Preferred Shares Series 1, Series 2, Series 3, Series 4, Series 5, and Series 6 are entitled to receive cumulative annual dividends of \$0.012, \$0.008, \$0.012, \$0.008, \$0.012, and \$0.008, respectively, per share. Holders of First Preferred Shares in these series may at any time convert their First Preferred Shares to an equal number of Common Shares. The Corporation was obligated to redeem all of the issued and outstanding First Preferred Shares Series 1, Series 2, Series 3, Series 4, Series 5, and Series 6 between April 2004 and October 2007.

Holders of the First Preferred Shares Series 7, Series 9, Series 10, Series 11, Series 12, Series 13, Series 14, and Series 15 are entitled to receive cumulative annual dividends equal to 8% of the then applicable redemption price. Holders of First Preferred Shares in these series may at any time convert their First Preferred Shares to that number of Common Shares equal to the then applicable redemption price divided by the then applicable conversion price. The applicable conversion price for the First Preferred Shares Series 7, Series 9, Series 10, Series 11, Series 12, Series 13, Series 14, and Series 15 is \$0.15, \$0.155, \$0.14, \$0.115, \$0.08, \$0.40, \$0.105, and \$0.12, respectively, subject to increase if there are applicable unpaid dividends.

The Corporation is entitled to at any time redeem all First Preferred Shares Series 7, Series 9, Series 10, Series 11, Series 12, Series 13, Series 14, and Series 15 that are issued and outstanding for \$10.40, subject to increase if there are applicable unpaid dividends.

All of the First Preferred Shares Series 1, Series 2, Series 3, Series 4, Series 5, Series 6, Series 7, Series 9, Series 10, Series 11, Series 12, Series 13, Series 14, and Series 15 have the same voting rights, that is, the right to receive notice of, attend and vote at all meetings of shareholders of

the Corporation which the holders of the Common Shares are entitled to attend and have one vote at all such meetings for each Common Share into which such First Preferred Share is convertible.

WARRANTS

The holders of Warrants are entitled to the purchase of one Common Shares per one Warrant held. Warrants have exercise prices that range from \$0.06 to \$0.40 per Common Share, and expiry dates ranging from June 21, 2022 to April 2027. Warrants are subject to volume adjustments for subdivision, consolidation, reclassification, amalgamation, and other actions that may affect Common Shares.

See description of the CD Warrants, ITOCHU Warrants, 2017 WTI Warrants, 2019 WTI Warrants, 2022 WTI Warrants and Compensation Warrants in *“General Development of the Business – Three Year History”* of this AIF.

OPTIONS

The Board established an incentive stock option plan whereby the Corporation may grant options to purchase Common Shares (collectively, the **“Options”** and each, an **“Option”**) to the directors, officers, employees, and consultants of the Corporation, at the discretion of the Board and in accordance with TSX-V requirements. The holders of Options will be entitled to the purchase of one Common Shares per one Option held.

The Corporation, at the discretion of the board of directors, may issue up to a maximum of 36,708,000 options. The shareholders of Eguana approved the stock option plan on September 16, 2021. The minimum price at which the Options may be granted is the closing price of the common shares on the TSX-V on the date immediately prior to the date of issue.

Options have exercise prices that range from \$0.08 to \$0.50 per Common Share, and expiry dates ranging from March 30, 2022 to October 7, 2031. Options are subject to volume adjustments for subdivision, consolidation, reclassification, amalgamation, and other actions that may affect Common Shares.

As of the date of this AIF, the Corporation has 20,476,537 Options issued and outstanding.

MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

The Common Shares of the Corporation are listed for trading on the TSX-V under the symbol **“EGT”**. They are also listed on the OTC under the symbol **“EGTYF”**.

The following table sets the high, low and closing trading prices and the volume of Common Shares traded on the TSX-V for the most recently completed financial year:

Month	High	Low	Closing	Volume
2020				
October	0.17	0.135	0.15	2,389,287
November	0.25	0.135	0.225	6,232,921
December	0.25	0.16	0.215	3,614,177
2021				
January	0.50	0.205	0.39	13,302,646
February	0.60	0.37	0.49	16,453,631
March	0.54	0.34	0.445	13,711,324
April	0.49	0.41	0.41	10,517,322
May	0.425	0.30	0.38	11,307,892
June	0.435	0.315	0.345	4,809,464
July	0.38	0.30	0.34	2,324,899
August	0.35	0.27	0.30	1,977,430
September	0.31	0.255	0.28	5,670,944

Note:

[1] Source: TMX Money.

PRIOR SALES

During the period from October 1, 2020 – September 30, 2021, the Corporation issued the following securities which are currently outstanding but are not listed or traded on a marketplace:

Date of Issuance	Number and Type of Securities	Type of Securities	Issue/Exercise Price Per Security	Nature of Consideration Received
December 3, 2020	4,500,000	Options	\$0.24	Option Issuance
January 14, 2021	1,500,000	Options	\$0.35	Option Issuance
February 25, 2021 ^[1]	3,500,000	Warrants	\$0.40	Compensation Warrants
April 23, 2021	1,500,000	Options	\$0.455	Option Issuance

Notes:

[1] See description of Compensation Warrants above.

DIVIDENDS

The Corporation has not paid any dividends on its outstanding Common Shares, Series 8 Shares or Series A Shares in the fiscal years ended September 30, 2021, 2020 and 2019. The holders of Common Shares and First Preferred Shares are entitled to participate in all dividends declared by the board of directors of Eguana. There are no restrictions in the Corporation's articles on its ability to pay dividends, however Eguana is restricted from paying dividends without the prior written consent of WTI and DHCT pursuant to the 2022 WTI Loan and DHCT Loan agreements. The Board has not established a policy of declaring cash dividends on the Common Shares or the First Preferred Shares. Any future decision regarding the declaration and payment of dividends is subject to the discretion of the Board and depends on, among other things, the Corporation's financial condition, general business conditions, current and anticipated cash requirement and surplus, any future contractual restrictions and financing agreement covenants, solvency tests

imposed by corporate law and other factors that the Board may in the future consider to be relevant.

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of this AIF, there were no escrowed securities or securities subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

The names, municipalities of residence, positions with Eguana and the principal occupations of the directors and executive officers of Eguana are set out below. The Board presently consists of six (6) directors, all of whom are elected annually to hold office until the next annual meeting of shareholders or until their successor is duly elected or appointed unless their office is earlier vacated in accordance with the provisions of the ABCA or Eguana's by-laws.

Name and Residence	Position Currently Held	Principal Occupation	Director/Officer Since
George W Powlick ^{[1], [4]} Arizona, USA	Director	Partner with Astanor Ventures	Director since May 2009
Michael Carten ^[1] Alberta, Canada	Director	Retired; President and Chief Executive Officer of the Corporation until August 2015	Director since September 1999
Robert Penner ^{[1], [3]} Alberta, Canada	Director	Retired from KPMG since April 2004	Director since July 2004
Graeme Stening ^[2] Windlesham, England	Director	Managing Director of Doughty Hanson & Co, a private investment company	Director since July 2021
Karen Hayward California, USA	Director	Managing Partner, Chief Outsiders	Director since July 2021
Justin Holland Ontario, Canada	Director and Chief Executive Officer	Chief Executive Officer since August 2015; Former Chief Operating Officer since July 2010	Director since July 2016 Officer since July 2010
Brent Harris Alberta, Canada	Chief Operating Officer	Chief Operating Officer since April 2022; Former Executive Vice President since January 2019; Former Chief Technology Officer since May 2010	Officer since May 2010
Sonja Kuehnle Alberta, Canada	Chief Financial Officer	Chief Financial Officer	Officer since March 2019
Daljot Ghotra Alberta, Canada	Chief Technology Officer	Chief Technology Officer	Officer since February 2019

Notes:

[1] Member of the audit committee of the Board (the “**Audit Committee**”).

[2] Designated appointee of DHCT.

[3] Chairman of the Audit Committee

[4] Chairman of the Board.

To the knowledge of the Corporation, as of the date of this AIF, the directors and executive officers of the Corporation as a group beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 10,030,010 Common Shares representing approximately 2.5% of the issued and outstanding Common Shares as of the date of this AIF.

Mr. Stening is the designated appointee of DHCT, which holds, as of the date of this AIF, an aggregate of 91,710,165 Common Shares (representing approximately 22.8% of the issued and outstanding Common Shares as of the date of this AIF) and 1 Series 8 Share (representing 100% of the issued and outstanding First Preferred Shares).

Biographies of each director and senior executive officer, including his or her principal occupations for the last five years, are set forth below:

George Powlick, MBA: Mr. Powlick has been an active venture capitalist since 1995 in Silicon Valley and in Europe. He is currently a Partner at Astanor Ventures, a global impact investor across the agrifood value chain. Previously, he co-founded Doughty Hanson Technology Ventures and was head of the Strategic Investments and Acquisitions Group for Intel Corporation in Europe and the Middle East.

Michael A. Carten, LLB: Mr. Carten founded Eguana in 1999 with the mission to create, build and export innovative renewable energy technologies and products. Beginning in 2000, he shepherded the Corporation from the first conceptual stages of the inverter technology, through product development and the commercialization process, as well as arranging financing for the Corporation through its development. Prior to August 18, 2015, Mr. Carten was the Chief Executive Officer and Chairman of the Board. Prior to founding the Corporation, Mr. Carten had a successful career in law and corporate and government finance as a senior partner of Bennett Jones LLP and as a Director and Senior Vice President and Director of Corporate and Government Finance for BMO Nesbitt Burns, both based in Calgary, Alberta. Through his career, he has represented some of Canada's largest companies and often served as an advisor to federal and several provincial governments on energy and fiscal policy matters.

Graeme Stening: Graeme Stening is Managing Partner of Doughty Hanson & Co, a UK based private equity house, with over 30 years' experience of M&A transactions at board level across private/public companies worldwide. He possesses a broad range of management and decision making experience at director level within a large private equity house, at fund level as an Investment Committee member/participant and at directorship level within fund portfolio companies including in relation to litigation, executive management changes, shareholder issues, customer and supplier dispute resolution, financings and re-financings. Prior to Doughty Hanson & Co, Mr. Stening held leadership positions/gained line management experience across a broad range of company matters to achieve and exceed business expectations at BTR plc (Footsie top 10 international conglomerate) and in private practice as a corporate lawyer when at Simmons & Simmons/Pinsent Curtis/ Carter Faber.

Karen Hayward: Karen Hayward is an author, international speaker and a Managing Partner and Chief Marketing Officer with Chief Outsiders, where she is responsible for building and supporting

a team of world-class marketers. Located in the San Francisco Bay Area, Karen matches mid-market CEOs and private equity portfolio managers with the best-fit Chief Marketing Officers to help accelerate top line growth. Her book “Stop Random Acts of Marketing” takes the learnings from her previous experience as a VP in both Sales and Marketing and shows mid-market CEOs how to build a strategic growth plan in the digital age to deliver compelling return on investment (ROI).

Robert D. Penner, FCPA FCA ICD.D.: Mr. Penner has been retired for 16 years from KPMG Canada where he served as a Senior Tax Partner, a member of its National Board and Chairman of its Compensation Committee. Following his retirement, he served as a director on the boards of various public and private companies and is currently the Chairman of the Canadian National Institute for the blind.

Justin Holland: Mr. Holland has been an officer of the Corporation during the last five years and was elected to Eguana’s board of directors July 22, 2016. He is a senior operations executive with expertise in multi-site operations, supply chain integration, profit and loss management and general operations. Mr. Holland brings demonstrated excellence in strategic planning, manufacturing, business integration best practices, activity-based cost modeling and performance management. He has worked in the high tech/electronics, pharmaceutical, food and beverage and custom manufacturing industries with such firms as Christie Digital, Pepsi Canada, General Mills and Torpharm (Apotex).

Brent Harris: Mr. Harris is Founder and Chief Operating Officer of Eguana. Brent is an inventor of the Corporation’s technologies, has led the commercialization and early sales of its products, and is now responsible for operations, customer service, and branding at Eguana. He has a passion for decentralized energy in general and for solar and storage in particular. He is an active proponent of changes to the management and regulation of our electric system that will enable greater adoption of decentralized and renewable energy technologies and has been actively engaged in various industry organizations in Canada and the US. He is currently a director of Decentralized Energy Canada, an industry association supporting innovation and commercialization in Canada’s decentralized energy sector.

Sonja Kuehnle: Ms. Kuehnle joined the Corporation as Chief Financial Officer on March 4, 2019. She is a Chartered Accountant and Chartered Professional Account, with over ten years of experience in the energy, forestry and accounting sectors. During the last five years, she was formerly the Financial Controller for Edmonton based Millar Western Forest products, where she developed broad based experience in external reporting and compliance, and corporate governance. Previous to that she worked in the Calgary offices of the international accounting firm KPMG LLP, and served in several finance and accounting positions within Western Canada’s oil and gas industry.

Daljit Ghotra: Mr. Ghotra is the CTO of the Corporation. He leads the product development programs and is a key contributor to the energy storage system and platform development. He is an inventor of the Corporation's technologies and drives the technology strategy of the Corporation. He has been with the Corporation's R&D team for over ten years and is actively

involved in the development of PV inverters, energy storage inverters and systems, and battery control systems. He has made several technological advancements of the energy storage products to fulfil end application requirements. Prior to that he worked in power systems infrastructure development for telecom base stations including inverter development, implementing system power, protection and ground architectures.

CEASE TRADE ORDERS

To the knowledge of Eguana, no director or executive officer is, as of the date of this AIF, or was within ten (10) years prior to the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Eguana) that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemption under securities legislation and which order was in effect for a period of more than thirty (30) consecutive days while he was acting in the capacity as director, chief executive officer or chief financial officer of such company; or (ii) was subject to any of the foregoing orders for a period of more than thirty (30) consecutive days after he ceased to be a director, chief executive officer or chief financial officer of such company and which resulted from an event that occurred while he was acting in such capacity.

BANKRUPTCIES

To the knowledge of Eguana and other than as disclosed below, no director, executive officer or shareholder holding a sufficient number of securities to affect materially the control of Eguana is, as of the date of this AIF, or was within ten (10) years prior to the date of this AIF, a director or executive officer of any company (including Eguana) that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets.

Mr. Penner was a director of Storm Cat Energy Corporation ("**Storm Cat**"), when all of its wholly owned subsidiaries filed a voluntary petition on November 10, 2008 for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Colorado. Storm Cat was not included in the US bankruptcy filing, nor did it file an application for creditor protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") in Canada. Subsequently, Storm Cat received a delisting notice from the NYSE Alternext US LLC and a notice from the Toronto Stock Exchange to suspend trading of its shares. In both cases the reasons given included, among others, the voluntary petitions for reorganization of the subsidiaries under Chapter 11 of the United States Bankruptcy Code on November 10, 2008, Storm Cat's financial performance and the low per share trading price of Storm Cat's common stock for a substantial period of time.

Mr. Penner was a director of Terra Energy Corp. ("**Terra**"), which received a demand on March 21, 2016 from its lender, Canadian Western Bank ("**CWB**"), and each of Terra's guarantors, for payment in full of Terra's outstanding indebtedness plus accrued interest, costs and fees. CWB provided Terra and each of its guarantors with a Notice of Intention to Enforce Security under section 244(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). As a result, Terra and each of its guarantors consented to the enforcement by CWB as secured lender to Terra of CWB's security pursuant to section 244(2) of the BIA. The reasons given included, among others, the cost of operations, including processing and transportation of commodities, field labour and production costs, royalties, and administrative expenses, exceeded gross revenues at the then

current commodity pricing levels. Terra's lender declined to provide further financial support to Terra and there was no other means of financing available to Terra at such time.

Mr. Penner was a director of Gastar Exploration Inc. ("**Gastar**"), when Gastar and a subsidiary filed a voluntary petition on October 31, 2018 for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas. Gastar did not file an application for creditor protection under the CCAA in Canada. As a result of the low per share trading price of Gastar's common stock, Gastar received a delisting notice from the NYSE American LLC stock exchange and began trading on the OTCQB Venture Market (the "**OTCQB**"). Upon the filing of Gastar's petition for voluntary relief under Chapter 11 of the United States Bankruptcy Code (as described above), the Gastar's common and preferred stock were automatically removed from quotation on the OTCQB and commenced trading on the OTC Pink Operated by the OTC Markets Group Inc. under the same symbols. Gastar successfully completed the reorganization and all of the directors of Gastar resigned.

PENALTIES OR SANCTIONS

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

CONFLICTS OF INTEREST

The directors and officers of the Corporation are engaged in, and will continue to engage in, other activities in the industries in which the Corporation operates and, as a result of these and other activities, the directors and officers of the Corporation may become subject to conflicts of interest. The ABCA provides that, in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his or her interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA. As at the date hereof and other than as described herein, the Corporation is not aware of any existing or potential material conflicts of interest between the Corporation and a current director or officer of the Corporation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as detailed below or disclosed elsewhere in this AIF, no director or executive officer of Eguana, or any person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares, or any associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed

financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Eguana or any of its subsidiaries.

Each of the directors has participated in one or more of the financings undertaken by the Corporation during the three previously completed financial years.

Convertible Debenture Offering

On June 21, 2019, certain directors and officers of the Corporation participated in the CD Offering. Justin Holland, Chief Executive Officer and Director subscribed for 50 CD Debentures, Sonja Kuehnle, Chief Financial Officer subscribed for 15 CD Debentures, Robert Penner subscribed for 26 CD Debentures and Brent Harris subscribed for 15 CD Debentures. For additional information see *“General Development of the Business – Three Year History - October 1, 2018 to September 30, 2019”*.

On February 19, 2021, certain directors and officers of the Corporation converted their CD Debentures into Common Shares, pursuant to which Brent Harris was issued 100,000 Common Shares, Sonja Kuehnle was issued 100,000 Common Shares, Justin Holland was issued 333,333 Common Shares, Robert Penner was issued 173,333 Common Shares and Gregory Nelson was issued 100,000 Common Shares. In connection with the conversion of the CD Debentures, such directors and officers entered into the CD Debenture Shares for Debt Agreements with the Corporation, pursuant to which the Corporation settled \$57,912.60 worth of accrued interest by issuing 649 Common Shares to Brent Harris, 2,153 common Shares to Sonja Kuehnle, 12,191 common Shares to Justin Holland, 1,215 Common Shares to Robert Penner and 649 Common Shares to Gregory Nelson, at a price of \$0.50 per Common Share. For additional information see *“General Development of the Business – Three Year History - October 1, 2020 to Present”*.

Special Warrant Offering

On February 25, 2021, each of Justin Holland, Chief Executive Officer and Director and George Powlick, Director subscribed for 250,000 Special Warrants, Brent Harris, Chief Operating Officer subscribed for 50,000 Special Warrants and Sonja Kuehnle, Chief Financial Officer subscribed for 37,500 Special Warrants, in connection with the Special Warrant Offering. For additional information see *“General Development of the Business – Three Year History - October 1, 2020 to Present”*.

DHCT

In August 2018, the Corporation entered into a loan agreement regarding the DHCT Loan and granted DHCT with a second priority lien on all the assets of the Eguana and its material subsidiaries. As consideration for the advance of the loan from DHCT, the Corporation issued the DHCT Warrants to DHCT. For additional information see *“General Development of the Business – Three Year History – October 1, 2017 to September 30, 2018”*.

In February 2019, the Corporation issued Series A Shares for gross proceeds of \$3,000,000 to DHCT. As part of the issuance, the Corporation and DHCT also entered into a loan settlement and conversion agreement whereby 134,860 additional Series A Shares were issued to replace the existing DHCT Loan. For additional information see *“General Development of the Business – Three Year History – October 1, 2018 to September 30, 2019”*.

In August 8, 2019, the Corporation closed the second tranche of the CD Offering where DHCT subscribed for 1,200 of the total CD Debentures issued. The second tranche of the CD Debentures held by DHCT mature on August 8, 2022, with all other terms remaining identical to the first tranche. For additional information see *“General Development of the Business – Three Year History – October 1, 2018 to September 30, 2019”*.

An investor rights agreement was entered into on May 8, 2009 between DHCT and the Corporation in connection with a private placement offering, and was amended and restated on each of August 23, 2010, March 28, 2011, October 19, 2011, December 27, 2012, April 16, 2013, December 8, 2014, October 1, 2015, February 7, 2019 and August 8, 2019 (the **“DHCT Investor Rights Agreement”**). Pursuant to the DHCT Investor Rights Agreement, DHCT has the right to appoint one director of the Corporation and to ex officio membership on the board of director committees and the right to approve the issuance of securities that are senior to the Common Shares.

In February 2020, the Corporation entered into a shares for debt agreement with DHCT, wherein the Corporation amended the interest payment schedule of the CD Debenture held by DHCT. The agreement settled \$60,000 of interest due through the issuance 545,454 Common Shares at a price of \$0.11 per Common Share. An additional shares for debt agreement was entered into with DHCT on August 10, 2020, settling an additional \$60,000 of interest due through the issuance 461,538 Common Shares at a price of \$0.13 per Common Share. For additional information see *“General Development of the Business – Three Year History – October 1, 2019 to September 30, 2020”*.

In December 2021, DHCT exercised its right to convert the Series A Shares in full into Common Shares. Dividends on the Series A Shares were partially paid in cash and were partially converted into Common Shares. For additional information see *“General Development of the Business – Three Year History – October 1, 2021 to Present”*.

BRIDGE LOAN

In November 2019, the Corporation entered into a short-term bridge financing transaction for the Bridge Loan, with certain accredited investors, including the Corporation’s Chief Executive Officer. On April 7, 2020, the Corporation repaid the full amount outstanding on the Bridge Loan. For additional information see *“General Development of the Business – Three Year History – October 1, 2019 to September 30, 2020”*.

EMPLOYMENT AGREEMENT WITH JUSTIN HOLLAND

The Corporation entered into a consulting agreement with J. Holland Consulting for Mr. Holland to render his services as the COO of the Corporation for an annual consulting fee of \$150,000 effective November 15, 2010. Effective November 21, 2016, the consulting agreement was amended to increase the annual consulting fees to \$252,000. The agreement allows for a bonus of 30% of the consulting fee an annual increase of 5% to be paid subject to approval from the Board. The consulting agreement remained in place following Mr. Holland's appointment as CEO in August 2015 and is currently in effect.

RISK FACTORS

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings before making an investment decision. The risks below are not an exhaustive description of all the risks associated with the Corporation.

GOING CONCERN

At September 30, 2021, the Corporation had not achieved profitable operations since its inception and had accumulated a deficit of \$87,307,224 (September 30, 2020 - \$76,907,180), incurred a net loss for the year ended September 30, 2021 of \$10,400,044 (September 30, 2020 - \$8,238,652) and cash flow used in operating activities was \$14,838,153 (September 30, 2020 - \$2,786,618). Whether and when the Corporation can attain profitability from operations is uncertain. At September 30, 2021 the Corporation had a positive working capital balance of \$2,706,390 (September 30, 2020 – deficiency \$5,232,430). Included within working capital balance is the Series A Shares of \$5,196,678 which were converted in full subsequent to year end. The lack of profitable operations results in material uncertainties that may cast significant doubt on the Corporation's ability to continue as a going concern.

The ability of the Corporation to continue as a going concern is dependent on completing equity or debt financings and generating profitable operations in the future in order to meet liabilities as they come due and enable the Corporation to continue operations. To address its financing requirements, the Corporation completed a \$20 million private placement in February 2021 and may need to also seek additional financing through the issuance of common shares, first preferred shares, units of EGT Markets Limited Partnership, debentures or other securities to meet its continuing operating requirements. Subsequent to September 30, 2021, the holder of the Series A Shares elected to exercise its right to convert the amount in full into Common Shares, dividends were partially paid in cash and were partially converted into Common Shares.

ECONOMIC CONDITIONS

Current and future unfavourable economic conditions could negatively impact Eguana's financial viability, increase financing costs, decrease net income or increase net loss and limit access to capital markets.

GLOBAL EPIDEMICS OR PANDEMICS OR OTHER HEALTH CRISES

The Corporation's financial and operating performance could be materially adversely affected by the outbreak of public health crises, epidemics, pandemics or outbreaks of new infectious diseases or viruses, such as the global outbreak of the novel coronavirus disease, COVID-19 and new variants of concern. Such public health crises, including the ongoing COVID-19 pandemic, can result in volatility and disruption to global supply chains, consumer trade and market sentiment, mobility of people, and global financial markets, which could affect share prices, interest rates, credit risk inflation, business, financial conditions and results of operations and other factors relevant to the Corporation. The risks to the Corporation of such public health crises, including the ongoing COVID-19 outbreak, also include risks to employee health and safety and a slowdown or temporary suspension of the Corporation's contract manufacturing or supplier operations in geographic locations affected by the outbreak. This could result in the cancellation of orders or in supply chain disruptions that might negatively impact the Corporation's business, operations and financial condition.

In particular, the current restrictions, and future prevention and mitigation measures implemented as a result of the current COVID-19 pandemic, may continue to have an adverse impact on global economic conditions and consumer confidence and spending, which could adversely affect the demand and supply of the Corporation's products. The COVID-19 global pandemic has created unprecedented risks in Eguana's business, not all of which are detailed here. The global supply chain has been disrupted with lockdowns in many countries, some of whose industries are part of Eguana's supply chain. In particular, circuit board level components and semiconductor chips have been negatively impacted. Eguana, like many of its competitors, utilizes many of these components across its advanced power control platform and has been impacted due to these supply constraints. There is a risk of continued component cost increases due to supply constraints along with expected increases in shipping and logistics costs. The short- and medium-term impacts are unprecedented in modern history and remain difficult to estimate at this time. The extent of the global economic damage remains unknown but is expected to be severe with economic recession, market volatility and political uncertainty which may last many months or years as global supply chains, labour forces and credit markets recover. This may impact companies' abilities to reach targeted sales numbers and gross margin objectives and to maintain safe and healthy work places. Uncertainties regarding the on-going economic impact of COVID-19 could result in sustained market turmoil, which could negatively impact the Corporation's business, operations and financial condition. Further, any failure of the Corporation to adhere to restrictions implemented by government authorities in connection to public health crises could result in penalties. Eguana has taken precautionary steps to mitigate the associated risks.

To the extent the COVID-19 pandemic, or any other public health crises, epidemic or pandemic, adversely affects the Corporation's business, it may also have the effect of exacerbating many of the other risks described herein, any of which could have a material adverse effect on the Corporation's business, operations and financial condition.

FORWARD-LOOKING STATEMENTS MAY PROVE INACCURATE

Investors are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. See “*Forward-Looking Statements*” for additional information on the risks, assumptions and uncertainties found in this AIF.

OPERATING LOSSES

The Corporation is in the growth phase of its business and is subject to the risks associated with early stage companies, including uncertainty of revenues, markets and profitability, and the need to raise additional funding. As is common with companies at this stage of development it is likely that marketing and operating costs will exceed net sales revenues during the product launch period. Eguana’s business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development, particularly companies in relatively new and evolving markets.

MARKET ACCEPTANCE

Market acceptance of Eguana’s products may represent a challenge for the Corporation. While the Corporation has certain technical, competitive advantages compared to other participants in the solar industry and the energy storage sector, Eguana’s relatively small size and limited financial resources may be a deterrent to some customers. Further, the market acceptance of Eguana’s products depends on a number of factors including, but not limited to: awareness of a product’s availability and benefits; the price and cost-effectiveness of our products relative to competing products; general competition; and the effectiveness of marketing and distribution efforts. Any factors preventing or limiting the market acceptance of our products could have a material adverse effect on the Corporation’s business, results of operations and financial condition.

The Corporation has adjusted its strategy to address this risk through partnering with OEMs, private labelling and/or licensing relationships, and solar financing companies in order to provide better access to the market and alleviate customer concerns.

DEMAND FOR DISTRIBUTED SOLAR GENERATION IN RESIDENTIAL MARKETS

A significant portion of the demand for Eguana’s products assumes that demand for distributed solar in residential markets will continue. Historically, demand for solar power has been incentivized by government pricing policies for solar electricity capital grants and tax credits. The Corporation believes that this period is coming to an end and solar power must compete on basic economics, where, in many regions, has become the lowest cost of energy.

The Corporation believes, as do many analysts, that solar is competitive in many high-density markets and that solar power, especially in residential markets, will continue to grow at rates

that are similar to the past 3 years.¹ This may not occur and if not, demand growth will likely be slower than anticipated for energy storage connected to new systems.

NEED FOR ADDITIONAL CAPITAL AND ACCESS TO DEBT AND EQUITY FINANCING

In order to accelerate its growth objectives, and realize the full potential of its market opportunities, Eguana will likely need to raise additional funds from lenders and/or equity markets in the future. The capital needed to execute on this strategy would be tied to working capital, increased investment in new product development, increased investment in human resources including marketing, sales, and after sales service, and investment in realizing additional cost reduction activities. If Eguana is unable to raise the capital on reasonable terms, its growth could be limited. If Eguana issues Common Shares, or securities convertible into Common Shares, in order to obtain additional financing, shareholders may suffer additional dilution.

There is no assurance that additional debt or equity financing, if required, will be available to the Corporation when needed or on terms acceptable to Eguana. The Corporation's inability to obtain additional financing to support ongoing operations or to fund capital expenditures or acquisitions and business combinations could limit Eguana's growth and may have a material adverse effect upon the Corporation.

MANAGEMENT OF GROWTH

The Corporation could experience growth which could put a significant strain on each of the Corporation's managerial, operational and financial resources. In order to manage growth, the Corporation must constantly improve its operational and financial systems and expand, train, and manage its employee base. The Corporation's operational and management systems could face increased strain as a result of expansion of the Corporation's technologies. The Corporation might not be able to effectively manage the expansion of its operations and systems and its procedures and controls might not be adequate to support its operations. Management might not be able to make and execute decisions rapidly enough to exploit market opportunities for the expansion of the Corporation's products. If the Corporation is unable to manage its growth effectively, its business, results of operations and financial condition will suffer. Failure to effectively manage growth could also result in difficulty launching new processing technology or enhancing existing processing technology, declines in quality or end-user satisfaction, increases in costs or other operational difficulties and any of these difficulties could have a material adverse effect on its business, prospects, financial condition, results of operations and cash flows.

COMPETITION AND TECHNOLOGICAL CHANGE

The Corporation is in a highly competitive market. It may not be able to compete effectively in these markets, and the Corporation may lose or fail to gain market share. Eguana faces a number of competitors, many of whom are larger and have greater resources than the Corporation. The

¹ U.S. Solar Market Insight, Wood Mackenzie and the Solar Energy Industries Association, March 2021

Corporation expects to face increasing competition in the future. Eguana's competitors may develop products based on new or proprietary technology that have competitive advantages over its products.

Many of the Corporation's current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, sales, marketing, technical and other resources. Eguana's competitors may enter into strategic or commercial relationships on terms that increase their competitiveness. These competitors may be able to respond more quickly to changing customer demand, and devote greater resource to developing, marketing, and selling their products.

The Corporation's business model is highly dependent on market acceptance of the value propositions for its technology. Even if the Corporation is successful in gaining market acceptance for its value propositions, there is always the possibility that one of more competitors will develop new technology that enables the same value propositions at the same or better cost than the Corporation is able to achieve and Eguana's business would be adversely affected. It is also possible that one or more of Eguana's competitors will attempt to copy its approach and challenge the validity of its patents. While the Corporation believe that its patents and other intellectual property are defensible, there is no assurance that a court will not find to the contrary, negatively affecting the value of Eguana.

MANUFACTURING COST

Eguana's business model assumes that it will be able to use its low manufacturing cost and strategy of selling residential and small commercial energy storage systems, based on its software driven proprietary advanced power controls, through its dealer, distribution, and original equipment manufacturer partner networks. Delays in reaching adequate rates and efficiencies in production could impair the profitability of the Corporation's products. Eguana's ability to produce products that are cost effective depends on reaching efficient production levels.

The Corporation has minimal control over the cost of its raw materials, including copper and steel. The prices for these raw materials are subject to market forces beyond Eguana's control and have varied significantly in the past and may vary significantly in the future. Costs of the raw materials used in the Corporation's products can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand, changes in governmental trade programs, and the impact of the COVID-19 global pandemic or other public health crises. Volatility in the prices of raw materials and other supplies the Corporation purchases could increase its cost of sales and reduce its profitability.

The Corporation may not be able to adjust its product prices, especially in the short-term, to recover any increases in the cost of these raw materials, and any product price increases implemented by the Corporation may result in lower sales volumes. Future profitability may be adversely affected to the extent the Corporation is unable to pass on higher raw material costs to compensate for such changes.

OPERATION AND SUPPLIER RISK

At the Corporation's stage of development, there is a risk that critical components will not be available on a timely basis, negatively affecting its ability to meet delivery commitment on sales contracts and customer purchase orders. In addition, with new products, there may be a risk of failures in quality control, a risk that is increased by the limited resources of the Corporation. There is also a risk that long lead times for critical components may affect production lead times. Where possible, the Corporation addresses these risks by ensuring multiple sources of critical components, working closely with its supply partners through the demand planning cycle of the MBR, actively monitoring critical component suppliers and in some cases, investing in additional inventory purchases to secure longer lead-time items.

SUPPLY CHAIN MANAGEMENT

The Corporation relies on partners, suppliers, distributors, manufacturers and retailers for its raw materials and for the manufacturing, sub-assembly, processing, packaging, distribution and marketing of its products. The inability of any of these third parties to deliver or perform for the Corporation in a timely or cost-effective manner could cause its operating costs to rise and its margins to fall. If the Corporation is unable to manage its supply chain efficiently, either due to a failure by the Corporation or a failure on behalf of a third-party, the Corporation will not be able to ensure that its products are available to meet consumer demand. Insufficient or delayed supply of products threatens the Corporation's ability to meet customer demands, while over capacity threatens its ability to generate profits. Accordingly, any failure by the Corporation to properly manage its supply chain could have a material adverse effect on its business and financial condition.

If the Corporation's suppliers or partners fail to comply with health and safety, environmental or other laws and regulations, or face allegations of non-compliance, their operations may be disrupted. Further, the Corporation's supply chain may be susceptible to uncontrollable risk that may negatively affect its business, such as a breakout of an epidemic or pandemic, natural disaster, or governmental or political events including Russia's invasion of Ukraine which has raised global concerns over disrupted supply chain channels, and in turn material supply constraints. In the event of actual or alleged non-compliance by its suppliers or partners, the Corporation may be forced to find alternative suppliers and may be subject to lawsuits related to such non-compliance by its suppliers. As a result, the Corporation's supply of raw materials or finished inventory could be disrupted or its costs could increase, which would adversely affect its business, results of operations, financial condition including cash flows, and the value of the Corporation's securities. Additionally, actions the Corporation may take to mitigate the impact of any disruption or potential disruption in its supply of raw materials or finished inventory, including increasing inventory in anticipation of a potential supply or production interruption, may adversely affect the Corporation's business and financial condition.

The Corporation maintains a key supply chain technology advantage through the ownership of its advanced power controls platform, which provide the basis for all Eguana energy storage solutions. In addition to product cycle speeds, platform ownership generally allows for quick

alternative component testing and replacement, as the Corporation does not need to rely on third party partners for test verification processes. The Corporation has also completed a manufacturing agreement with a contract manufacturing partner based in San Jose, California to manufacture systems in the United States, including the provision of all materials apart from battery modules. In addition to increasing manufacturing capacity required to meet market demand, the partner brings significant supply chain expertise which will provide additional capability with respect to inventory positioning further hedging supply and logistic constraints. There is no guarantee that the Corporation will be able to maintain this supply chain flexibility and any failure by the Corporation to maintain its supply chain flexibility could have a material adverse effect on its business and financial condition.

ABILITY TO EFFICIENTLY EXPAND PRODUCTION NETWORK

There is a risk in the Corporation's ability to effectively scale production processes and effectively manage its supply chain requirements. The Corporation must accurately forecast demand for its products in order to ensure the Corporation has adequate available manufacturing capacity. The Corporation's forecasts are based on multiple assumptions which may cause its estimates to be inaccurate and affect its ability to obtain adequate manufacturing capacity if such assumptions are incorrect, overstated, understated or incomplete. Failure to meet increased customer demand could harm the Corporation's brand and business, and in some cases, may result in penalties that the Corporation must pay customers or distributors if the Corporation is unable to fulfill orders placed by them in a timely manner or at all.

Conversely, if the Corporation overestimates the demand for its products and over expands its capacity, it may have significantly underutilized raw materials, goods or assets and may experience reduced margins. If the Corporation does not accurately align its manufacturing capacities and capabilities with demand for its products, or if the Corporation experiences disruptions or delays in its supply chains, or if it cannot obtain raw materials or manufactured goods of sufficient quantity and quality at reasonable prices and in a timely manner, the Corporation's business and financial condition may be materially adversely affected.

DEPENDENCE ON CUSTOMERS AND MANAGING CUSTOMER EXPECTATIONS

Eguana's strategy depends heavily on the ability of its customers to develop markets for the products into which the Corporation's components are integrated. The Corporation mitigates this risk by partnering closely on the demand planning, customer support and marketing Eguana's technology advantage.

Eguana's failure to meet a customer's expectations in the performance of its services, and the risks and liabilities associated with serving customers could give rise to claims against Eguana.

FOREIGN EXCHANGE RISK

Most of the Corporation's sales are now, and will for the foreseeable future be made in Euros, Australian dollars, or US dollars, whereas most of its production costs are incurred in Canadian

and US dollars. Changes in foreign exchange rates can cause fluctuations in the Corporation's operating expenditures from period to period.

To date the Corporation has not hedged these transactions except in the form of cash deposits on sales and for the cost of materials, and there are no immediate plans to do so. As a result, there is a risk that margins will be reduced due to adverse changes in these currencies relative to the Canadian dollar.

ATTRACTING AND RETAINING KEY PERSONNEL

The Corporation's future prospects depend to a significant extent on the continued service of its key executives. Furthermore, the Corporation's continued growth and future success depends on its ability to identify, recruit and retain key management and engineering personnel. The competition for such employees is substantial and there can be no assurance that the Corporation's will be successful in identifying, recruiting or retaining such personnel.

GOVERNMENT REGULATION

The operations of Eguana are subject to a variety of federal, provincial and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. Of particular relevance to Eguana's business, the laws and regulations related to the interconnection of behind the meter energy resources and to the installation of lithium based batteries are covered by an evolving set of regulations that are similar in scope but differ in detail in each region in which the Corporation operates. Changes to these regulations often require investment in redesign and recertification of the Corporation's products and may increase the cost of the product, but they affect Eguana and its competition equally with the net effect of limiting competition to those who make these investments and deferring any potential commoditization of our product category. Eguana believes that it is currently in compliance with all such laws and regulations. Eguana intends to invest financial and managerial resources to ensure such compliance and will continue to do so in the future; however, it is impossible for Eguana to predict the cost or impact of such laws and regulations on Eguana's future operations. Eguana's products are currently certified for use in Germany, the United Kingdom, France, Australia, and North America. The technical associations that are prevalent in maintaining the grid interconnection and safety standards in these countries are VDE, Australian Standards, UL, IEEE, CSA, IEC, EN and FCC. The specific standards that are actively maintained for compliance by Eguana are UL 1741, IEEE 1547, IEEE 2030.5, UL 9540, VDE 4105, G98, AS 4777, IEC 62109 and IEC 61000.

EMERGING MARKET

Distributed energy storage is an emerging market that is highly dependent on growth in the solar power industry, regulatory policies affecting electrical utilities, and the use of grid interactive storage to address increased use of renewable energy. Growth in this market is also highly dependent on the cost of batteries. In such emerging markets, demand and market acceptance

for recently introduced products and services are subject to a high level of uncertainty and risk. The development of a mass market for Eguana's products may be affected by many factors, some of which are beyond its control, including the emergence of newer, more competitive technologies and products, the cost of fuels used by Eguana's products, regulatory requirements, consumer perceptions of the safety of its products and related fuels, and end-user reluctance to buy a new product. If a mass market fails to develop, or develops more slowly than Eguana anticipates, the Corporation may never achieve profitability. In addition, Eguana cannot guarantee it will continue to develop, manufacture or market its products if sales levels do not support the continuation of the product.

ACCESS TO EQUIPMENT, PARTS AND COMPONENTS

The ability of Eguana to compete and expand will be dependent on Eguana having access, at a reasonable cost, to equipment, parts and components, which are at least technologically equivalent to those utilized by competitors and to the development and acquisition of new competitive technologies. Failure by Eguana to do so could have a material adverse effect on Eguana's business, financial condition, results of operations and cash flow.

INTERNATIONAL OPERATIONS

Because Eguana is an Alberta corporation, and because much of its business is done outside of Canada, there is a risk that foreign governments will implement protective measures which make it more difficult to export to these markets. While the risks of these actions are mitigated by Eguana's contract manufacturing strategy which enables it to easily change where it manufactures its products, there can be no assurance that the various government licenses and approvals or amendments thereto that from time to time may be sought will be granted at all or with conditions satisfactory to the Corporation or, if granted, will not be cancelled or will be renewed upon expiry, or that income tax laws and government incentive programs relating to the Corporation's business, and the solar energy industry generally, will not be changed in a manner which may adversely affect the Corporation.

SIGNIFICANT SHAREHOLDERS OF THE CORPORATION

Certain shareholders exercise control or direction over an aggregate of approximately 31.3% of the issued and outstanding Common Shares, as of the date of this AIF. As such, these shareholders may have the ability to substantially affect the outcome of matters submitted to the shareholders of the Corporation for approval. The Corporation's interests and those of the major shareholders may at times conflict, and this conflict might be resolved against the Corporation's interests. Sales of shares by major shareholders can have a negative effect on the Corporation's share price.

SHARE PRICE FLUCTUATIONS

The Corporation's market capitalization is small and the market price of the Common Shares is likely to be volatile, and investors may not be able to resell shares at, or above, the purchase

price paid for such Common Shares due to fluctuations in the market price of the Common Shares, including changes in price caused by factors unrelated to its operating performance or prospects.

EGUANA MAY NOT BE ABLE TO ACHIEVE COMMERCIALIZATION OF ITS PRODUCTS ON THE TIMETABLE IT ANTICIPATES, OR AT ALL

Eguana cannot guarantee that it will be able to develop commercially viable products on the timetable it anticipates. In addition, before Eguana releases any product to market, they subject it to numerous field tests. These field tests may encounter problems and delays for a number of reasons, many of which are beyond its control. If these field tests reveal technical defects or reveal that these products do not meet performance goals, the commercialization schedule could be delayed, and potential purchasers may decline to purchase these products.

WARRANTY CLAIMS COULD NEGATIVELY IMPACT GROSS MARGINS AND FINANCIAL PERFORMANCE

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

EGUANA DEPENDS ON ITS INTELLECTUAL PROPERTY, AND THE FAILURE TO PROTECT THAT INTELLECTUAL PROPERTY COULD ADVERSELY AFFECT ITS EXPECTED FUTURE GROWTH AND SUCCESS

Failure to protect Eguana's existing intellectual property rights may result in the loss of exclusivity or the right to use its technologies. If Eguana does not adequately ensure its freedom to use certain technology, the Corporation may have to pay others for rights to use their intellectual property, pay damages for infringement or misappropriation, or be enjoined from using such intellectual property. Eguana relies on patent, trade secret, trademark and copyright laws to protect its intellectual property. However, some of its intellectual property is not covered by any patent or patent application, and the patents to which it currently has rights expire between 2019 and 2029. Eguana's present or future-issued patents may not protect its technological leadership, and its patent portfolio may not continue to grow at the same rate as it has in the past. Moreover, Eguana's patent position is subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. Accordingly, there is no assurance that: (a) any of the patents owned by Eguana or other patents that third parties

license to us will not be invalidated, circumvented, challenged, rendered unenforceable or licensed to others; or (b) any of Eguana's pending or future patent applications will be issued with the breadth of claim coverage sought by us, if issued at all. In addition, effective patent, trade secret, trademark and copyright protection may be unavailable, limited or not applied for in certain countries.

Eguana also seek to protect its proprietary intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements and, if applicable. Eguana can provide no assurance that these agreements will not be breached, that it will have adequate remedies for any breach, or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

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

Eguana may become subject to lawsuits in which it is alleged that it has infringed the intellectual property rights of others or commence lawsuits against others who Eguana believes are infringing upon its rights. Eguana's involvement in intellectual property litigation could result in significant expense to the Corporation, adversely affecting the development of sales of the challenged product or intellectual property and diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in its favour.

POTENTIAL BREACHES OF INFORMATION TECHNOLOGY SYSTEMS

Like many companies, Eguana uses and stores a wide variety of confidential and proprietary information relating to its business. Although Eguana makes significant efforts to maintain the security and integrity of its information technology and related systems, and has implemented measures to manage the risk of a security breach or disruption, there can be no assurance that the Corporation's security efforts and measures will be effective, or that attempted security breaches or disruptions would not be successful or damaging.

The Corporation devotes substantial resources to network security, data encryption, and other security measures to protect its systems and data, but these security measures cannot provide absolute security. The techniques used in attempted cyber-attacks and intrusions are sophisticated and constantly evolving, and may be difficult to detect for long periods of time. Eguana may be unable to anticipate these techniques or implement adequate preventative measures. Although to date the Corporation has not experienced breaches of its systems that have had a material adverse effect on its business, attacks and intrusions on the Corporation's systems will continue and Eguana may experience a breach of its systems that compromises

sensitive company information or customer data. In addition, hardware, software, or applications Eguana develops or procures from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. If Eguana experiences a significant data security breach, it could be exposed to reputational damage and significant costs, including to rebuild its systems, modify its products and services, defend litigation, respond to government enforcement actions, pay damages or take other remedial steps, any of which could adversely affect the Corporation's business, results of operations, and financial condition.

Eguana may also share information with contractors and third-party providers to conduct its business. Although such contractors and third-party providers typically implement encryption and authentication technologies to secure the transmission and storage of data, those third-party providers may experience a significant data security breach, which may also detrimentally affect Eguana's business, results of operations, and financial condition.

COMPLIANCE WITH ENVIRONMENTAL, HEALTH AND SAFETY LAWS AND REGULATIONS

Eguana's operations are subject to a variety of foreign, federal, provincial and local environmental, health and safety laws and regulations including those governing, among other things, emissions to air; discharges to water; noise; and the generation, handling, storage, transportation, treatment and disposal of waste and other materials. Eguana could also be subject to a recall action by regulatory authorities. Violations of or liabilities under such laws and regulations could result in substantial costs, fines and civil or criminal proceedings or personal injury and workers' compensation claims.

COMPLIANCE WITH ANTI-BRIBERY AND CORRUPTION LAWS

Eguana's operations subject it to laws and regulations of multiple jurisdictions, as well as Canadian and U.S. laws governing international operations, which are often evolving and sometimes conflict. For example, the Foreign Corrupt Practices Act ("FCPA") and comparable U.S. and foreign laws and regulations prohibit improper payments or offers of payments to foreign governments and their officials and political parties by Canadian, U.S. and other business entities for the purpose of obtaining or retaining business. Other laws and regulations prohibit bribery of private parties and other forms of corruption. As Eguana expands its international operations it is exposed to increased risk of unauthorized payment or offers of payment or other inappropriate conduct by one of our employees, consultants, agents, or other contractors, including by persons engaged or employed by a business Eguana acquires, which could result in the Corporation's violation of various laws, including the FCPA. The safeguards the Corporation implements to discourage these practices may prove to be ineffective and violations of the FCPA and other laws may result in severe criminal or civil sanctions or other liabilities or proceedings against Eguana, including class action lawsuits and enforcement actions from the Canadian, U.S. or foreign regulators.

LEGAL PROCEEDINGS

Eguana is involved in litigation from time to time in the ordinary course of business. In addition to proceedings to which Eguana is currently a party, legal proceedings could be filed against Eguana in the future. No assurance can be given as to the final outcome of any legal proceedings or that the ultimate resolution of any legal proceedings will not have a materially adverse effect on Eguana.

CONTRACT MANUFACTURING AND OUTSOURCING

Eguana utilizes contract manufacturing partnerships for certain sub-assemblies and finished goods within the normal course of its operations, which could become too expensive to operate due to circumstances such as trade wars and import tariffs. Contract manufacturing could lead to products of inferior quality given the reliance on the contract manufacturer's quality control practices, supplier credit risk and third-party product and financial liability. The Corporation works with its partners to reduce or eliminate sole sourced items, however, portions of our sourcing strategy are managed by our partners, which could lead to a loss of control of Eguana's supply chain for periods of time.

FUTURE DESIGNS AND TESTS

Eguana expects to continue to incur significant costs and invest considerable resources designing and testing batteries for use with, or incorporation into, specific products, which may not translate into revenue for long periods of time, or at all. The development by the Corporation of new applications for its products is a complex and time-consuming process. New battery designs and enhancements to existing battery models can require long development and testing periods. Significant delays in new product releases or significant problems in creating new products could negatively impact Eguana's revenues. Significant revenue from these investments may not be achieved for a number of years, if at all. Moreover, these applications may never be profitable and even if they are profitable, operating margins may be low.

DIVIDENDS

Eguana does not anticipate declaring any cash dividends to holders of Common Shares in the foreseeable future. Consequently, investors may need to rely on sales of Common Shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

TERMINATION OF MATERIAL CONTRACTS

In the event that any material contracts are terminated, the payment of penalties or fees by the Corporation may be required. The payment of any such penalties or fees or the termination of such contracts could have a material adverse effect on the business, financial position or results of operation of the Corporation or the value of the Corporation's securities.

FORCE MAJEURE

The occurrence of a significant event which disrupts the ability of the Corporation to produce or sell its products may have a material adverse effect on the business, financial position or results of operations of the Corporation or the value of the Corporation's securities.

PROMOTERS

The Corporation has not had a promoter during the last two fiscal years.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as set forth below, management of the Corporation is not aware of any existing or contemplated legal proceedings material to the Corporation, to which the Corporation, or any predecessor of or subsidiary of Eguana, is, or during the financial year ended September 30, 2021 was a party to or to which any of its property is or was subject.

The Corporation is currently in a dispute with a prior customer, Sonnen GmbH, as a result of the cancellation of a supply contract. A claim has been prepared to recover 1,479,332 Euros (C\$2,128,167) for unpaid product invoices and interest along with the option to claim an additional 903,584 Euros (C\$1,299,353) for European inventories purchased on Sonnen GmbH's direction. Litigation is inherently uncertain and while management believes that Eguana has a strong case, as a matter of financial prudence, Eguana is carrying the receivable on its books at near zero.

Sonnen GmbH in return has made warranty claims against the Corporation related to first generation "3-phase Comfort series" product. Management believes that this claim is without merit and that any failures are tied directly to a fundamental system failure in the Sonnen GmbH "Comfort" design for which Sonnen GmbH was solely responsible. These failures were documented and pointed out to Sonnen GmbH at that time and the Corporation advised not to ship said systems without rectification of the system design flaws. The system issues noted were corrected in the new generation eco-product line that utilizes the identical Eguana "Bi-Direx" product as the "Comfort" series. There are no outstanding power controls claims with respect to the second-generation product. Management believes that the Sonnen GmbH decision to ship "3-phase Comfort" in spite of warnings voids any warranty claim.

In July 2020, the Corporation entered into a settlement agreement for a legal dispute with a former contract manufacturer who submitted a claim against the Corporation for 1,534,000 Euros (C\$2,295,028) in an Alberta court. The Corporation disputed €799,000 (C\$1,195,389) of and had recorded the undisputed amount in accounts payable. Pursuant to the settlement, the Corporation has agreed to pay: (i) 650,000 Euros, to be paid over a period of 24 months commencing on October 1, 2020; and (ii) 100,000 Euros, to be paid upon the occurrence of certain events, but in any case, no later than June 30, 2022.

Management of the Corporation is not aware of any penalties or sanctions imposed against the Corporation, or any predecessor of the Corporation, by a court relating to securities legislation or by a securities regulatory authority during the financial year ended September 30, 2021 or any

other penalties or sanctions imposed by a court or regulatory body against Eguana, or any predecessor or subsidiary of Eguana, that would likely be considered important to a reasonable investor in making an investment decision.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is TSX Trust Company, Calgary, Alberta.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Corporation during the 12-month period ending September 30, 2021 which are material or entered into before the 12-month period ending September 30, 2021 but are still in effect and which are required to be filed with Canadian securities regulatory authorities in accordance with Section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations* are the following:

- In August 2015, the Corporation entered into a settlement agreement with Michael A. Carten, Director and former Chief Executive Officer of the Corporation, pursuant to which the Corporation agreed to pay deferred compensation earned by the Mr. Carten since 2010 in equal monthly payments of \$13,115 without interest over a period of 82 months beginning October 1, 2015. The Corporation's liability was valued at \$563,572 using Level 2 valuation techniques with a discount rate of 25%. The unpaid balance will become due and payable immediately in certain circumstances, including, the Corporation realizing an average of \$1,000,000 in earnings before interest, taxes, depreciation and amortization for any two consecutive fiscal quarters or a change of control. The Corporation's obligation is secured by a security interest in the Corporation's assets which security is subordinate to existing liens as of September 1, 2015, and which will be subordinate, under certain circumstances, to security granted to secure certain future indebtedness incurred to fund corporate activities provided that all such secured indebtedness (including existing indebtedness as of September 1, 2015) shall not exceed \$12 million, plus an amount up to \$1.5 million for an operating line.
- On March 13, 2020, the Corporation and ITOCHU entered into the ITOCHU Investor Rights Agreement.^[1]
- On May 8, 2009, the Corporation and DHCT entered into the DHCT Investor Rights Agreement, which was subsequently amended and restated August 23, 2010, March 28, 2011, October 19, 2011, December 27, 2012, April 16, 2013, December 8, 2014, October 1, 2015, February 7, 2019 and August 8, 2019.^[2]
- On February 25, 2021, the Corporation and the Special Warrant Agents entered into the Special Warrant Agency Agreement in connection with the Special Warrant Offering.^[1]

- On February 25, 2021, the Corporation and TSX Trust Company entered into the Special Warrant Indenture in respect of the Special Warrant Offering.^[1]
- On April 1, 2022, the Corporation entered into the 2022 WTI Loan.^[3]

Notes:

[1] For additional information see “*General Development of the Business – Three Year History – October 1, 2019 to September 30, 2020*”.

[2] For additional information see “*Interests of Management and others In Material Transactions - DHCT*”.

[3] For additional information see “*General Development of the Business – Three Year History – October 1, 2021 to Present*”.

INTERESTS OF EXPERTS

BDO, of Vancouver, British Columbia, was the Corporation’s auditor for the fiscal year ended September 30, 2020. BDO is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia. As further described in notices filed on SEDAR, on May 12, 2021 BDO resigned as auditor of the Corporation and KPMG, of Calgary, Alberta, was appointed as the new auditor of the Corporation. KPMG prepared the audit report in respect of the Corporation’s fiscal year ended September 30, 2021. KPMG LLP are the auditors of the Corporation and have confirmed with respect to the Corporation that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee charter is attached as hereto as Appendix A.

Composition of the Audit Committee

The Audit Committee of the Board of Directors is comprised of Messrs. Michael Carten, Robert Penner and George Powlick.

Messrs. Carten, Penner and Powlick are all considered financially literate however, only Mr. Penner and Mr. Powlick are considered independent. Mr. Carten is the former President and Chief Executive Officer of the Corporation and is not independent as defined by National Instrument 52-110 – *Audit Committees (“NI 52-110”)*.

Relevant Education and Experience

Robert Penner, CA is a chartered accountant and businessman. Mr. Penner was a senior tax partner with KPMG LLP where he worked from 1979 to 2004. Mr. Penner is a graduate of the Institute of Corporate Directors.

George Powlick has been an active venture capitalist since 1995 in Silicon Valley and in Europe. He holds an MBA from the UCLA Anderson School of Management and a BSc in materials science and engineering from the University of California, Berkeley.

Michael Carten, LLB is the co-founder and former President, CEO and Chairman of the Corporation and led the Corporation from proof of concept through the product development and commercialization process to full production. Mr. Carten has more than 30 years' experience in the conventional and alternative energy industry. Mr. Carten holds a BA from Loyola College (Université de Montréal) and a Bachelors of Law from Dalhousie Law School.

See “*Directors and Officers*” of this AIF for more information regarding the members of the Audit Committee.

Audit Committee Oversight

At no time since the commencement of the Corporation’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Corporation’s most recently completed financial year, it has not relied on the exemption in Section 2.4 (De Minimis Non-audit Services) of NI 52-110.

Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee charter.

External Auditor Service Fees

For the financial years ended September 30, 2021 and September 30, 2020, the aggregate fees billed by the Corporation’s external auditors, BDO and KPMG,^[1] are as detailed below:

Financial Year Ending	Audit Fees^[2]	Audit Related Fees^[3]	Tax Fees^[4]	All Other Fees^[5]
September 30, 2020				
BDO	\$130,718	Nil	Nil	Nil
September 30, 2021				
BDO	\$32,805	\$49,207	Nil	Nil
KPMG	\$144,450	\$21,400	\$83,288	Nil

Notes:

[1] Effective May 12, 2021, BDO resigned as the auditor of the Corporation, and the Board appointed KPMG as the Corporation's new auditor as of that date.

[2] "**Audit fees**" include fees for services rendered by the external auditors in relation to the audit and review of the Corporation's financial statements and in connection with the Corporation's statutory and regulatory filings.

[3] "**Audited related fees**" include the aggregate audit related fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as "Audit Fees".

[4] "**Tax Fees**" include the aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.

[5] "**All Other Fees**" include the aggregate fees billed for products and services, other than "Audit fees", "Audit related fees" and "Tax fees" above.

Exemption

The Corporation is relying upon the exemption in Section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and its reporting obligations under NI 52-110.

ADDITIONAL INFORMATION

Additional information pertaining to the Corporation, including directors' and officers' remuneration and indebtedness, and options to purchase securities which is contained in the Statement of Executive Compensation of the Corporation, is available on SEDAR at www.sedar.com. Additional financial information is included in the Consolidated Financial Statements and MD&A of Eguana for the year ended September 30, 2021, as filed with the applicable Canadian regulatory authorities. These documents are available on SEDAR at www.sedar.com and may also be obtained without charge by written request to the Corporation at Bay 8 - 3636 7th Street S.E. Calgary, Alberta T2G 2Y8.

APPENDIX A - AUDIT COMMITTEE CHARTER

EGUANA TECHNOLOGIES INC. (the "Corporation") Audit Committee Charter

OVERALL ROLE AND RESPONSIBILITY

The primary role and the responsibilities of the audit committee (the "**Audit Committee**") of the board of directors of the Corporation (the "**Board of Directors**" or the "**Board**") shall be to:

1. assist the Board of Directors in its oversight role with respect to:
 - a. the quality and integrity of financial reporting and information;
 - b. the independent auditor's performance, qualifications and independence;
 - c. the performance of the Corporation's internal audit function, if applicable; and
 - d. the Corporation's compliance with legal and regulatory requirements;
2. prepare such reports of the Audit Committee as are required to be included in any documents in accordance with applicable laws or the rules of the applicable securities regulatory authorities;
3. assess the processes related to the determination and mitigation of risks and the maintenance of an effective control environment; and
4. strengthen the role of the independent directors of the Corporation by facilitating in depth discussions between the directors on the Audit Committee, management and the Corporation's independent auditors.

MEMBERSHIP AND MEETINGS

The Audit Committee shall consist of three (3) or more directors of the Corporation appointed by the Board of Directors. At least a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Corporation or of any affiliate of the Corporation. The members of the Audit Committee shall satisfy the applicable independence and financial literacy standards required by the laws governing the Corporation, the applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities. The Board of Directors shall designate one (1) member of the Audit Committee as the committee chair (the "**Committee Chair**" or "**Chair**").

Any members of the Audit Committee may be removed or replaced at any time by the Board of Directors and will cease to be a member of the Audit Committee as soon as such member ceases to be a director of the Corporation. The Board may fill vacancies on the Audit Committee by

appointment from among its members. If and whenever a vacancy exists on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains.

STRUCTURE AND OPERATIONS

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution of the Audit Committee. In case of an equality of votes, the chairman of the meeting shall be entitled to a second or casting vote.

The Chair will preside as chairman at all meetings of the Audit Committee, unless the Chair is not present, in which case the members of the Audit Committee that are present will designate from among such members the chairman for the purposes of the meeting.

The Audit Committee shall meet as often as it determines, but not less frequently than once per quarter. A quorum for meetings of the Audit Committee will be a majority of its members and the rules for calling, holding, conducting and adjourning meetings of the Audit Committee will be the same as those governing the Board of Directors unless otherwise determined by the Audit Committee or the Board of Directors.

The Chief Financial Officer will attend meetings of the Audit Committee where matters relating to the functions as the Audit Committee are dealt with, unless otherwise excused from all or part of any such meeting by the Chairman. The Audit Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Audit Committee and assist in the discussion and consideration of the matters being considered by the Audit Committee.

The Audit Committee will meet with the Corporation's external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Audit Committee consider appropriate. The Audit Committee is expected to establish and maintain free and open communication with the Corporation's management and the independent auditor and shall periodically meet separately with each of them.

Agendas, approved by the Chair, will be circulated to the Audit Committee members along with background information on a timely basis prior to Audit Committee meetings. Minutes of all meetings of the Audit Committee will be taken and included in the minute books of the Corporation. The Audit Committee shall report to the Board of Directors on its activities after each of its meetings at which time minutes of the prior Audit Committee meeting shall be tabled for the Board.

Any issues arising from these meetings that bear on the relationship between the Board and the Corporation's management should be communicated to the Chairman of the Board by the Committee Chair.

SPECIFIC DUTIES

The Audit Committee shall be responsible for providing oversight of the independent auditor of the Corporation and shall be specifically responsible for:

- Making recommendations to the Board with respect to the appointment and, if applicable, the replacement of the Corporation's independent auditor and, when there is to be a change in the Corporation's auditor, reviewing all issues relating to the change, including any reportable events, and all information to be included in the required notice to securities regulators of such change.
- Evaluating the qualifications, performance and independence of the independent auditor, including: (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation; and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- The determination of the independent auditor's compensation and oversight of the work of the independent auditor (including resolution of any disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
- The pre-approval of all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Obtaining from the independent auditor and review the independent auditor's report regarding the internal controls of the Corporation to be included in any documents as required by the laws governing the Corporation, the applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities.
- Ensuring the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit of the Corporation and the audit partner responsible for reviewing the audit as required by law (currently at least every five (5) years).

FINANCIAL REPORTING

The Audit Committee shall review and discuss with management of the Corporation and the independent auditor, as applicable:

- prior to the Corporation's annual audit, the scope, planning and staffing of the annual audit;
- the annual audited financial statements of the Corporation;

- the Corporation's annual and quarterly disclosures made in management's discussion and analysis;
- the approval of any auditor's reports to be included in filings made by the Corporation;
- the Corporation's quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under the applicable review standards;
- significant accruals, reserves or other estimates such as the ceiling test calculation;
- accounting treatment of unusual or non-recurring transactions;
- compliance with covenants under any loan agreements of the Corporation;
- disclosure requirements for commitments and contingencies;
- adjustments raised by the external auditors, whether or not included in the financial statements;
- significant variances with comparative reporting periods;
- significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements;
- any significant changes in the Corporation's selection or application of accounting principles;
- any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies; and
- other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

In addition to the foregoing, the Audit Committee shall:

- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.
- Review the financial statements, prospectuses, management's discussion and analysis, annual information form and all public disclosure containing audited or unaudited financial information of the Corporation (including, press releases and any other disclosures detailing earnings or financial results) before release and prior to Board approval. The Audit Committee must be satisfied that adequate procedures are in place

for the review of the Corporation's disclosure of all other financial information and will periodically assess the accuracy of those procedures.

- Conduct an investigation sufficient to provide reasonable grounds for believing that the financial statements, management's discussion and analysis and any public disclosure documents containing financial information are complete in all material respects and consistent with the information known to Audit Committee members, and assess whether the financial statements reflect appropriate accounting principles.

RISK ASSESSMENT AND RISK MANAGEMENT

The Audit Committee shall:

- Periodically review and discuss with the Corporation's management guidelines and policies governing the Corporation's risk assessment and risk management processes.
- Review with the Corporation's management and the independent auditors, significant risks and exposures facing the Corporation, including management's plans and processes to minimize these risks.
- Evaluate whether the Corporation's management is adequately communicating the importance of internal control to all relevant personnel.
- Periodically privately consult with the independent auditor about the Corporation's internal controls and the completeness and accuracy of the Corporation's financial statements.
- Review whether the internal control recommendations made by the independent auditor are being implemented by the Corporation's management and, if not, why not.

OTHER RESPONSIBILITIES

- Review President, Chief Executive Officer and Chief Financial Officers' expenses and perquisites at least once a year.
- Review all consulting fees paid by the Corporation to any organization where such fees exceed \$20,000 annually.
- Institute special investigations, if necessary, and hire special counsel or experts to assist, if appropriate.
- Establish, and review annually, a procedure for:
 - the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

- the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters and resolution of such concerns, if any.
- Review with the Board, any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements and the performance and independence of the Corporation's independent auditors.
- Perform other oversight functions as requested by the Board.

AUDIT COMMITTEE'S ROLE

The Audit Committee has the oversight role set out in this Charter. The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

Management, the Board of Directors and the independent auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the Corporation's financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board of Directors in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation in accordance with International Financial Reporting Standards.

FUNDING FOR INDEPENDENT AUDITOR AND RETENTION OF INDEPENDENT ADVISORS

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain and determine the compensation of such other independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

APPROVAL OF AUDIT AND REMITTED NON-AUDIT SERVICES PROVIDED BY EXTERNAL AUDITORS

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by an external auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this protocol. The Chief Financial Officer shall act as the primary contact to receive and assess any proposed engagements from an external auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.

PROCEDURE GOVERNING ERRORS OR MISSTATEMENTS IN FINANCIAL STATEMENTS

In the event a director or an officer of the Corporation has reason to believe, after discussion with management, that a material error or misstatement exists in financial statements of the Corporation, that director or officer shall forthwith notify the Audit Committee and the auditor of the error or misstatement of which the director or officer becomes aware in a financial statement that the auditor or a former auditor has reported on.

If the auditor or a former auditor of the Corporation is notified or becomes aware of an error or misstatement in a financial statement on which the auditor or former auditor has reported, and if in the auditor's or former auditor's opinion the error or misstatement is material, the auditor or former auditor shall inform each director accordingly.

When the Audit Committee or the Board is made aware of an error or misstatement in a financial statement the Board shall prepare and issue revised financial statements or otherwise inform the shareholders of the Corporation and file such revised financial statements as required.

LIMITATION ON AUDIT COMMITTEE MEMBERS' DUTIES

Nothing in this Charter is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard required by law.