



## **FUELPOSITIVE CORPORATION**

### **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**THREE AND NINE MONTHS ENDED  
JUNE 30, 2023**

**(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, 2023	As at September 30, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,757,401	\$ 2,211,383
Prepaid expenses and sundry assets (note 4)	797,118	1,474,007
<b>Total current assets</b>	<b>2,554,519</b>	<b>3,685,390</b>
<b>Non-current assets</b>		
Property and equipment (note 5)	431,356	379,881
Right-of-use assets (note 6)	110,535	153,787
Loan receivable (note 7)	457,911	450,000
EEStor technology, rights, patents and development costs (note 8)	8,985,661	9,006,132
Green Ammonia production technology (note 9)	16,065,853	15,167,723
<b>Total non-current assets</b>	<b>26,051,316</b>	<b>25,157,523</b>
<b>Total assets</b>	<b>\$ 28,605,835</b>	<b>\$ 28,842,913</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 10)	\$ 1,928,127	\$ 1,118,651
Lease liabilities (note 12)	56,927	10,403
<b>Total current liabilities</b>	<b>1,985,054</b>	<b>1,129,054</b>
<b>Non-current liabilities</b>		
Loan payable (note 13)	60,000	60,000
Lease liabilities (note 12)	59,138	102,399
<b>Total non-current liabilities</b>	<b>119,138</b>	<b>162,399</b>
<b>Total liabilities</b>	<b>2,104,192</b>	<b>1,291,453</b>
<b>Shareholders' equity</b>		
Share capital (note 14)	103,718,026	101,352,976
Shares to be issued	1,523,498	-
Contributed surplus	23,369,284	19,919,349
Warrant capital	8,842,279	7,791,261
Accumulated deficit	(106,579,345)	(96,976,004)
	30,873,742	32,087,582
Non-controlling interest	(4,372,099)	(4,536,122)
<b>Total shareholders' equity</b>	<b>26,501,643</b>	<b>27,551,460</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 28,605,835</b>	<b>\$ 28,842,913</b>

Nature of operations and going concern (note 1)

Approved on behalf of the Board:

"Olushola Ashiru" 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, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
<b>Expenses</b>				
General and administrative (notes 18 and 19)	\$ 2,310,483	\$ 1,014,564	\$ 7,243,458	\$ 3,104,084
Financing costs	-	-	-	3,171
Engineering and development (notes 5 and 8)	-	21,805	21,563	66,929
Amortization and depreciation (notes 5 and 9)	638,570	410,620	1,883,865	1,239,935
Amortization of right-of-use asset (note 6)	14,417	4,806	43,252	4,806
Loss on settlement of debt (note 11)	264,791	-	264,791	1,278,794
Accretion of lease liability (note 12)	2,989	909	8,748	909
<b>Loss before under-noted item</b>	<b>(3,231,250)</b>	<b>(1,452,704)</b>	<b>(9,465,677)</b>	<b>(5,698,628)</b>
Interest income	1,140	-	26,359	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (3,230,110)</b>	<b>\$ (1,452,704)</b>	<b>\$ (9,439,318)</b>	<b>\$ (5,698,628)</b>
<b>Net loss for the period attributable to:</b>				
Shareholders of the Company	\$ (3,334,098)	\$ (1,305,725)	\$ (9,603,341)	\$ (5,628,677)
Non-controlling interest in subsidiary (note 8)	103,988	(146,979)	164,023	(69,951)
	<b>\$ (3,230,110)</b>	<b>\$ (1,452,704)</b>	<b>\$ (9,439,318)</b>	<b>\$ (5,698,628)</b>
<b>Net loss per share - basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding - basic and diluted</b>	<b>361,645,874</b>	<b>335,616,884</b>	<b>358,818,480</b>	<b>329,137,641</b>

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, 2023	Nine months ended June 30, 2022
<b>Cash flows used in operations</b>		
Net loss for the period	\$ (9,439,318)	\$ (5,698,628)
Items not affecting cash:		
Depreciation and amortization (notes 8 and 9)	1,883,867	1,259,144
Amortization of right-of-use assets (note 6)	43,252	4,806
Stock-based compensation (note 16)	3,141,275	788,760
Interest accrual	(7,911)	171
Loss on conversion of convertible debenture	-	1,278,794
Accretion of lease liability (note 12)	8,748	909
Foreign exchange loss	22,001	-
Accretion of convertible debenture	-	2,745
Loss on settlement of debt	264,791	-
	<b>(4,083,295)</b>	<b>(2,363,299)</b>
Changes in non-cash working capital:		
Prepaid expenses and sundry assets	676,889	(1,764,851)
Accounts payable and accrued liabilities	881,477	(980,984)
<b>Net cash used in operating activities</b>	<b>(2,524,929)</b>	<b>(5,109,134)</b>
<b>Investing activities</b>		
Purchase of Green Ammonia production technology	(2,629,148)	(2,486,232)
Purchase of property and equipment	(183,854)	(45,685)
<b>Net cash used in investing activities</b>	<b>(2,813,002)</b>	<b>(2,531,917)</b>
<b>Financing activities</b>		
Issuance of units, net of issuance costs	3,405,385	7,174,460
Proceeds from the exercise of warrants and stock options	319,343	-
Proceeds from bridge loans	1,211,473	-
Repayment of bridge loan (note 11)	(102,017)	-
Proceeds from shares to be issued	55,250	-
Repayment of promissory notes	-	(12,260)
Lease payments (note 12)	(5,485)	(63,891)
<b>Net cash provided by financing activities</b>	<b>4,883,949</b>	<b>7,098,309</b>
<b>Net change in cash</b>	<b>(453,982)</b>	<b>(542,742)</b>
<b>Cash, beginning of period</b>	<b>2,211,383</b>	<b>5,257,352</b>
<b>Cash, end of period</b>	<b>\$ 1,757,401</b>	<b>\$ 4,714,610</b>

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 Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

Unaudited

	Number of Shares	Share Capital	Shares to be issued	Contributed Surplus	Warrant Capital	Equity Portion of Convertible Debenture	Accumulated Deficit	Subtotal	Non-controlling Interest	Total
<b>Balance, September 30, 2021</b>	<b>288,705,662</b>	<b>\$ 94,172,374</b>	<b>\$ -</b>	<b>\$ 17,343,321</b>	<b>\$ 6,647,396</b>	<b>\$ 86,875</b>	<b>\$(83,054,271)</b>	<b>\$ 35,195,695</b>	<b>\$ (4,158,229)</b>	<b>\$ 31,037,466</b>
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(i)(ii)(iii)(iv)(v))	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	1,500,000	240,000	-	-	-	-	-	240,000	-	240,000
Shares issued for conversion of convertible debenture	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
<b>Balance, June 30, 2022</b>	<b>337,719,146</b>	<b>\$100,471,770</b>	<b>\$ -</b>	<b>\$ 17,914,031</b>	<b>\$ 9,597,385</b>	<b>\$ -</b>	<b>\$(88,682,948)</b>	<b>\$ 39,300,238</b>	<b>\$ (4,228,180)</b>	<b>\$ 35,072,058</b>
<b>Balance, September 30, 2022</b>	<b>351,219,146</b>	<b>\$101,352,976</b>	<b>\$ -</b>	<b>\$ 19,919,349</b>	<b>\$ 7,791,261</b>	<b>\$ -</b>	<b>\$(96,976,004)</b>	<b>\$ 32,087,582</b>	<b>\$ (4,536,122)</b>	<b>\$ 27,551,460</b>
Loss for the period	-	-	-	-	-	-	(9,603,341)	(9,603,341)	-	(9,603,341)
Non-controlling interest in subsidiary	-	-	-	-	-	-	-	-	164,023	164,023
Comprehensive loss for the period	-	-	-	-	-	-	(9,603,341)	(9,603,341)	164,023	(9,439,318)
Transactions with shareholders:										
Issuance of units - net of costs (note 14(iv))	53,870,699	3,405,385	-	-	-	-	-	3,405,385	-	3,405,385
Fair value of warrants and broker warrants (note 14(iv))	-	(1,508,281)	-	-	1,508,281	-	-	-	-	-
Shares to be issued for settlement of bridge loans and payable	-	-	1,523,498	-	-	-	-	1,523,498	-	3,046,996
Shares issued for exercise of warrants	4,698,857	408,346	-	-	(109,003)	-	-	299,343	-	299,343
Shares issued for exercise of stock options	400,000	59,600	-	(39,600)	-	-	-	20,000	-	20,000
Transfer from warrant capital on expiry	-	-	-	348,260	(348,260)	-	-	-	-	-
Stock-based compensation (note 16)	-	-	-	3,141,275	-	-	-	3,141,275	-	3,141,275
<b>Balance, June 30, 2023</b>	<b>410,188,702</b>	<b>\$103,718,026</b>	<b>\$ 1,523,498</b>	<b>\$ 23,369,284</b>	<b>\$ 8,842,279</b>	<b>\$ -</b>	<b>\$106,579,345</b>	<b>\$ 30,873,742</b>	<b>\$ (4,372,099)</b>	<b>\$ 26,501,643</b>

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, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

---

### 1. NATURE OF OPERATIONS AND GOING CONCERN

FuelPositive Corporation (the "Company" or "Fuelpositive") 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 "EESstor" herein means EESstor, Inc. alone a 71.3% subsidiary of FuelPositive Corporation. The Company's head office is located at 99 Northland Rd, Unit B, Waterloo, Ontario, N2V 1Y8.

FuelPositive is a Canadian technology company committed to providing commercially viable and sustainable, "cradle to cradle" clean technology solutions, including an on-farm/onsite, containerized green ammonia (NH<sub>3</sub>) production system that eliminates carbon emissions from the production of green ammonia. By focusing on technologies that are clean, sustainable, economically advantageous and realizable, the Company aims to help change the course of climate change, addressing unsustainable agricultural practices through innovative technology and practical solutions that can be implemented now.

The FuelPositive on-farm/onsite, containerized green ammonia production system is designed to produce pure, anhydrous ammonia for multiple applications, including fertilizer for farming, fuel for grain drying and internal combustion engines, a practical alternative for fuel cells and a solution for grid storage. Green ammonia is also considered a key enabler of the hydrogen economy. FuelPositive systems are designed to provide for green ammonia production on-farm/onsite, where and when needed. This eliminates wildly fluctuating supply chains and offers end-users clean fertilizer, energy and supply security while eliminating carbon emissions from the production process. The first customers will be farmers. Farmers use 80% of the traditional ammonia produced today as fertilizer. The Company also holds certain technology rights to solid-state capacitor and related energy storage technologies currently under further advancements with strategic third parties.

The Company's success depends on the commercialization of its technology. There is no assurance that FuelPositive will be successful in the manufacturing, distribution or licensing of its technology. Readers are directed to the "Risk Factors" disclosed in the Company's public filings.

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 give 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 \$9,439,318 during the nine months ended June 30, 2023 and as of that date, the Company's deficit was \$106,579,345. 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 as a going concern. Such adjustments could be material.

---

# FuelPositive Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2023

(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 29, 2023, 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, 2022. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending September 30, 2023 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 intangible assets

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 (Market approach) involves multiple estimates such as estimated market price based on a historical transaction, adjustments for qualitative factors such as achievement of goals for further development, economic factors surrounding the battery industry etc. Judgment is required in assessing whether any indicators of impairment are applicable, as defined in IAS 36.

(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, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

---

### 3. USE OF ESTIMATES AND JUDGMENTS (Continued)

(iv) Development costs

Management monitors the progress of the EESstor and green ammonia technologies. 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.

(v) Provision and contingent liabilities

Management's decision that no provision is needed for the contingency in note 26 represents management estimates and the eventual resolution of the liability may differ based on additional information and the occurrence of future events.

(vi) Estimated useful lives of equipment and intangible assets

Depreciation of equipment and intangible assets is dependent upon estimates of useful lives based on management's judgment.

(vii) Functional currency

The functional currency of Fuelpositive and its subsidiaries is the Canadian Dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. The determination of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency if there are changes in events and conditions of the factors used in the determination of the primary economic environment.

### 4. PREPAID EXPENSE AND SUNDRY ASSETS

	As at June 30, 2023	As at September 30, 2022
Advance to Chief Executive Officer ("CEO")	\$ 102,677	\$ 98,643
Prepaid expenses and advances to suppliers	591,870	972,626
HST receivable and other	102,571	402,738
Total	\$ 797,118	\$ 1,474,007

## FuelPositive Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

#### 5. PROPERTY AND EQUIPMENT

Cost	Leasehold improvementand	Machinery equipmentand	Furniture and fixture	Computer Equipment	Total
<b>Balance, September 30, 2021</b>	\$ -	\$ -	\$ -	\$ 7,518	\$ 7,518
Additions	74,584	223,842	3,489	94,117	396,032
<b>Balance, September 30, 2022</b>	<b>74,584</b>	<b>223,842</b>	<b>3,489</b>	<b>101,635</b>	<b>403,550</b>
Additions	81,533	52,022	39,246	11,053	183,854
<b>Balance, June 30, 2023</b>	<b>\$156,117</b>	<b>\$ 275,864</b>	<b>\$ 42,735</b>	<b>\$ 112,688</b>	<b>\$ 587,404</b>

Accumulated depreciation	Leasehold improvementand	Machinery equipmentand	Furniture and fixture	Computer Equipment	Total
<b>Balance, September 30, 2021</b>	\$ -	\$ -	\$ -	\$ 627	\$ 627
Depreciation	4,464	9,327	87	9,164	23,042
Disposals (a)	-	-	-	-	-
<b>Balance, September 30, 2022</b>	<b>4,464</b>	<b>9,327</b>	<b>87</b>	<b>9,791</b>	<b>23,669</b>
Additions	40,146	62,073	3,369	26,791	132,379
<b>Balance, June 30, 2023</b>	<b>\$ 44,610</b>	<b>\$ 71,400</b>	<b>\$ 3,456</b>	<b>\$ 36,582</b>	<b>\$ 156,048</b>

Net book value	Leasehold improvementand	Machinery equipmentand	Furniture and fixture	Computer Equipment	Total
<b>Balance, September 30, 2022</b>	<b>\$ 70,120</b>	<b>\$ 214,515</b>	<b>\$ 3,402</b>	<b>\$ 91,844</b>	<b>\$ 379,881</b>
<b>Balance, June 30, 2023</b>	<b>\$111,507</b>	<b>\$ 204,464</b>	<b>\$ 39,279</b>	<b>\$ 76,106</b>	<b>\$ 431,356</b>

#### 6. RIGHT-OF-USE ASSETS

Right-of-use assets are as follows:

	Plant space
<b>Balance - September 30, 2021</b>	\$ -
Additions (note 12)	173,010
Amortization	(19,223)
<b>Balance - September 30, 2022</b>	<b>153,787</b>
Amortization	(43,252)
<b>Balance - June 30, 2023</b>	<b>\$ 110,535</b>

---

## FuelPositive Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

---

#### 7. LOAN RECEIVABLE

The CEO of the Company holds an interest bearing loan to the Company totalling \$450,000. The terms of the loan receivable are disclosed in note 8 to the audited annual consolidated financial statements for the year ended September 30, 2022. During the three and nine months ended June 30, 2023, the Company accrued interest income of \$1,140 and \$7,911, respectively (three and nine months ended June 30, 2022 - \$nil).

#### 8. EESTOR TECHNOLOGY, RIGHTS, PATENTS AND DEVELOPMENT COSTS

##### Continuity of Assets

<b>Intangible asset at September 30, 2021 (i)</b>	<b>\$ 14,837,121</b>
Impairment of intangible assets (ii)	(5,805,187)
Patent amortization	(25,802)
<b>Intangible asset at September 30, 2022</b>	<b>9,006,132</b>
Patent amortization	(20,471)
<b>Intangible asset at June 30, 2023</b>	<b>\$ 8,985,661</b>

i) In September 2021, the Company's annual impairment testing determined that the recoverable amount of the EESstor 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 \$1,599,000,000 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 18% 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.

(ii) In September 2022, the Company's annual impairment testing determined that the carrying amount of the EESstor technology, rights, patents and development costs exceeded their recoverable value and as a result, the Company recorded an impairment charge of \$5,805,187 (2021 – no impairment charge). The recoverable amount was determined using a Market Approach.

## FuelPositive Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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

##### EESTor Financial Information

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

	June 30, 2023 US (\$)	September 30, 2022 US (\$)
Long-term assets	885,504	900,655
<b>Total assets</b>	<b>885,504</b>	<b>900,655</b>
Current liabilities	101,500	101,500
Long-term liabilities (i)	13,428,258	11,474,915
<b>Total liabilities</b>	<b>13,529,758</b>	<b>11,576,415</b>
<b>Shareholders' deficiency</b>	<b>(12,644,254)</b>	<b>(10,675,760)</b>

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

EESTor's operating expenses included in the Consolidated Statement of Loss and Comprehensive Loss for the three and six months ended June 30, 2023 and 2022 are as follows:

	Three months ended June 30, 2023 US (\$)	Three months ended June 30, 2022 US (\$)	Nine months ended June 30, 2023 US (\$)	Nine months ended June 30, 2022 US (\$)
General and administrative expenses	-	(1,384)	4,534	(11,384)
Engineering and development	(5,050)	(5,050)	(15,151)	(15,151)
<b>Net loss</b>	<b>(5,050)</b>	<b>(6,434)</b>	<b>(10,617)</b>	<b>(26,535)</b>
Loss attributed to the Company	(2,530)	(3,223)	(5,319)	(13,294)
Non-controlling interest in subsidiary	(2,520)	(3,211)	(5,298)	(13,241)
<b>Net loss</b>	<b>(5,050)</b>	<b>(6,434)</b>	<b>(10,617)</b>	<b>(26,535)</b>

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, 2023, 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, 2023

(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 as a carbon free 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 (NH<sub>3</sub>) – a carbon free fertilizer and 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. During the year ended September 30, 2022, 15,000,000 common shares (valued at \$2,400,000) were issued. The Green Ammonia intellectual property has an estimated minimum useful life of 8 years.

	Intellectual Property	Development Costs	Total
<b>Balance, September 30, 2021</b>	<b>\$11,907,292</b>	<b>\$ 206,711</b>	<b>\$12,114,003</b>
Additions	2,400,000	2,419,599	4,819,599
Amortization	(1,628,125)	(137,754)	(1,765,879)
<b>Balance, September 30, 2022</b>	<b>12,679,167</b>	<b>2,488,556</b>	<b>15,167,723</b>
Additions	-	2,629,148	2,629,148
Amortization	(1,389,843)	(341,175)	(1,731,018)
<b>Balance, June 30, 2023</b>	<b>\$11,289,324</b>	<b>\$ 4,776,529</b>	<b>\$16,065,853</b>

### 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at June 30, 2023	As at September 30, 2022
Trade accounts payables	\$ 1,305,613	\$ 432,411
Accrued liabilities	452,762	646,990
Amounts due to related parties	169,752	39,250
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 1,928,127</b>	<b>\$ 1,118,651</b>

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, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

---

### 11. BRIDGE LOANS

During the three and nine months ended June 30, 2023, the Company entered into loan agreements with certain arms-length third parties for bridge loans of \$315,201 and \$1,211,473, respectively, which matures on the earlier of twelve months from the date of the advancement of the bridge loans and the date upon which the gross proceeds to the Company from equity financings completed following the date of the agreements exceeds certain amount in the range of \$5 million to \$10 million. The loan does not bear interest, but the Company will pay a one-time financing fees of \$199,297.

During the three and nine months ended June 30, 2023, the Company repaid \$102,017 of the bridge loans and settled the remaining balance of the bridge loans together with other accounts payables with 22,096,123 common shares to be issued of the Company, resulting a loss on settlement of debt of \$264,791. Subsequent to June 30, 2023, these shares were issued.

### 12. LEASE LIABILITIES

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

	<b>Plant space</b>
<b>Balance - September 30, 2021</b>	<b>\$ -</b>
Addition	173,010
Accretion expense	3,683
Lease payment	(63,891)
<b>Balance - September 30, 2022</b>	<b>112,802</b>
Accretion expense	8,748
Lease payment	(5,485)
<b>Balance - June 30, 2023</b>	<b>\$ 116,065</b>
<hr/>	
<b>Allocated as:</b>	
Current	\$ 56,927
Long-term	59,138
	<b>\$ 116,065</b>

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

<b>Maturity analysis</b>	<b>June 30, 2023</b>
Less than one year	\$ 65,979
One to three years	62,135
Total undiscounted lease liabilities	128,114
Amount representing implicit interest	(12,049)
Lease liabilities	<b>\$ 116,065</b>

---

# FuelPositive Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

---

### 13. LOAN PAYABLE

During the year ended September 30, 2020, the Company applied for the COVID-19 Relief Line of Credit as part of the Government-sponsored Canada Emergency Business Account (CEBA). The credit limit of \$60,000 has an interest rate of 0% until December 31, 2020. On January 1, 2021, the operating line of credit was converted to a 3-year 0% interest term loan, to be repaid by December 31, 2023 of which \$20,000 of the loan will be forgiven if \$40,000 is repaid in full on or before December 31, 2023. If on December 31, 2023 the loan is not repaid, the Company can exercise the option for a 3-year term extension at an interest rate of 5% on the balance over the term extension period. The Company expects to pay the loan prior to December 31, 2023.

### 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 October 27, 2021, the Company announced the closing of a subscription agreement with certain U.S. institutional investors for gross proceeds of \$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.

(ii) 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 \$338,081 being the carrying value of the debt plus the previously recognized "equity portion of convertible debenture" of \$86,875.

(iii) On June 1, 2022, the Company issued 15,000,000 common shares pursuant to Dr. Dincer and his team as consideration for acquisition of the NH3 technology (note 9).

---

## FuelPositive Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

---

#### 14. SHARE CAPITAL (Continued)

(b) Common shares issued (continued)

(iv) On June 21, 2023, the Company completed the first tranche of its 7,500,000 non-brokered private placement and has issued 53,870,699 units, at a price of \$0.065 per unit, for gross proceeds of \$3,501,595. Each unit consists of one common share of the Company and one common share purchase warrant, allowing holders to purchase an additional common share at an exercise price of \$0.09 until June 21, 2026. In the event the volume-weighted average closing price of the Company's common shares on the TSX Venture Exchange exceeds \$0.40 for ten consecutive trading days, the Company retains the option to accelerate the expiry date of the Warrants to thirty days after a public announcement of the election. The Company also issued 1,480,150 broker warrants for the private placement allowing holders to purchase an additional common share at an exercise price of \$0.09 until June 21, 2026. and incurred transaction costs of \$96,210.

The fair values of the warrants and finder's warrants are estimated at \$1,435,647 and \$72,634 using Black-Scholes pricing model with the following assumptions: share price \$0.065, dividend yield 0%, risk free interest rate 4.22%, volatility 141%, and an expected life 3 years. Expected volatility is based on historical volatility.

#### 15. WARRANTS

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

	Number of Warrants	Weighted Average Exercise Price
<b>Balance, September 30, 2021</b>	<b>63,156,341</b>	<b>\$ 0.25</b>
Issued (note 14(b)(ii))	32,869,567	0.25
Exercised	(6,278,700)	0.10
<b>Balance, June 30, 2022</b>	<b>89,747,208</b>	<b>\$ 0.26</b>
<b>Balance, September 30, 2022</b>	<b>82,507,208</b>	<b>0.23</b>
Issued (note 14(b)(iv))	55,350,849	0.09
Exercised	(4,698,857)	0.06
Expired	(5,232,500)	0.11
<b>Balance, June 30, 2023</b>	<b>127,926,700</b>	<b>\$ 0.18</b>

---

## FuelPositive Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

---

#### 15. WARRANTS (Continued)

The Company had the following warrants outstanding at June 30, 2023:

Number of Warrants	Exercise Price	Expiry Date
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
53,870,699	\$0.09	June 21, 2026
1,480,150	\$0.09	June 21, 2026
127,926,700		

---

#### 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.

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

	Number of Options	Weighted Average Exercise Price
<b>Balance, September 30, 2021</b>	<b>21,112,500</b>	<b>\$ 0.10</b>
Granted	1,300,000	0.18
Exercised	(4,800,000)	0.05
<b>Balance, June 30, 2022</b>	<b>17,612,500</b>	<b>\$ 0.12</b>

# FuelPositive Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

### 16. STOCK OPTIONS (Continued)

<b>Balance, September 30, 2022</b>	<b>18,932,500</b>	<b>0.12</b>
Granted	36,640,000	0.13
Exercised	(400,000)	0.12
Expired	(20,000)	0.20
<b>Balance, June 30, 2023</b>	<b>55,152,500</b>	<b>\$ 0.13</b>
Exercisable	27,675,000	\$ 0.12

For the three and nine months ended June 30, 2023, the Company recorded \$1,048,065 and \$3,141,275, respectively (three and nine months ended June 30, 2022 - \$178,620 and \$788,760, respectively) in stock-based compensation costs.

For the nine months ended June 30 2023, the fair value of options is determined using the Black-Scholes option pricing model with the following weighted average assumptions: (i) dividend yield of 0%, (ii) expected volatility of approximately 126% to 160%, (iii) risk free interest rate of 3.31% to 3.78%, (iv) the average expected life of 2.28 to 5 years, and (v) the average share price on date of issuance of \$0.15 and a forfeiture rate of 0%. Expected volatility is based on historical volatility. The weighted average fair value of the grant in the period was \$0.14 per instrument.

The Company had the following stock options outstanding as of June 30, 2023:

<u>Number of Options</u>		<u>Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (years)</u>	<u>Expiry Date</u>
<u>Outstanding</u>	<u>Exercisable</u>			
2,625,000	2,625,000	\$ 0.14	0.98	June 22, 2024
500,000	250,000	\$ 0.13	1.63	February 14, 2025
500,000	500,000	\$ 0.14	1.65	February 23, 2025
60,000	40,000	\$ 0.16	1.87	May 12, 2025
60,000	40,000	\$ 0.16	1.92	June 1, 2025
120,000	40,000	\$ 0.16	2.07	July 25, 2025
60,000	20,000	\$ 0.20	2.13	August 15, 2025
7,912,500	7,912,500	\$ 0.05	2.50	December 31, 2025
1,875,000	1,875,000	\$ 0.19	2.63	February 14, 2026
3,500,000	3,500,000	\$ 0.19	3.19	September 8, 2026
1,300,000	1,300,000	\$ 0.18	3.56	January 18, 2027
34,250,000	8,562,500	\$ 0.13	4.37	January 18, 2027
60,000	40,000	\$ 0.17	1.84	May 2, 2025
60,000	20,000	\$ 0.17	2.17	August 29, 2025
60,000	20,000	\$ 0.12	2.33	October 28, 2025
60,000	20,000	\$ 0.14	2.36	November 7, 2025
60,000	20,000	\$ 0.15	2.40	November 21, 2025
140,000	140,000	\$ 0.15	2.51	January 2, 2026
750,000	750,000	\$ 0.13	2.76	April 3, 2026
1,200,000	-	\$ 0.10	2.85	May 4, 2026
<b>55,152,500</b>	<b>27,675,000</b>		<b>3.65</b>	

---

## FuelPositive Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

---

#### 17. SEGMENTED INFORMATION

As at June 30, 2023, the operations and assets of the Company's wholly-owned subsidiaries are located in Canada. The operations and assets of EESstor are located in Cedar Park, Texas, and are summarized in note 8.

#### 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, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Salaries and wages	\$ 215,500	\$ 237,500	\$ 1,058,495	\$ 916,423
Professional fees <sup>(1)</sup>	7,635	14,796	40,551	55,414
Directors' fees	82,000	-	246,000	-
Consulting fees	-	87,516	91,620	370,820
Stock-based compensation	721,884	105,766	2,298,058	484,031
	<b>\$ 1,027,019</b>	<b>\$ 445,578</b>	<b>\$ 3,734,724</b>	<b>\$ 1,826,688</b>

<sup>(1)</sup> 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, 2023, the outstanding compensation for key management personnel was \$5,752 (September 30, 2022 - \$nil) (see note 10).

As at June 30, 2023, the Company owed director fees of \$164,000 (September 30, 2022 - \$20,500) and consulting fees of \$19,560 (September 30, 2022 - \$18,750). (see note 10). Subsequent to June 30, 2023, the Company reached an agreement to settle director fees of \$123,000 owed to one of the former directors through the issuance of 1,892,308 Units (see note 22).

---

## FuelPositive Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

---

#### 19. GENERAL AND ADMINISTRATIVE

	Three months ended June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Salaries, wages and bonuses	\$ 446,427	\$ 209,802	\$ 1,742,766	\$ 848,764
Stock-based compensation	1,048,065	178,620	3,141,275	788,760
Investor relations	364,294	95,342	540,284	393,077
Professional fees	174,124	250,671	654,360	472,878
Consulting fees	65,521	16,879	339,003	86,084
Regulatory and filing fees	39,730	13,504	101,803	151,241
Office and general	158,603	203,834	703,963	320,817
Accretion on convertible debenture	-	-	-	2,745
Foreign exchange loss	13,719	45,912	20,004	39,718
	<b>\$ 2,310,483</b>	<b>\$ 1,014,564</b>	<b>\$ 7,243,458</b>	<b>\$ 3,104,084</b>

#### 20. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to maintain its ability to continue as a going concern for the benefit of shareholders and other stakeholders by balancing cash conservation and prudent investment in its operations in order to further its business objectives.

Working capital management is fundamental to the broader management of capital. The Company has a defined investment policy restricting the investment of cash balances to term deposits and bankers' acceptances. Non-cash working capital is managed with defined business practices and policies intended to optimize the investment and safeguard the assets.

The Company includes equity in its definition of capital. Equity is comprised of share capital, contributed surplus, warrant capital and deficit and amounted to \$30,873,742 (September 30, 2020 - \$32,087,582). The Company's approach to raising equity has been to raise sufficient capital to take the Company toward a target milestone, with an objective of successive capital raises being at a higher price and therefore less dilutive for shareholders. To secure additional capital to pursue its objectives, the Company may raise additional funds through the issuance of equity. The Company's ability to continue with its incremental capital raise strategy is a function of many factors, including the state of the capital markets, and there is no assurance that this approach will be practical on a go forward basis.

The Company is not subject to any external capital requirements. There have been no changes with respect to the overall capital management strategy during the three months ended June 30, 2023.

---

# FuelPositive Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended June 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

---

### 21. CONTINGENCY

There is a legal proceeding in the Ontario Superior Court of Justice involving a statement of claim (the "Claim") made by Green NH3 Inc. ("Green NH3") against Ontario Tech University and Ibrahim Dincer (collectively, the "Defendants"). The Claim alleges that Green NH3 is the owner of certain intellectual property and rights (collectively, the "Intellectual Property Rights"). The Intellectual Property Rights were previously assigned to the Company pursuant to an intellectual property purchase agreement (the "Purchase Agreement") entered into with Ibrahim Dincer and his team effective March 26, 2021. The Company is not named as a party to the Claim and does not consider the claim to be of merit. The Company understands that the Defendants intend to defend the Claim, and the Claim has not had any impact on the business operations or planned activities of the Company. Through the Purchase Agreement, the Company has obtained contractual representations regarding ownership of the Intellectual Property Rights. As a result, if the Claim were successful, management is not of the view that the ability of the Company to exploit the Intellectual Property Rights would be impacted.

The Company has made no provisions on the above legal claim in the unaudited condensed interim consolidated financial statements for the three months ended December 31, 2022.

### 22. SUBSEQUENT EVENTS

On July 19, 2023, the Company completed the final tranche of its non-brokered private placement and has issued a further 31,443,069 units, at a price of \$0.065 per unit, for gross proceeds of \$2,043,800. Each unit consists of one common share of the Company and one common share purchase warrant, allowing holders to purchase an additional common share at an exercise price of \$0.09 until July 18, 2026. In the event the volume-weighted average closing price of the Company's common shares on the TSX Venture Exchange exceeds \$0.40 for ten consecutive trading days, the Company retains the option to accelerate the expiry date of the warrants to thirty days after a public announcement of the election. In connection with the completion of the second tranche of the private placement, the Company paid \$15,925, issued 140,000 common shares at an issue price of \$0.065 and issued 385,000 broker warrants to certain arms-length third parties who assisted in introducing subscribers to the private placement.

Subsequent to June 30, 2023, the Company issued 22,096,123 common shares in settlement of bridge loans and other accounts payables.

Subsequent to June 30, 2023, 3,151,640 warrants expired unexercised.

On August 1, 2023, the Company completed the previously announced settlement (the "Settlement") of \$1,436,248 of outstanding indebtedness owing to certain arms-length parties and has issued 22,096,123 units (each, a "Unit") at a price of \$0.065 per Unit. Each Unit consists of one common share of the Company, and one common share purchase warrant (each, a "Warrant") entitling the holder to acquire an additional common share at a price \$0.09 until July 28, 2026. In the event the volume-weighted average closing price of the Company's common shares on the TSX Venture Exchange exceeds \$0.40 for ten consecutive trading days, the Company retains the option to accelerate the expiry date of the Warrants to thirty days after a public announcement of the election.

On August 21, 2023, the Company applied to the TSX Venture Exchange to amend (the "Amendment") the terms of a series of 8,249,823 share purchase warrants (collectively, the "Warrants"). The Warrants are currently exercisable at a price of \$0.34, with 3,044,000 expiring on August 21, 2023, and 5,205,823 expiring on September 5, 2023. Under the terms of the Amendment, the exercise price of the Warrants would be reduced to \$0.06. As an additional incentive to encourage the exercise of the Warrants, upon exercise of each Warrant, the holder would be entitled to receive one common share and one additional share purchase warrant (each, an "Incentive Warrant"). Each Incentive Warrant will be exercisable at a price of \$0.09 for a period of thirty-six months, subject to accelerated expiry in the event the volume-weighted average closing price of the Company's common shares on the TSX Venture Exchange exceeds \$0.40 for ten consecutive trading days.