



FUELPOSITIVE CORPORATION
(Formerly EESstor Corporation)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED
JUNE 30, 2022

(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of FuelPositive Corporation (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

FuelPositive Corporation

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at June 30, 2022	As at September 30, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,714,610	\$ 5,257,352
Prepaid expenses and sundry assets	2,195,627	430,776
Total current assets	6,910,237	5,688,128
Non-current assets		
Property and equipment (note 4)	47,961	6,892
Right-of-use assets (note 5)	168,204	-
Loan receivable (note 6)	200,000	200,000
EEStor technology, rights, patents and development costs (note 8)	14,817,912	14,837,121
Green Ammonia production technology	13,604,915	12,114,003
Total non-current assets	28,838,992	27,158,016
Total assets	\$ 35,749,229	\$ 32,846,144
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 567,143	\$ 1,548,128
Promissory notes (note 11)	-	12,089
Total current liabilities	567,143	1,560,217
Non-current liabilities		
Lease liabilities (note 12)	110,028	-
Convertible debenture (note 13)	-	248,461
Total non-current liabilities	110,028	248,461
Total liabilities	677,171	1,808,678
Shareholders' equity		
Share capital (note 14)	100,471,770	94,172,374
Contributed surplus	17,914,031	17,343,321
Warrant capital	9,597,385	6,647,396
Equity portion of convertible debenture	-	86,875
Accumulated deficit	(88,682,948)	(83,054,271)
	39,300,238	35,195,695
Non-controlling interest	(4,228,180)	(4,158,229)
Total shareholders' equity	35,072,058	31,037,466
Total liabilities and shareholders' equity	\$ 35,749,229	\$ 32,846,144

Nature of operations and going concern (note 1)

Approved on behalf of the Board:

"Dr. Robert Tocchio" Director

"Ian Clifford" Director

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

FuelPositive Corporation

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Unaudited

	Three months ended June 30, 2022	Three months ended June 30, 2021	Nine months ended June 30, 2022	Nine months ended June 30, 2021
Expenses				
General and administrative (notes 18 and 19)	\$ 1,014,564	\$ 1,225,289	\$ 3,104,084	\$ 2,747,319
Financing costs (note 11)	-	6,199	3,171	38,169
Engineering and development (notes 7 and 8)	21,805	169,026	66,929	218,109
Amortization and depreciation (notes 8 and 9)	410,620	-	1,239,935	-
Amortization of right-of-use asset (note 5)	4,806	-	4,806	-
Accretion of lease liability (note 12)	909	-	909	-
Loss on settlement of debt (note 13)	-	-	1,278,794	-
Loss before under-noted item	(1,452,704)	(1,400,514)	(5,698,628)	(3,003,597)
Net loss and comprehensive loss for the period	\$ (1,452,704)	\$ (1,400,514)	\$ (5,698,628)	\$ (3,003,597)
Net loss for the period attributable to:				
Loss for the period	\$ (1,305,725)	\$ (1,462,532)	\$ (5,628,677)	\$ (3,347,962)
Non-controlling interest in subsidiary (note 8)	(146,979)	62,018	(69,951)	344,365
	\$ (1,452,704)	\$ (1,400,514)	\$ (5,698,628)	\$ (3,003,597)
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding - basic and diluted	335,616,884	235,687,382	329,137,641	192,092,306

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

FuelPositive Corporation

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

Nine months ended June 30,	2022	2021
Cash flows used in operations		
Net loss for the period	\$ (5,698,628)	\$ (3,003,597)
Items not affecting cash:		
Depreciation and amortization (notes 8 and 9)	1,259,144	19,174
Amortization of right-of-use assets (note 5)	4,806	-
Stock-based compensation (note 16)	788,760	1,238,237
Interest accrual	171	396
Loss on conversion of convertible debenture (note 13)	1,278,794	-
Accretion of lease liability (note 12)	909	-
Accretion	2,745	23,126
Gain on settlement of debt	-	(45,710)
Other	-	(4,965)
	(2,363,299)	(1,773,339)
Changes in non-cash working capital:		
Prepaid expenses and sundry assets	(1,764,851)	(710,004)
Accounts payable and accrued liabilities	(980,984)	(256,525)
Net cash used in operating activities	(5,109,134)	(2,739,868)
Investing activities		
Purchase of Green Ammonia production technology	(2,486,232)	-
Purchase of property and equipment	(45,685)	(7,518)
Net cash used in investing activities	(2,531,917)	(7,518)
Financing activities		
Issuance of units, net of issuance costs	7,174,460	8,991,364
(Repayment of) proceeds from government loan	-	(30,000)
(Repayment of) bridge loan (note 18)	-	(53,000)
(Repayment of) promissory notes (note 11)	(12,260)	(77,083)
Lease payments (note 12)	(63,891)	-
Net cash provided by financing activities	7,098,309	8,831,281
Net change in cash	(542,742)	6,083,895
Cash, beginning of period	5,257,352	10,459
Cash, end of period	\$ 4,714,610	\$ 6,094,354

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FuelPositive Corporation

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

Unaudited

	Number of Shares	Share Capital	Contributed Surplus	Warrant Capital	Equity Portion of Convertible Debenture	Accumulated Deficit	Subtotal	Non-controlling Interest	Total
Balance, September 30, 2020	144,857,077	\$ 73,349,665	\$ 13,185,191	\$ 7,625,755	\$ -	\$ (76,441,100)	\$ 17,719,511	\$ (4,363,813)	\$ 13,355,698
Loss for the period	-	-	-	-	-	(3,347,962)	(3,347,962)	-	(3,347,962)
Non-controlling interest in subsidiary	-	-	-	-	-	-	-	344,365	344,365
Comprehensive loss for the period	-	-	-	-	-	(3,347,962)	(3,347,962)	344,365	(3,003,597)
Transactions with shareholders:									
Issuance of units - net of costs (note 14(i)(ii))	56,311,905	2,575,690	-	3,729,340	-	-	6,305,030	-	6,305,030
Shares issued for exercise of warrants and options	39,939,597	4,407,721	(138,600)	(1,582,787)	-	-	2,686,334	-	2,686,334
Shares issued for intellectual property	35,000,000	12,425,000	-	-	-	-	12,425,000	-	12,425,000
Transfer from warrant capital on expiry	-	-	1,604,912	(1,604,912)	-	-	-	-	-
Shares issued for settlement of debt	795,083	67,474	-	-	-	-	67,474	-	67,474
Stock-based compensation (note 16)	-	-	1,238,237	-	-	-	1,238,237	-	1,238,237
Convertible debenture	-	-	-	-	86,875	-	86,875	-	86,875
Balance, June 30, 2021	276,903,662	\$ 92,825,550	\$ 15,889,740	\$ 8,167,396	\$ 86,875	\$ (79,789,062)	\$ 37,180,499	\$ (4,019,448)	\$ 33,161,051
Balance, September 30, 2021	288,705,662	\$ 94,172,374	\$ 17,343,321	\$ 6,647,396	\$ 86,875	\$ (83,054,271)	\$ 35,195,695	\$ (4,158,229)	\$ 31,037,466
Loss for the period	-	-	-	-	-	(5,628,677)	(5,628,677)	-	(5,628,677)
Non-controlling interest in subsidiary	-	-	-	-	-	-	-	(69,951)	(69,951)
Comprehensive loss for the period	-	-	-	-	-	(5,628,677)	(5,628,677)	(69,951)	(5,698,628)
Transactions with shareholders:									
Issuance of units - net of costs (note 14(iii))	30,434,784	3,140,240	-	3,156,319	-	-	6,296,559	-	6,296,559
Shares issued for exercise of warrants and options	11,078,700	1,302,281	(218,050)	(206,330)	-	-	877,901	-	877,901
Shares issued for intellectual property (note 9)	1,500,000	240,000	-	-	-	-	240,000	-	240,000
Shares issued for conversion of convertible debenture (note 14(ix))	6,000,000	1,616,875	-	-	(86,875)	-	1,530,000	-	1,530,000
Stock-based compensation (note 16)	-	-	788,760	-	-	-	788,760	-	788,760
Balance, June 30, 2022	337,719,146	\$ 100,471,770	\$ 17,914,031	\$ 9,597,385	\$ -	\$ (88,682,948)	\$ 39,300,238	\$ (4,228,180)	\$ 35,072,058

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

1. NATURE OF OPERATIONS AND GOING CONCERN

FuelPositive Corporation (formerly "EESor Corporation") (the "Company") is incorporated under the Business Corporations Act (Ontario) and its common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "NHHH". Any specific reference to "EESor" herein means EESor, Inc. alone a 71.3% subsidiary of FuelPositive Corporation. The Company's head office is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1. FuelPositive is the developer and growth stage manufacturer of an expanding portfolio of energy storage and fossil fuel replacement technologies. FuelPositive is also focused on the acquisition of other complimentary sustainable energy storage and fuel technologies through licensing and/or purchase of qualifying assets. The Company holds certain technology rights to solid-state capacitor and related energy storage technologies currently under further advancements with strategic third parties. Additionally, the company also owns the rights to certain proprietary hydrogen and ammonia technologies being developed by Dr. Ibrahim Dincer and his team. The Company is focused on manufacturing, joint venture and licensing opportunities for its technologies across a broad spectrum of industries and applications.

The Company's success depends on the commercialization of its technology; however, there is no assurance that FuelPositive will be successful in the completion of the enhancement phases to warrant the anticipated licensing opportunities of its technologies. The Company is in the development stage and therefore does not yet earn revenues from its technologies.

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Realization values may be substantially different from carrying values as shown and the financial statements do not given effect to adjustments that would be necessary to the carrying values and the classification of assets and liabilities should the Company be unable to continue operating as a going concern.

From time to time, the Company may pursue the raising of funds by an equity investment, debt borrowing or a combination of both. There can be no assurance that additional financing will be available on commercially reasonable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to fund its planned operations for at least the next 12 months and as a result may be required to substantially reduce or temporarily cease its operations, including but not limited to the reduction of payroll costs, development activities and other operating expenditures. Any such actions could have a material adverse effect on the Company's business, financial condition and prospects.

The Company has incurred a net and comprehensive loss of \$5,698,628 during the nine months ended June 30, 2022 and as of that date, the Company's deficit was \$88,682,948. These conditions raise material uncertainties which may cast significant doubt as to whether the Company will be able to continue as a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations.

These unaudited condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These unaudited consolidated interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of August 30, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended September 30, 2021. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending September 30, 2022 could result in restatement of these unaudited condensed interim consolidated financial statements.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant areas requiring the use of management estimates relate to:

(i) Impairment of EESstor technology, rights, patents and development costs

Management has assessed the Company as one cash generating unit. Determination of the amount of impairment is based on management's estimate of the fair value less costs to sell of the intangible assets. The basis of calculation (relief from royalty method) involves many estimates such as projected revenues, growth rates, discount rates and royalty rates.

(ii) Stock-based transactions

The Company uses an option pricing model to determine the fair value of share based compensation. Inputs to the model are subject to various estimates relating to volatility, interest rate and expected life of the instrument. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

Separate from the fair value calculation, the Company is required to estimate the expected forfeiture rate of stock-based compensation.

(iii) Going concern

The Company makes significant judgments with respect to uncertainties in the ability of the Company to continue as a going concern based on estimates of future operations. The ability of the Company to continue as a going concern is dependent on the successful generation of revenue and financing.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. USE OF ESTIMATES AND JUDGMENTS (Continued)

(iv) Development costs

Management monitors the progress of the EEStor technology. Significant judgment is required to distinguish between the research and development phases. Development costs are recognized as an asset when the following criteria are met: (i) technical feasibility; (ii) management's intention to complete the project; (iii) the ability to use or sell; (iv) the ability to generate future economic benefits; (v) availability of technical and financial resources; (vi) ability to measure the expenditures reliably. Research costs are expensed as incurred. Management also monitors whether the recognition requirements for development assets continue to be met and whether there are any indicators that capitalized costs may be impaired.

4. PROPERTY AND EQUIPMENT

Cost	Computer Equipment	Production Tools	Total
Balance, September 30, 2020	\$ -	\$ 426,006	\$ 426,006
Additions	7,519		7,519
Disposals (a)		(426,006)	(426,006)
Balance, September 30, 2021	\$ 7,519	\$ -	\$ 7,519
Additions	45,685	-	45,685
Balance, June 30, 2022	\$ 53,204	\$ -	\$ 53,204

Accumulated Depreciation	Computer Equipment	Production Tools	Total
Balance, September 30, 2020	\$ -	\$ 356,558	\$ 356,558
Depreciation	627	-	627
Disposals (a)	-	(356,558)	(356,558)
Balance, September 30, 2021	627	-	627
Depreciation	4,616	-	4,616
Balance, June 30, 2022	\$ 5,243	\$ -	\$ 5,243

Net book value	Computer Equipment	Production Tools	Total
Balance, September 30, 2021	\$ 6,892	\$ -	\$ 6,892
Balance, June 30, 2022	\$ 47,961	\$ -	\$ 47,961

During the year ended September 30, 2021, the Company met its obligations for full settlement of the lease liabilities associated with the Cedar Park facility.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

5. RIGHT-OF-USE ASSETS

Right-of-use assets are as follows:

	Warehouse space
Balance - September 30, 2021	\$ -
Additions (note 12)	173,010
Amortization	(4,806)
Balance - June 30, 2022	\$ 168,204

6. LOAN RECEIVABLE

On August 16, 2021, related to the performance of services pursuant to the terms of the consulting agreement with the Chief Executive Officer ("CEO"), the Company loaned the CEO a sum of \$200,000. The loan bears interest at a rate of one percent (1%) per annum, compounded monthly and payable on the last business day of the month of August in each year during the term of the loan. The loan matures on the earlier of: (a) the termination of the consulting agreement for any reason whatsoever; and (b) August 31, 2026. On the maturity date, the CEO shall repay the full amount of the loan along with any accrued but unpaid interest thereon

7. TECHNOLOGY AGREEMENTS

Light Electric Vehicles

On March 10, 2013, EESStor entered into a technology agreement with Light Electric Vehicles Company ("LEV") a privately held corporation in the state of Oregon, that provides LEV with the transferable, perpetual, worldwide exclusive rights to purchase electronic energy storage units ("EESU") for one, two and three wheeled commercial passenger vehicles using electricity as the non-human energy source for the vehicle's propulsion system. The technology agreement has staged payments that tie to specific technical milestones and the delivery of production quality EESUs.

Lockheed Martin Corporation

On December 10, 2007, EESStor entered into a technology agreement with Lockheed Martin Corporation ("LMC") a Maryland corporation acting through its Missiles and Fire Control business unit located in Grand Prairie, Texas, that provides LMC with a non-transferable, non-sublicensable worldwide exclusive rights to purchase EESU for the Government Defence and Homeland Security fields. The technology agreement has staged payments that tie to purchasing requirements of EESUs.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

8. EESTOR TECHNOLOGY, RIGHTS, PATENTS AND DEVELOPMENT COSTS

Continuity of Assets

Intangible asset at September 30, 2020	\$ 14,862,660
Patent amortization	(25,539)
Intangible asset at September 30, 2020 (i)	14,837,121
Patent amortization	(19,209)
Intangible asset at June 30, 2022	\$ 14,817,912

(i) In September 2020, the Company's annual impairment testing determined that the recoverable amount of the EEStor technology, rights, patents and development costs exceeded their carrying value and as a result, no impairment charge was recorded. The recoverable amount was determined using a discounted cash flows valuation method to reflect the fair value less costs to sell. Significant inputs into the calculation are projected after-tax revenues modelled as a function of the estimated total industry revenues of \$650,000,000 and \$6,300,000,000 for the Reserve Utility Energy Storage Market (UES) and the Residential Energy Storage Market (RES) respectively, projected cash flows for 5 years, a growth rate of 5% and a discount rate of 30% per annum. The benefit of unused tax losses has not been reflected in the determination of the value in use. The recoverable amount has been determined at a Level 3 of the fair value hierarchy.

EEStor Financial Information

The following tables set out the financial information related to EEStor.

	June 30, 2022 US (\$)	September 30, 2021 US (\$)
Long-term assets	905,706	920,857
Total assets	905,706	920,857
Current liabilities	101,500	101,500
Long-term liabilities (i)	11,469,312	11,457,929
Total liabilities	11,570,812	11,559,429
Shareholders' deficiency	(10,665,106)	(10,638,572)

(i) Includes preferred stock totaling \$4,028,000

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

8. EESTOR TECHNOLOGY, RIGHTS, PATENTS AND DEVELOPMENT COSTS (Continued)

EEStor's operating expenses included in the Consolidated Statement of Loss and Comprehensive Loss for the periods ended June 30, 2022 and 2020 are as follows:

	Three months ended June 30, 2022 US (\$)	Three months ended June 30, 2021 US (\$)	Nine months ended June 30, 2022 US (\$)	Nine months ended June 30, 2021 US (\$)
General and administrative expenses	(1,384)	(148,895)	(11,384)	(588,587)
Engineering and development	(5,050)	44,073	(15,151)	43,262
Net loss	(6,434)	(104,822)	(26,535)	(545,325)
Loss attributed to the Company	(3,223)	(52,516)	(13,294)	(273,208)
Non-controlling interest in subsidiary	(3,211)	(52,306)	(13,241)	(272,117)
Net loss	(6,434)	(104,822)	(26,535)	(545,325)

The amount of non-controlling interest is determined by multiplying the net loss for the period by the percentage of common stock held by a third party. As at June 30, 2022, the Company holds 50.1% of the common stock outstanding.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

9. GREEN AMMONIA PRODUCTION TECHNOLOGY

The Company's core technology, a modular and scalable Green Ammonia system, takes air, water and sustainable electricity and synthesizes it into a non-polluting chemical for multiple applications, including fertilizer for farming, fuel for internal combustion engines and a solution for grid storage. Green Ammonia is being considered as a replacement for fossil fuels and as a key enabler of the hydrogen economy.

On March 26, 2021, the Company entered into an intellectual property purchase agreement with Dr. Ibrahim Dincer and his team for a technology to produce ammonia (NH₃) – a carbon free fuel – in a zero-emission manner, by utilizing only water, air and sustainable electricity. On April 21, 2021, the Company announced approval of the acquisition from the TSXV.

In consideration for the acquisition of all rights to the technology, the Company has agreed to issue 50,000,000 common shares to Dr. Dincer and his team, of which 35,000,000 (valued at \$12,425,000) were issued upon completion of the acquisition and the balance of 15,000,000 will be issued after twelve months (note 20). During the three and nine months ended June 30, 2022, 1,500,000 common shares (valued at \$240,000). The Green Ammonia intellectual property has an estimated useful life of 8 years.

	Intellectual Property	Development Costs	Total
Balance, September 30, 2020	\$ -	\$ -	\$ -
Additions	12,425,000	206,711	12,631,711
Amortization	(517,708)	-	(517,708)
Balance, September 30, 2021	11,907,292	206,711	12,114,003
Additions	240,000	2,486,232	2,726,232
Amortization	(1,168,594)	(66,726)	(1,235,320)
Balance, June 30, 2022	\$10,978,698	\$ 2,626,217	\$13,604,915

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at June 30, 2022	As at September 30, 2021
Trade accounts payables	\$ 369,940	\$ 1,216,522
Accrued liabilities	197,203	69,276
Amounts due to related parties	-	262,330
Total accounts payable and accrued liabilities	\$ 567,143	\$ 1,548,128

The Company's standard term for trade payable is 30 - 60 days.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

11. PROMISSORY NOTES

(i) On January 21, 2019, the Company entered into a loan agreement for a secured credit facility of \$300,000 from Dr. Robert Tocchio, a shareholder of the Company. The credit facility is secured by a pledge of all of the Company's shares in Zenn Capital Inc, the holding company which owns all of the Company's equity interests in subsidiary, EESTor, Inc., as well as an assignment of loans made by the Company to EESTor, Inc. and related security. Draws under the credit facility bear interest at the rate of 6.0% per annum and must be repaid by January 21, 2020. The lender is entitled to elect to receive repayments of principal under the credit facility in common shares of the Company based on the market price at the time of repayment. As partial consideration for the provision of the credit facility, the Company has agreed to grant to the lender warrants to acquire up to 2,307,692 common shares, each warrant exercisable until January 21, 2020 at a price of \$0.13 per share.

The grant date fair value of \$136,154 was assigned to the 2,307,692 warrants as estimated by using the Black-Scholes pricing model with the following assumptions: share price \$0.13, dividend yield 0%, risk free interest rate 1.92%, volatility 119%, and an expected life one year. Expected volatility is based on historical volatility. This was expensed as financing cost in the statement of loss and comprehensive loss.

On December 24, 2020, the Company entered into an agreement with Robert Tocchio, a director of the Company, to restructure the promissory note. In full and final settlement of the promissory note, Mr. Tocchio agreed to accept an unsecured convertible debenture (the "Debenture") in the principal amount of \$300,000, and a cash payment of \$33,000 (the "Settlement Payment"). The Debenture bears interest at a rate of twelve percent per annum, payable annually, and will have a term of sixty months. At the option of Mr. Tocchio, all or any portion of the principal amount of the Debenture may be converted into common shares of the Company, at a price of \$0.05 per share during the initial twelve months of the term, and at a price of \$0.10 per share for the remainder of the term. (see note 13).

Following issuance of the Debenture, and completion of the Settlement Payment, Mr. Tocchio released all obligations due and owing by the Company in respect of the promissory note, as well as all collateral securing the promissory note. The Debenture is subject to a four-month-and-one-day statutory hold period in accordance with applicable securities laws and the policies of the TSX Venture Exchange.

(ii) During February 2019, the Company received \$60,000 and US\$25,025 (\$33,485) of promissory notes from various investors. These promissory notes are unsecured, bear interest at the rate of 8.0% per annum and are repayable within one year. During the year ended September 30, 2021, the Company repaid promissory notes and accrued interest of \$83,485 and \$10,976, respectively. Of the \$94,461, \$43,708 was settled through the issuance of 795,083 common shares and \$50,753 was repaid in cash.

During the nine months ended June 30, 2022, the Company repaid \$12,260 including \$10,000 promissory note and \$2,260 accrued interest. As at June 30, 2022, the Company had promissory notes and accrued interest of \$nil outstanding.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

12. LEASE LIABILITIES

The continuity of lease liabilities is presented in the table below:

	Plant space
Balance - September 30, 2021	\$ -
Addition	173,010
Accretion expense	909
Lease payment	(63,891)
Balance - June 30, 2022	\$ 110,028
<hr/>	
Allocated as:	
Current	\$ -
Long-term	110,028
	\$ 110,028

The maturity analysis of the undiscounted contractual balances of the lease liabilities is as follows:

Maturity analysis	June 30, 2022
Less than one year	\$ -
One to three years	133,599
Total undiscounted lease liabilities	133,599
Amount representing implicit interest	(23,571)
Lease liabilities	\$ 110,028

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

13. CONVERTIBLE DEBENTURES

On December 24, 2020, the Company issued unsecured convertible debentures with a principal amount of \$300,000 to Mr. Tocchio (see note 11). The Debenture bears interest at a rate of twelve percent per annum, payable annually, and mature sixty months from date of issue. At the option of Mr. Tocchio, all or any portion of the principal amount of the Debenture may be converted into common shares of the Company, at a price of \$0.05 per share during the initial twelve months of the term, and at a price of \$0.10 per share for the remainder of the term.

The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and equity components. The Company valued the debt component of the convertible debentures by calculating the present value of the principal and interest payments, discounted at a rate of 20%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the convertible debentures comprise the value of the conversion option, being the difference between the face value of the convertible debentures and the liability element calculated above. Based on this calculation, the liability component was \$213,125 and the residual equity component was \$86,875. Net accretion charges attributable to the convertible debentures for the nine months June 30, 2022 was \$2,745. This amount is added to the liability component on the statements of financial position and is included as accretion expense in the statements of loss and comprehensive loss. During the nine months ended June 30, 2022, the Company issued 6,000,000 common shares pursuant to the conversion of the \$300,000 convertible debt.

Balance - September 30, 2020	\$	-
Loan		213,125
Accretion expense		35,336
<hr/>		
Balance - September 30, 2021		248,461
Accretion expense		2,745
Conversion into common shares		(251,206)
<hr/>		
Balance - June 30, 2022	\$	-

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

14. SHARE CAPITAL

(a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares.

(b) Common shares issued

(i) On December 30, 2019, the Company completed the first tranche of a non-brokered private placement raising gross proceeds of \$228,500 from the sale of 4,570,000 units. Each unit was priced at \$0.05 and consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of \$0.10 and expires 24 months from date of issue.

The proceeds from the issuance of units are allocated between share capital and warrant capital, with the fair value of the warrants of \$95,970 being allocated to warrant capital and the residual allocated to share capital. The fair value of the warrants and finder's warrants is estimated using Black-Scholes pricing model with the following assumptions: share price \$0.04, dividend yield 0%, risk free interest rate 1.68%, volatility 142%, and an expected life 2 years. Expected volatility is based on historical volatility.

(ii) On November 2, 2020, the Company completed a non-brokered private placement of 21,428,571 units at a price of \$0.035 per unit for gross proceeds of \$750,000. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.05 until November 2, 2022.

In connection with completion of the private placement, the Company paid \$45,500 and issued 1,300,000 warrants to certain arms-length third-parties who assisted by introducing subscribers to the private placement.

The fair values of the warrants and finder's warrants are estimated at 342,857 and 65,000 using Black-Scholes pricing model with the following assumptions: share price \$0.06, dividend yield 0%, risk free interest rate 0.26%, volatility 192%, and an expected life 2 years. Expected volatility is based on historical volatility.

(iii) On November 20, 2020, the Company completed a non-brokered private placement of 3,650,000 units at a price of \$0.05 per unit for gross proceeds of \$182,500. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.05 until November 20, 2022.

The fair value of the warrants is estimated at \$83,950 using Black-Scholes pricing model with the following assumptions: share price \$0.055, dividend yield 0%, risk free interest rate 0.27%, volatility 192%, and an expected life 2 years. Expected volatility is based on historical volatility.

(iv) On January 6, 2021, the Company completed a non-brokered private placement of 400,000 units at a price of \$0.05 per unit for gross proceeds of \$20,000. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.05 until January 6, 2023.

The fair value of the warrants is estimated at \$9,200 using Black-Scholes pricing model with the following assumptions: share price \$0.055, dividend yield 0%, risk free interest rate 0.18%, volatility 192%, and an expected life 2 years. Expected volatility is based on historical volatility.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

14. SHARE CAPITAL (Continued)

(v) On February 22, 2021, the Company completed a non-brokered private placement of 10,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.12 until February 22, 2023.

In connection with completion of the private placement, the Company paid \$35,000 and issued 350,000 warrants to certain arms-length third-parties who assisted by introducing subscribers to the private placement.

The fair values of the warrants and finder's warrants are estimated at \$480,000 and \$123,900 using Black-Scholes pricing model with the following assumptions: share price \$0.39, dividend yield 0%, risk free interest rate 0.23%, volatility 192%, and an expected life 2 years. Expected volatility is based on historical volatility.

(vi) On June 17, 2021, the Company completed a non-brokered private placement of 20,833,334 units at a price of \$0.24 per unit for gross proceeds of \$5,000,000. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.275 until June 17, 2026.

In connection with completion of the private placement, the Company paid \$541,320 and issued 1,666,667 finder's warrants to certain arms-length third-parties who assisted by introducing subscribers to the private placement.

The fair values of the warrants and finder's warrants are estimated at \$2,458,333 and \$290,000 using Black-Scholes pricing model with the following assumptions: share price \$0.18, dividend yield 0%, risk free interest rate 0.94%, volatility 192%, and an expected life 5 years. Expected volatility is based on historical volatility.

(vii) During the year ended September 30, 2021, the Company satisfied agreements with two arms-length creditors (the "Creditors") to settle outstanding promissory notes totaling \$43,708.

In accordance with the agreements, the Company settled indebtedness of \$23,723 owing to one of the Creditors through the issuance of 395,383 units valued at \$43,492. Each unit will consist of one common share of the Company, and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.06 for a period of twenty-four months from the date of issue.

The Company also settled indebtedness of \$19,985 owing to the other Creditor through the issuance of 399,700 units valued at \$23,982. Each unit will consist of one common share of the Company, and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.05 for a period of twenty-four months from the date of issue.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

14. SHARE CAPITAL (Continued)

(viii) On October 27, 2021, the Company announced the closing of a subscription agreement with certain U.S. institutional investors for gross proceeds of approximately \$7 million in a private placement in the United States, comprised of 30,434,784 common shares and warrants to purchase an aggregate of up to 30,434,784 common shares at a purchase price of \$0.23 per common share and associated warrant. The warrants have an exercise price of \$0.255 per common share and are exercisable until October 28, 2024.

H.C. Wainwright & Co. acted as the exclusive placement agent for the private placement in the United States. In consideration for coordinating the placement, the Company has paid a cash commission of \$560,000 and issued 2,434,783 broker warrants, each of which have an exercise price of \$0.23 per common share and are exercisable until October 28, 2024.

The fair values of the warrants and finder's warrants are estimated at \$2,779,884 and \$376,435 using Black-Scholes pricing model with the following assumptions: share price \$0.18, dividend yield 0%, risk free interest rate 0.94%, volatility 188%, and an expected life 3 years. Expected volatility is based on historical volatility.

(ix) On October 20, 2021, the Company issued 6,000,000 common shares pursuant to the conversion of the \$300,000 convertible debt. The value of the shares issued was recorded at \$1,616,875 as per the fair market value of the Company's shares on the date of the conversion. A loss on conversion of convertible debenture of \$1,278,794 was recorded in the unaudited condensed interim consolidated statements of loss and comprehensive loss for the nine months ended June 30, 2022.

15. WARRANTS

The following table reflects the continuity of warrants for the years presented:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2020	73,251,611	\$ 0.26
Issued (note 14(b)(ii)(iii)(iv)(v)(vii))	60,423,655	0.14
Exercised	(36,259,597)	0.07
Expired	(30,527,328)	0.30
Balance, June 30, 2021	66,888,341	\$ 0.24
Balance, September 30, 2021	63,156,341	0.25
Issued (note 14(b)(viii))	32,869,567	0.25
Exercised	(6,278,700)	0.10
Balance, June 30, 2022	89,747,208	\$ 0.26

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

15. WARRANTS (Continued)

The Company had the following warrants outstanding at June 30, 2022:

Number of Warrants	Exercise Price	Expiry Date
7,240,000	\$0.60	April 24, 2022 (i)
3,428,857	\$0.05	November 2, 2022
350,000	\$0.05	November 20, 2022
400,000	\$0.05	January 6, 2023
5,752,500	\$0.12	February 22, 2023
3,151,640	\$0.34	August 21, 2023
5,274,643	\$0.34	September 5, 2023
6,500,000	\$0.10	May 29, 2024
2,080,000	\$0.10	June 5, 2024
200,000	\$0.10	July 30, 2024
20,833,334	\$0.275	June 17, 2026
1,666,667	\$0.24	June 17, 2026
30,434,784	\$0.26	October 28, 2024
2,434,783	\$0.23	October 28, 2024
89,747,208		

- (i) On April 23, 2019, the Company received approval from the TSXV to reprice and extend the expiry date of 7,240,000 outstanding common share purchase warrants originally issued in April 2017. This amendment changes the exercise price of the warrants from \$1.00 to \$0.60 and the expiry from April 24, 2019 to April 24, 2020.

On April 8, 2020, the Company received approval from the TSXV to extend the expiry date of 7,240,000 outstanding common share purchase warrants to April 24, 2021. The expiry date for these warrants were further extended to April 24, 2022.

16. STOCK OPTIONS

The Company has a stock option plan (the "Plan") which authorizes the Board to issue options to employees, directors and consultants providing services to the Company or its subsidiaries. The Plan is structured as a "fixed plan". Under the terms of the Plan, the number of shares issuable under stock options and the performance warrants cannot exceed 20% of the outstanding common shares of the Company. The Company sets the exercise price based on the closing market price at the time of the grant. The Company may grant options for a term not to exceed ten years. Vesting periods are assessed at the time of the grant and are documented in more detail in the table below. In the event of a takeover bid which results in the Offer or exercising control of the Company, stock options which might otherwise not be vested may be exercised as part of the takeover transaction.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

16. STOCK OPTIONS (Continued)

The following table reflects the continuity of stock options for the years presented:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2020	7,265,524	\$ 0.45
Granted	29,362,500	0.07
Exercised	(3,080,000)	0.05
Expired	(7,265,524)	0.45
Balance, June 30, 2021	26,282,500	\$ 0.07
Balance, September 30, 2021	21,112,500	0.10
Granted	1,300,000	0.18
Exercised	(4,800,000)	0.05
Balance, June 30, 2022	17,612,500	\$ 0.12
Exercisable	14,650,000	\$ 0.12

For the three and nine months ended June 30, 2022, the Company recorded \$178,620 and \$788,760, respectively (three and nine months ended June 30, 2021 - \$424,183 and \$663,004, respectively) in stock-based compensation costs.

The Company had the following stock options outstanding as of June 30, 2022:

Number of Options		Exercise Price	Weighted Average Remaining Contractual		Expiry Date
Outstanding	Exercisable		Life (years)		
400,000	400,000	\$ 0.12	0.59		February 1, 2023
2,625,000	2,625,000	\$ 0.14	1.98		June 22, 2024
7,912,500	7,912,500	\$ 0.05	3.50		December 31, 2025
3,500,000	1,750,000	\$ 0.19	4.19		September 8, 2026
1,875,000	1,562,500	\$ 0.19	3.63		February 14, 2026
1,300,000	400,000	\$ 0.18	4.56		January 18, 2027
17,612,500	14,650,000		3.44		

17. SEGMENTED INFORMATION

As at June 30, 2022, the operations and assets of the Company's wholly-owned subsidiaries are located in Canada. The operations and assets of EESor are located in Cedar Park, Texas, and are summarized in note 8.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

18. RELATED PARTY TRANSACTIONS

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. Key management personnel may also participate in the Company's stock-based compensation plans (note 16).

The remuneration of key management personnel were as follows:

	Three months ended June 30, 2022	Three months ended June 30, 2021	Nine months ended June 30, 2022	Nine months ended June 30, 2021
Salaries and wages	\$ 237,500	\$ 137,514	\$ 916,423	\$ 382,760
Professional fees ⁽¹⁾	14,796	4,635	55,414	13,905
Directors' fees	-	18,000	-	35,000
Consulting fees	87,516	140,100	370,820	199,800
Stock-based compensation	105,766	308,705	484,031	870,507
	\$ 445,578	\$ 608,954	\$ 1,826,688	\$ 1,501,972

⁽¹⁾ Mr. Jing Peng was appointed Chief Financial Officer of the Company in July 2019. Mr. Peng is also a senior employee of Marrelli Support Services Inc. ("Marrelli Support"). Marrelli Support also provides accounting services to the Company.

As at June 30, 2022, the outstanding compensation for key management personnel was \$11,977 (September 30, 2021 - \$262,330).

Included in prepaid expense and sundry assets was a repayment of accruals to the Company's CEO of \$1,265,707 (September 30, 2021 - \$126,573).

During the nine months ended June 30, 2022, the Company issued 6,000,000 common shares to one of the directors of the Company in conversion of the \$300,000 convertible debt (note 14(ix)).

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

19. GENERAL AND ADMINISTRATIVE

	Three months ended June 30, 2022	Three months ended June 30, 2021	Nine months ended June 30, 2022	Nine months ended June 30, 2021
Salaries, wages and bonuses	\$ 209,802	\$ 179,510	\$ 848,764	\$ 454,984
Stock-based compensation	178,620	575,233	788,760	1,238,237
Investor relations	95,342	-	393,077	-
Professional fees	250,671	111,654	472,878	461,369
Consulting fees	16,879	346,460	86,084	558,722
Regulatory and filing fees	13,504	-	151,241	-
Office and general	203,834	7,874	320,817	72,715
Accretion	-	11,488	2,745	23,126
Foreign exchange gain	45,912	2,177	39,718	(16,124)
Gain on settlement of debt	-	(9,107)	-	(45,710)
	\$ 1,014,564	\$ 1,225,289	\$ 3,104,084	\$ 2,747,319

20. CONTINGENCIES

Pursuant to the intellectual property purchase agreement for Green Ammonia production technology (note 9), the Company is obliged to issue 15 million common shares of the Company to the seller, if the seller and consultants continue to provide consulting services to support the development of the technology. A provision for the remaining obligation has not been recognized as a reliable estimate cannot be determined.