



NEXT HYDROGEN SOLUTIONS INC.

ANNUAL INFORMATION FORM

For the fiscal year ended December 31, 2022

Dated May 16, 2023

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GLOSSARY

In this Annual Information Form, the following capitalized terms have the following meanings, in addition to other terms defined elsewhere in this Annual Information Form.

“**Agents**” means National Bank Financial Inc., TD Securities Inc., Echelon Wealth Partners Inc., Raymond James Ltd., Roth Canada ULC, Beacon Securities Limited and Fort Capital Securities Ltd., as agents in connection with the Private Placement.

“**Amalgamation**” means the amalgamation of Next Hydrogen Corporation and BioHep SubCo under the provisions of the Business Corporations Act (Ontario) on the terms set forth in the Amalgamation Agreement.

“**Amalgamation Agreement**” means the amalgamation agreement dated as of March 3, 2021 by and among Next Hydrogen, BioHep and BioHep SubCo to effect the Amalgamation.

“**Annual Information Form**” or “**AIF**” means this annual information form of the Corporation dated May 16, 2023 for the year ended December 31, 2022.

“**Articles**” means the Articles of Incorporation of the Corporation dated May 13, 2020, as may be amended from time to time.

“**Audit Committee**” means the Audit Committee of the Board.

“**Award**” means any Option or Deferred Share Unit granted under the Equity Incentive Plan, which may be denominated or settled in Common Shares, cash or in such other form as provided therein;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as may be amended from time to time.

“**BioHep**” means BioHep Technologies Ltd.

“**BioHep SubCo**” means 2819845 Ontario Inc., a wholly-owned subsidiary of BioHep, newly incorporated under the *Business Corporations Act* (Ontario) for the sole purpose of effecting the Private Placement and the Amalgamation.

“**Board**” means the Board Of Directors of the Corporation.

“**Common Share**” means a common share in the capital of the Corporation, as currently constituted.

“**Compensation Committee**” means the Compensation Committee of the Board.

“**Deferred Share Unit**” or “**DSU**” means a unit equivalent in value to a Common Share, tracked on the books of the Corporation in accordance with Article 5 of the Equity Incentive Plan.

“**Equity Incentive Plan**” means the equity incentive plan of the Corporation approved by Shareholders on June 21, 2022.

“**Governance and Nominating Committee**” means the Governance and Nominating Committee of the Board.

“**IFRS**” means the International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IASB**”) and the interpretations thereof by the International Financial Reporting Interpretations Committee and the former Standing Interpretations Committee.

“**Investor Relations Activities**” has the meaning assigned by TSXV Policy 1.1 – *Interpretation*.

“**MD&A**” means Management’s Discussion and Analysis of financial condition and operating results.

“**Next Hydrogen**” or the “**Corporation**” means Next Hydrogen Solutions Inc., a corporation formed under the laws of British Columbia.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*.

“**NP 46-201**” means National Policy 46-201 – *Escrow for Initial Public Offerings*.

“**Option**” means an option of the Corporation to purchase a Common Share issued pursuant to the Equity Incentive Plan.

“**Principal**” has the meaning ascribed to such term under NP 46-201.

“**Private Placement**” means the brokered “best efforts” private placement offering for aggregate gross proceeds of \$28,545,000 of 2,854,500 Subscription Receipts at a price of \$10.00 per Subscription Receipt, pursuant to the terms and conditions of the agency agreement dated April 28, 2021, which closed on April 28, 2021.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“**Shareholders**” means holders of Common Shares.

“**Subscription Receipts**” means the subscription receipts issued by BioHep SubCo pursuant to the Private Placement, with each such subscription receipt convertible, for no additional consideration, into one BioHep SubCo common share upon the satisfaction of the escrow release conditions on the closing of the Amalgamation.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time.

“**TSXV**” means TSX Venture Exchange Inc.

“**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“**Warrants**” means the common share purchase warrants of the Corporation.

Further terms are defined herein, such terms are indicated by use of capitalization and quotation marks (“**Example**”).

ANNUAL INFORMATION FORM

In this Annual Information Form, unless otherwise noted or the context indicates otherwise, the “Corporation”, “Next Hydrogen”, “we”, “us”, and “our” refer to Next Hydrogen Solutions Inc.

Reference is made in this Annual Information Form to the Financial Statements and the MD&A for the Corporation for the year ended December 31, 2022, together with the auditors’ report thereon. The Financial Statements and MD&A are available for review under the Corporation’s SEDAR profile at www.sedar.com. All financial information in this Annual Information Form is prepared in Canadian dollars and using IFRS as issued by the International Accounting Standards Board unless otherwise specified herein. The information contained herein is dated as of May 16, 2023, unless otherwise stated.

All currency amounts in this Annual Information Form are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

This AIF contains forward-looking information and forward-looking statements (collectively, “**forward-looking statements**”) within the meaning of applicable securities laws that are based on certain assumptions and analysis made by the Corporation’s management as of the date of this AIF, including the Corporation’s current internal expectations, estimates, projections, assumptions and beliefs. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget” or “budgeted”, “scheduled”, “estimates”, “projects”, “intends”, “proposes”, “complete”, “anticipates” or “does not anticipate”, “believes”, “likely”, “may”, “will”, “should”, “intend”, “anticipate”, “proposed”, “potential”, or variations of such words and phrases or state that certain actions, events, or results “may”, “can”, “could”, “would”, “might”, “will be taken”, “occur”, or “be achieved”, and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to: the performance of the Corporation’s business and operations, including its ability to continue as a going concern; the ability of the Corporation to execute on its mission, strategy, goals and primary business objectives; the Corporation’s view that it may become engaged in discussions and negotiations with respect to future potential acquisition or investment opportunities; the Corporation’s competitive position and the environment in which it operates, including opportunities for market expansion, coalition proposals; anticipated trends and challenges in the Corporation’s business and the market in which it operates; the Corporation’s belief that its market, industry and economic data are accurate and that its estimates and assumptions are reasonable; statements concerning the Corporation’s expectations of future relationships as well as the size and nature of the market for the Corporation’s products and services; statements regarding the Corporation’s objectives, visions and corporate strategies; statements regarding the Corporation’s products and the cost and timing to develop and bring to market and improve such products; statements concerning the Corporation’s prospective sales, market penetration and the capabilities and benefits of its products; statements regarding the timing of the Corporation’s sales and revenues; statements regarding the receipt of certifications and the timing thereof; statements regarding the effect of the COVID-19 pandemic on the economy and the Corporation’s business; statements regarding the Corporation’s internal controls and the adequacy thereof; statements regarding its intellectual property; statements regarding the Corporation’s competitors and the challenges competing products may face; statements in respect of regulatory changes; statements in respect of future capital and other expenditures (including the availability, amount, nature and sources of funding thereof); statements in respect of business prospects and opportunities; statements in respect of future growth and performance opportunities; statements regarding product development; statements in respect of the results of the Corporation’s operations and levels of activity; statements regarding the Corporation’s ability to raise additional capital; and statements concerning factors which management believes may be relevant in assessing whether the Corporation’s plans are achievable.

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

Certain forward-looking statements contained in this AIF about prospective results of operations, financial position or cash flows may constitute "future oriented financial information", is based on assumptions about future events, is given as at the date hereof and including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Management of the Corporation has approved the financial outlook as of May 16, 2023. Readers are cautioned that such financial outlook information contained in this AIF should not be used for purposes other than for which it is disclosed herein.

Forward-looking statements contained in this AIF are based on various assumptions, including, but not limited to the following: (i) the Corporation's ability to achieve a healthy growth strategy; (ii) the demand for the Corporation's products and services and fluctuations in future revenues; (iii) the Corporation's business model and assumptions; (iv) expectations of growth in the industry in which the Corporation operates and the markets in which the Corporation's products and services are sold; (v) the stability of general economic and market conditions; (vi) currency exchange rates and interest rates; (vii) equity and debt markets continuing to provide the Corporation with access to capital; (viii) that the risk factors noted above, collectively, do not have a material impact on the Corporation's business, operations, revenues and/or results. By their nature, forward-looking statements are subject to known and unknown risks and uncertainties, many of which are beyond the Corporation's control, that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law. All the forward-looking statements contained in this AIF are qualified by these cautionary statements.

MARKET AND INDUSTRY DATA

This AIF includes market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by management on the basis of its knowledge of and experience in the industry in which the Corporation operates (including management's estimates and assumptions relating to such industry based on that knowledge). Management's knowledge of such industry has been developed through its experience and participation in such industry. Although management believes such information to be reliable, neither the Corporation, nor management, has independently verified any of the data from third party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources. Furthermore, references in this AIF to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey, or article. The information in any such publication, report, survey or article is not incorporated by reference in this AIF.

CORPORATE STRUCTURE

NAME, ADDRESS AND CORPORATION

Overview of the Corporation

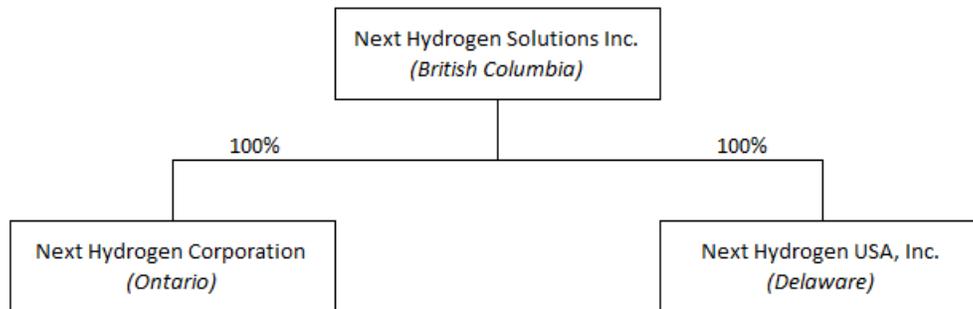
Next Hydrogen was incorporated under the BCBCA on February 11, 2014 as “BioHep Technologies Ltd.” The Articles were amended on June 21, 2021 to change the Corporation’s name from BioHep Technologies Ltd. To Next Hydrogen Solutions Inc. Next Hydrogen is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec. Its head office is located at 6610 Edwards Blvd, Mississauga, Ontario, L5T 2V6 and its registered office is located at 6610 Edwards Blvd, Mississauga, Ontario, L5T 2V6.

The Common Shares are listed and posted for trading on the TSXV under the trading symbol “NXH”.

INTERCORPORATE RELATIONSHIPS

The Corporation has two subsidiaries, being Next Hydrogen Corporation and Next Hydrogen USA, Inc. Neither Hydrogen Corporation nor Next Hydrogen USA, Inc. are reporting issuers. Next Hydrogen’s head office is located at 6610 Edwards Blvd, Mississauga, Ontario, L5T 2V6 and its registered office is located at 6610 Edwards Blvd, Mississauga, Ontario, L5T 2V6.

The current organizational structure of the Corporation and its subsidiaries is set forth below:



GENERAL DEVELOPMENT OF THE BUSINESS

THREE YEAR HISTORY

Founded in 2007, Next Hydrogen's innovative water electrolysis technology, with patented cell architecture, is designed to efficiently convert intermittent renewable electric power sources into clean hydrogen on an infrastructure scale. The Corporation was co-founded by Dr. Jim Hinatsu (COO) and Dr. Michael Stemp (CTO) who are experts in water electrolysis. They previously led R&D and IP development for Stuart Energy (acquired by Hydrogenics in 2004) and Hydrogenics (acquired by Cummins Transportation in 2019). A brief timeline of Next Hydrogen:

- 2010 – full scale test unit validates the concept
- 2014 – NH60, first prototype energized and sent for testing by Canadian Tire
- 2016 – NH300 ordered by Canadian Tire
- 2019 – second NH300 ordered by Canadian Tire
- Q2 2021 – acquired CleanFuel Systems Inc.
- Q4 2021 – moved into new assembly facility
- Q4 2022 – delivered proof of concept electrolyzer to Hyundai Motor Company (“**Hyundai**”) and Kia Corporation (“**Kia**”)
- Q4 2022 – awarded \$5.1 million in from Sustainable Development Technology Canada (“**SDTC**”) funding

During 2021, Next Hydrogen internalized manufacturing capabilities and transitioned away from contract manufacturing. Management believes this should allow Next Hydrogen greater operational flexibility and have a net positive impact on Next Hydrogen's margin profile.

On November 1, 2021, Next Hydrogen announced that its Common Shares started trading on the OTCQB Venture Marketplace (the “**OTCQB Venture**”), a US trading platform that is operated by the OTC Markets Group in New York. Next Hydrogen Common Shares trades on the OTCQB Venture under the symbol “NXHSF”; Next Hydrogen's Common Shares continue to trade on the TSX Venture Exchange under the symbol “NXH”.

On January 19, 2022, Next Hydrogen announced that it was selected by Black & Veatch, a global engineering, procurement, consulting and construction company, to participate in their IgniteX Climate Tech Accelerator program. This program will allow Next Hydrogen and Black & Veatch to collaborate on the development of green hydrogen solutions that have the potential to significantly decarbonize the industrial and transportation industries.

On March 25, 2022, Next Hydrogen joined a coalition of 40 partners that will work together, through the New York State Energy Research and Development Authority, to become one of at least four designated regional clean hydrogen hubs. The coalition is administered pursuant to the US federal Clean Hydrogen Hubs program included in the federal 2021 bipartisan Infrastructure Investment and Jobs Act to advance a vision that enables a long-term sustainable clean hydrogen industry in the Northeastern US. The coalition is expected to be competitively positioned to advance a vision that enables a long-term sustainable clean hydrogen industry in the Northeast region and to develop a proposal in response to the United States Department of Energy Funding Opportunity Announcement with \$8 billion in funding available.

In October 2022, the Corporation commissioned its factory acceptance test equipment, which allows Next Hydrogen to test commercial size systems prior to field demonstrations. This builds on the capability provided by bench scale and pilot scale test stands commissioned during Q2 and Q3 of 2021. The Corporation commenced producing hydrogen from its systems in April 2022 and has now progressed to 24/7 operation of its assets in its facility. The addition of these test stands significantly accelerates the Corporation's ability to deliver reliable and innovative electrolyzers to its customers.

In October 2022, the Corporation delivered a proof-of-concept alkaline electrolyzer module to Hyundai incorporating Hyundai cell components. The pilot test demonstrated the ability to operate at significantly higher current densities and temperature compared to traditional alkaline electrolyzers, which provides a pathway to cost-effective green hydrogen production.

In December 2022, the Corporation announced that it was awarded \$5.1 million from SDTC towards the development and demonstration of the Corporation's next generation electrolysis technology. This collaborative project will run until the end of 2024, expected to result in cost and performance improvements to Next Hydrogen's current line of electrolysis products (up to 2.25 MW) and the launch of next generation large-scale electrolysis modules (over 7 MW). With the launch of these products, Next Hydrogen is expected to be well positioned to support the needs of its customers for both near-term market demonstrations and commercial large-scale green hydrogen systems. The project includes the close participation of a consortium of strategic partners focused on validating these products for subsequent market deployment projects.

In December 2022, the Corporation successfully tested 0.6MW of individual modules of its first generation product line in our Factory Acceptance Test. It also completed a successful 24 hour run of three of these modules connected together before year end. Subsequent to year end, the commissioning phase of this first generation product line highlighted issues with respect to design as well as reliability; many of which were already known and already addressed in the second generation product line. This was determined to be an adjusting event as it provided evidence of conditions that existed at December 31, 2022. Further, due to supply chain challenges, the testing of our first generation product line has come on the heels of the launch of our second generation product line for demonstrations. As such, we are now in the process of investing in our second generation which will help to streamline and accelerate the validation of our go-forward product line. As a result, we have recorded a \$0.4M inventory write-down at December 31, 2022.

Leveraging the test infrastructure, the Corporation achieved significant product development milestones which showcased the compelling features resulting from its unique design and which were proved out using the bench scale test infrastructure. It achieved (1) cell performance that is enabling for full system energy efficiency of 55 kWh/kg (65 kWh/kg, previously) at a current density of 1 amp/cm² (which is the 2030 target set by the European roadmap) in our bench scale test units, with a turn down ratio of well below 10%. The Corporation commissioned a pilot scale version of its second generation electrolyzer (which uses full size parts) in the fourth quarter.

GENERAL

Summary

The principal business of Next Hydrogen is developing and producing water electrolyzers designed to work effectively with intermittent renewable energy. Next Hydrogen is focused on positioning its technology to support large scale decarbonisation of industrial and transportation sectors.

Founded in 2007, Next Hydrogen's innovative water electrolysis technology, with patented cell architecture, is designed to efficiently convert intermittent renewable electric power sources into green hydrogen on an infrastructure scale. The Corporation was co-founded by Dr. Jim Hinatsu (COO) and Dr. Michael Stemp (CTO), who are experts in water electrolysis. They previously led Research & Development and Intellectual Property

development for Stuart Energy (acquired by Hydrogenics in 2004) and Hydrogenics (acquired by Cummins in 2019).

While some of the world's brightest minds with strong capital resources have been focused on improving cell materials and components, improvements to the cell design architecture have garnered very little attention and as a consequence, the design has not changed in decades. Next Hydrogen's team, with a combined experience of over 100 years in water electrolysis, has dedicated more than a decade to revolutionizing the design architecture of the electrolyzer to optimize it for renewable energy integration. To date, it has been awarded 40 patents (more pending) across multiple jurisdictions. The break-through innovation in cell design architecture enables unprecedented operational flexibility to capture the entire output of intermittent renewable energy using significantly smaller or fewer units than a traditional electrolyzer solution. Next Hydrogen believes its unique design enables high current density operations, a superior dynamic response and inherent scalability, representing a strong technological advantage to reduce the cost of green hydrogen generation and decarbonize industrial processes, the transportation industry, and energy markets at scale.

The advanced electrolyzer module design uses a new and fundamentally different approach to fluid flows in water electrolyzers. Fluid flows are maintained separately in each half-cell chamber or "slice" of the electrolyzer module, whereas conventional designs collect all the fluid flows in internal manifolds of the electrolyzer module, which are separated from the gas in external gas-liquid separators. Next Hydrogen's design can therefore handle much higher fluid flow rates, and much higher gas generation rates, which in turn enables the Corporation's products to make more hydrogen economically, whenever low-cost electricity is available. The key enabling design features are incorporation of gas-liquid separators inside the electrolyzer module, and fluid flow passages that connect each gas production half-cell chamber directly to the gas-liquid separators.

Next Hydrogen's product is a large-scale hydrogen generator, which makes hydrogen at the user's site from common plant utilities – water and electricity. The hydrogen generator system uses water electrolysis to generate high-purity hydrogen on demand. The key component in the system is an innovative, patented electrolyzer module, which is combined with balance of plant equipment including power, controls, gas purification, closed-loop cooling and water treatment. The process typically works by first converting AC electricity to DC electricity, which powers the electrolyzer module. Inside the electrolyzer module, water is converted by the DC electricity to hydrogen and oxygen gases. Hydrogen typically is the product gas, and it is cleaned and sent to the user's process and/or hydrogen storage. The system is automatically controlled and operates with minimal oversight. It is packaged in sea containers for ease of shipping and installation and outdoor installation frees up valuable indoor floor space.

Next Hydrogen is at the early commercialization stage and has demonstrated that the development of the final product with expected functionality is possible. The Corporation initially demonstrated its prototype with Atomic Energy Canada Limited (AECL) in 2012. At the time, AECL publicly stated "the team successfully demonstrated the continuous operation of the cell with the required quality of hydrogen stream from the electrolyzer in a liquid phase catalytic exchange system". Following this, the Corporation sold a NH-60 test and evaluation electrolyzer system to Canadian Tire in 2014. On the back of this project, Canadian Tire purchased two NH-300 electrolyzer systems (First Article). Next Hydrogen received \$700,000 for the NH-60 test and evaluation electrolyzer system sold to Canadian Tire, \$1.8 million for the first NH-300 full system and \$1.3 million for the second NH-300 electrolyzer. These systems were purchased to produce hydrogen to power fuel cell forklifts at Canadian Tire's distribution centres.

Next Hydrogen intends to dedicate significant capital to product development and commercialization. As such, its current product line is undergoing new performance upgrades to factor in latest innovations, which is to be followed by commissioning of the units and further improvements as needed. These iterations and refinements are a normal course of a product development journey and will be necessary to comprehensively prove out the five-times scale-up from NH-60, unique design features, lifetime performance, and to ensure competitive and robust product offering for mass volume production. Looking further ahead and as part of the product

development roadmap, management intends to pursue further scale-up of this design from the current size range for large scale green hydrogen production.

Specialized Skill and Knowledge

All aspects of Next Hydrogen's business activities require specialized skills and knowledge. Such skills and knowledge include the fields of engineering and product development. Competition in the emerging technology industry has made it more difficult to locate and retain competent employees in such fields.

The Next Hydrogen team, with a combined 100+ years in designing hydrogen generation systems, has dedicated over a decade to revolutionizing the design architecture of the electrolyzer and has been awarded 40 patents (more pending) across multiple jurisdictions. Next Hydrogen has made significant advancement in electrolyzer design architecture, which utilizes an internal gas-liquid separation system to remove flow restrictions and allows for up to 2.5x higher current density, inherently scalable design with superior dynamic response enabling sharp reduction in cost of green hydrogen.

Competitive Conditions

Next Hydrogen competes with other alternative energy companies, many of which have greater financial resources and technical facilities for the development of hydrogen technology, as well as for the recruitment and retention of qualified employees and consultants. There are fewer than ten notable players in the electrolysis space which provides an opportunity to Next Hydrogen to gain share of this fast-growing market.

Capital markets have taken a significant interest in the hydrogen space. Some of Next Hydrogen's publicly listed and pure-play competitors in the hydrogen space include¹:

- **Green Hydrogen Systems**
 - Strong relationships in Scandinavia and northern Europe
 - Solutions offering combines high efficiency, standardised and modular electrolysis technology with an on-site production approach to bring cost competitive green hydrogen for fueling stations, power-to-X installations, industrial facilities and more
 - Major shareholders include Nordic Alpha Partners (30%), APMH Invest (10%), and Norlys Holding (10%)
- **Plug Power**
 - Market leader in materials handling fuel cell units
 - Strong balance sheet
 - Strategic partnership with Amazon / Walmart (Amazon has an ownership share of Plug Power)
 - Strategic acquisitions of United Hydrogen (largest private liquid hydrogen generation company in the US with existing delivery and distribution channels) and Giner ELX (developer of Polymer electrolyte membrane ("PEM") electrolyzers) position Plug Power as a global leader in the generation, liquefaction, distribution and dispensing capabilities of hydrogen.
- **ITM Power**
 - Designs and manufactures products which generate hydrogen gas, based on PEM technology
 - Strong partnership and relationships globally
 - Significant cash balances available
- **McPhy Energy**

¹ Information obtained from documents filed publicly by the applicable company on their respective websites, Yahoo Finance (<https://ca.finance.yahoo.com/>), or their issuer profiles on SEDAR at www.sedar.com.

- A key industrial player in the hydrogen sector, and has a unique position on the market, with expertise working with the entire hydrogen value chain.
 - Specialist in hydrogen production and distribution equipment, McPhy contributes to the worldwide deployment of clean hydrogen as a solution for successful energy revolution.
 - Designer, manufacturer and integrator of hydrogen equipment since 2008
 - European leader with a global presence with deep customer and partnership relationships with leading global partners.
- **NEL ASA**
 - Global, dedicated hydrogen company, delivering optimal solutions to produce, store and distribute hydrogen from renewable energy.
 - Significant cash reserves (over C\$400M), having recently raised equity
 - NEL began commercial sales of electrolyzers in the 1970's and have delivered 3,500 electrolyzers in more than 80 countries
 - Large portfolio of alkaline and PEM electrolyzers

New Products

On April 1, 2021, Next Hydrogen acquired the assets of Cleanfuel Systems Inc., which expanded the scope of its after-market customer service support. Pursuant to an asset purchase agreement between Next Hydrogen and Cleanfuel Systems Inc., Next Hydrogen agreed to purchase the assets of Cleanfuel Systems Inc. for a purchase price of \$385,000, plus the assumption of certain liabilities, plus a 50% earn out on annual revenues over the next two years in excess of \$385,000. CleanFuel Systems Inc. was a leader in hydrogen system integration, operation, and service with 60 plus system installs including temporary and permanent sites while integrating over 200 hydrogen fuel cells from cell tower temporary power to large scale generation and forklift fuel cell integration. In addition to hydrogen integration services, CleanFuel Systems Inc. provided hydrogen safety consulting and technician education development consulting.

Components

Next Hydrogen has an open architecture electrolyzer module platform and currently uses best-in-class available cells and commercially proven cell components available through third parties in its electrolyzers. Next Hydrogen's alkaline product line does not use the rare precious metals required in competing PEM products. Custom structural parts for the electrolyzer modules are fabricated locally to Next Hydrogen's specifications. The bulk of the balance-of-plant components are commercially proven and available, although a handful of custom components are fabricated locally to Next Hydrogen's specifications.

Intangible Properties

Next Hydrogen's patent filings are summarized in the table below. Next Hydrogen's portfolio currently consists of six patent families, with 40 patents issued to date (11 United States patents, eight Canadian patents, six Chinese patents, seven European patents, and eight Indian patents), plus 27 European patent registrations, and two pending patent applications. The subject matter these patents cover include the core electrolyzer module design and related aspects, and a system and method for power connection to wind farms. Next Hydrogen anticipates continued success in prosecuting its pending patent applications. There have not been any challenges to Next Hydrogen's granted patent claims.

Next Hydrogen Corporation Patent Filings			
Patent Family	Priority	Filings (a)	Subject Matter
Electrolyser Module	July 15, 2008	US (3), PCT, CA, EP, CN, IN	Core water electrolyser module design
Power Dispatch System for Electrolytic Production of Hydrogen from Wind Power	Oct. 23, 2008	US (3), PCT, CA (2), EP (2), CN, IN (2)	Connection of water electrolyzers to wind farms
Polymer Electrolyte Membrane Water Electrolyser Cell Module	Aug. 19, 2009	US (2), PCT, CA (2), EP, CN, IN (2)	PEM water electrolyser module design
Externally-Reinforced Electrolyser Module	Sept. 13, 2012	US, PCT, CA, EP, CN, IN	Higher pressure water electrolyser design
Internally-Reinforced Electrolyser Module	Sept. 13, 2012	US, PCT, CA, EP, CN, IN	Higher pressure water electrolyser design
End Pressure Plate for Electrolysers	Mar 12, 2013	US (2), PCT, CA, EP, CN, IN	End pressure plates for electrolyser modules, stacks
(a) US – United States; CA – Canada; EP – Europe; CN – China; IN – India; PCT – Patent Cooperation Treaty			

Cycles

Next Hydrogen’s business is not cyclical or seasonal. Given the nascent nature of the industry and the large ticket size for unit order sales, the sale of Next Hydrogen’s electrolyzers could result in choppy quarters for the first few years as the Corporation builds a regular sales pipeline.

Economic Dependence

Next Hydrogen’s business is not substantially dependent on any contract such as a contract to see the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise, license or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends.

Next Hydrogen has received orders for two NH-300’s from Canadian Tire after initially selling NH-60. These systems were purchased to produce hydrogen to power fuel cell forklifts at Canadian Tire’s distribution centres. Next Hydrogen is currently dependent on Canadian Tire contracts for revenue flow.

On July 8, 2021, Next Hydrogen Corporation, Hyundai and Kia signed a memorandum of understanding to jointly develop an alkaline water electrolysis system and related stack for the purpose of generating green hydrogen economically and exploring new business opportunities and technological applications. On October 11, 2022, Next Hydrogen successfully delivered this system and is looking forward to next steps and potential commercial arrangements for the future.

On September 20, 2021, Next Hydrogen announced that it opened a new 27,000 square foot in-house assembly facility which provides 20MW capacity for product assembly, testing, product development and engineering, and leadership functions across Next Hydrogen.

Changes to Contracts

During 2021, Next Hydrogen shifted from contract manufacturing to in-house manufacturing. This has provided Next Hydrogen with greater operational flexibility and is expected to have a net positive impact on Next Hydrogen's margin profile long-term. Under the Corporation's licensing agreement with Carlsun, manufacturing of the balance of plant component of the electrolyzer may continue to be manufactured by Carlsun for customers located in Ontario until May 2023.

Environmental Protection

Next Hydrogen's equipment and associated customer sites are compliant with relevant codes and standards. Next Hydrogen does not anticipate any effects on the competitive position of Next Hydrogen.

Employees

As of the date hereof, Next Hydrogen has 43 employees and contractors across its operations.

Foreign Operations

As of the date hereof, Next Hydrogen does not have any dependence on foreign operations.

Lending

As of the date hereof, Next Hydrogen does not conduct any lending operations, nor does it have in place any investment policies and/or investment restrictions.

BANKRUPTCY AND SIMILAR PROCEDURES

There have been no bankruptcy, receivership or similar proceedings against Next Hydrogen, or any voluntary bankruptcy, receivership or similar proceedings by Next Hydrogen, within the three most recently completed financial years or completed during or proposed for the current financial year.

BUSINESS STRATEGY

Next Hydrogen's products are not at the commercial production stage, and Next Hydrogen's business strategy over the next two years will be to (i) develop reference sites and sales pipeline to support large volume commercial sales of up to 3MW alkaline electrolyzer product line; (ii) accelerate product development to introduce larger alkaline (up to 9MW) electrolyzer product lines and, (iii) implement initiatives to optimize the manufacturing costs of its units, and (iv) identify strategic partnerships across the hydrogen value chain to further improve competitive positioning and drive wide-spread adoption of Next Hydrogen's green hydrogen solution. Next Hydrogen conducts its own research and development and is working to build out its in-house manufacturing and assembly capabilities.

In terms of its product development roadmap, Next Hydrogen's goals are to (i) drive down manufacturing costs of its units; (ii) continue leveraging best in class cell materials and components to improve energy efficiency of its systems, (iii) expand product offerings to meet diverse market needs; and (iv) continuously improve products to meet market defined needs.

By focusing the research and product development budget towards these four strategic principles, Next Hydrogen will be competitively positioned to execute on the best opportunities as they present themselves within the hydrogen market such as: continuing to focus on smaller scale systems for hydrogen generators on the customer site as well as expanding its units for large scale green hydrogen production facilities directly connected to renewable energy.

REORGANIZATIONS

On March 3, 2021, Next Hydrogen, BioHep and BioHep SubCo entered into the Amalgamation Agreement. For a summary of certain provisions of the Amalgamation Agreement, see “*Item 2C: Description of the RTO – The Amalgamation Agreement and the RTO – The Amalgamation Agreement*”. A copy of the Amalgamation Agreement may also be viewed under the BioHep’s issuer profile on SEDAR at www.sedar.com.

Pursuant to the Amalgamation Agreement, on June 24, 2021, Next Hydrogen, BioHep and BioHep SubCo completed a three-cornered amalgamation and reverse takeover of BioHep by Next Hydrogen to form Next Hydrogen Solutions Inc.

Private Placement

On April 28, 2021, BioHep SubCo completed the Private Placement of 2,854,500 Subscription Receipts at a price of \$10.00 per Subscription Receipt, for aggregate gross proceeds of \$28,545,000. As part of the Amalgamation, the BioHep SubCo common shares underlying the Subscription Receipts were exchanged on a one-for-one basis for Common Shares.

On April 28, 2021, BioHep SubCo completed the Private Placement of 2,700,000 Subscription Receipts at a price of \$10.00 per Subscription Receipt, for aggregate gross proceeds of \$27,000,000. As part of the Amalgamation, the BioHep SubCo common shares underlying the Subscription Receipts were exchanged on a one-for-one basis for Common Shares.

SOCIAL AND ENVIRONMENTAL POLICIES

ESG VISION

Next Hydrogen believes the significant technological innovations underway to generate, store and use green energy will drive a safer and cleaner future. The Corporation’s mission is to drive a step change reduction in clean hydrogen generation costs from renewable energy sources and enable wide-spread adoption of hydrogen solutions to decarbonize the global economy.

Next Hydrogen also believes that integrating sustainable business practices into their operations and culture is both consistent with their core values and critical to its long-term success.

ESG PROJECT OVERVIEW

In support of these beliefs, Next Hydrogen is seeking to embed Environmental, Social and Governance (“ESG”) principles and practices into the Corporation’s organizational structure and operations to:

- support its business objectives;
- meet the expectations of its stakeholders;
- effectively communicate ESG and sustainability performance to investors; and
- operate in a manner that is consistent with its position as a leader in the transition to a low-carbon economy.

In 2021, Next Hydrogen launched an ESG project to help them better understand, prioritize and address its most material industry and company specific ESG risks. The Corporation started by conducting a materiality assessment to identify and prioritize its most material industry and company specific ESG risks and then continued to identifying a set of material ESG topics based on desk analysis of disclosures made by peer companies, ESG rating firms’ assessment frameworks and ESG disclosure standards. This was followed by an

internal consultation to ask for feedback on these topics from company executives, board members and key operations personnel.

These project phases are complete, and the Corporation is now designing and implementing its ESG strategy.

ESG INITIATIVES AND COMMITMENTS

Sustainable Products

Hydrogen production from green energy can dramatically reduce carbon footprints while enhancing reliability of supply. Water electrolysis is the only means to produce green hydrogen, and Next Hydrogen's electrolyzers were created to capture the entire output range of intermittent or fluctuating sources of electrical power, allowing for integration with renewable power generation.

Renewable Energy and Carbon Offsets

Next Hydrogen purchased Green-e® certified renewable energy certificates (RECs) to cover 100% of electricity used in their offices and manufacturing facilities for both 2021 and 2022.

The Corporation also offset its 2021 and 2022 CO₂e emissions from natural gas use and employee travel. The offsets, which are certified by Green-e® Climate, meet the standards of the American Carbon Registry, the Climate Action Reserve, the Gold Standard or the Verified Carbon Standard.

ESG Policies

During 2021, Next Hydrogen developed policies to strengthen their ability to manage its most material ESG risks. The following policies remain active for 2022:

- Code of Business Conduct and Ethics
- Diversity Equity Inclusion and Belonging Policy
- Health Safety and Environment Policy

Executive and Board Diversity

Next Hydrogen's commitment to building and fostering a fair and inclusive workplace is reflected in the composition of its Board of Directors and executive team. The Corporation's eight-person Board includes one woman (12.5%) and two racialized people (25%). In addition, three of Next Hydrogen's senior executives are racialized (75%).

Suppliers

The Corporation seeks out vendors that offer products with a focus on sustainability. For example, the Corporation utilize a system that allows it to minimize the environmental impacts of its office supply purchases, and its cash balances are held in a "green" deposit account that funds loans for environmentally focused projects.

ESG Governance

Next Hydrogen had enhanced its oversight of ESG issues and since 2021:

- the Board of Directors has formal responsibility for oversight of ESG matters;

- the Board receives quarterly reports on ESG matters;
- operational responsibility for ESG issues has been assigned to a senior member of the executive team and the Corporation has engaged an ESG advisory firm to assist in the development and execution of their ESG strategy; and
- the executive team and Board are exceptionally qualified to deliver on the company's business and ESG objectives. They bring significant business and operational expertise in, among other areas, strategy, business development, project finance, capital markets, hydrogen technology development, R&D, engineering, operations and manufacturing.

RISK FACTORS

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

An investment in the securities of Next Hydrogen is highly speculative, involves a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prior to investing in such securities, you should carefully consider the risks described below, together with other information included in or incorporated by reference into this AIF and filed on SEDAR at www.sedar.com. If any of the following risks materialize, the business, financial condition, results of operation and future prospects of Next Hydrogen will likely be materially and adversely affected. This could cause actual future events to differ materially from those described in forward-looking statements and may cause the trading price of Next Hydrogen's securities to decline.

The risks presented below should not be considered exhaustive and may not be all the risks Next Hydrogen may face. Management of Next Hydrogen believes that factors set out below could cause actual results to be different from expected and historical results. Other sections of this AIF include additional factors that could have an effect on the business and financial performance of Next Hydrogen's business. New risks may emerge from time to time and management may not be able to predict all of them or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results. Additional risks and uncertainties not presently known to Next Hydrogen, or which Next Hydrogen currently deems immaterial may also impair business operations. If any of the possibilities described in such risks actually occurs, Next Hydrogen's business, financial condition and operating results could be materially adversely harmed. The following risk factors may not be a definitive list of all risk factors associated an investment in Next Hydrogen or in connection with Next Hydrogen's business or operations.

Capital Requirements

Next Hydrogen plans to focus on research and development while building out the necessary infrastructure to commercialize its business and will use its working capital to carry out such initiatives. However, the development of new hydrogen technologies may require substantial additional financing. Further expansion of Next Hydrogen's business may be dependent upon its ability to obtain financing through equity or debt, and there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further development of Next Hydrogen's planned initiatives.

Operations

Next Hydrogen is subject to risks relating to the industry in which it operates, which include risks relating to the continuing development of the industry and risks relating to regulation. With respect to the continuing

development of the renewable energy industry, Next Hydrogen is subject to the risk that its technology is relatively new and as a result, assumptions and estimates regarding the performance of its technology will be made without the benefit of a meaningful operating history and any operating history that does exist may not be maintained in the future. The projects undertaken by Next Hydrogen are generally capital intensive, require significant time to develop, are technically complex and physically large. As a result, Next Hydrogen is subject to risks relating to completion of the projects, cost overruns, the availability of financing for such projects, and the ability to complete projects in geographically challenging locations. With respect to regulation, the industries in which Next Hydrogen operates are heavily regulated. As a result, Next Hydrogen is subject to risks relating to compliance with comprehensive regulations in multiple jurisdictions, and the risk that laws and regulatory requirements can change in a manner adverse to Next Hydrogen.

Development of the Clean Power Industry

Next Hydrogen operates in a new and rapidly evolving industry and accordingly is subject to risks relating to the development of that industry generally, and the technology underlying that industry. Accordingly, the business and future prospects of Next Hydrogen may be difficult to evaluate. Next Hydrogen cannot accurately predict the extent to which demand for products and services developed by Next Hydrogen will develop and/or increase, if at all. The success of Next Hydrogen also will depend on traditional business factors such as the ability to develop or market new products and the ability to properly execute corporate strategies. In addition, the regulation of issuers using such technologies or operating in such markets may undergo substantial change and the ultimate regulatory treatment of such technologies and markets is uncertain, which could affect the viability and expansion of such technologies and markets. In addition, because such technologies and markets may operate across many national boundaries, it is possible that they will be subject to widespread and inconsistent regulation. Any adverse developments that affect any of such technologies or markets could impact Next Hydrogen, thereby negatively impacting the value of Next Hydrogen's investments and/or the ability of Next Hydrogen to pay dividends or distributions.

Commercialization

Next Hydrogen cannot guarantee that Next Hydrogen will be able to develop commercially viable water electrolyzers on the timetable Next Hydrogen anticipates, or at all. Selling its electrolyzers on a commercially viable basis requires technological advances to improve the durability, reliability and performance of these products, and to develop commercial volume manufacturing processes for these products. It also depends upon Next Hydrogen's ability to reduce the costs of these products, since they are currently more expensive than products based on existing technologies and/or powered by fossil fuels, such as steam methane reformation. Next Hydrogen may not be able to sufficiently reduce the cost of these products without reducing its performance, reliability and durability, which would adversely affect the willingness of consumers to buy its products. Next Hydrogen cannot guarantee that Next Hydrogen will be able to internally develop the technology necessary to sell its electrolyzer products on a commercially viable basis or that Next Hydrogen will be able to acquire or license the required technology from third parties.

In addition, before Next Hydrogen releases any products to market, Next Hydrogen subjects them to numerous field tests. These field tests may encounter problems and delays for a number of reasons, many of which are beyond Next Hydrogen's control. If these field tests reveal technical defects or reveal that its products do not meet performance goals, Next Hydrogen's anticipated timeline for selling its products on a commercially viable basis could be delayed, and potential purchasers may decline to purchase its products.

Market Demand

Next Hydrogen's products represent emerging markets, and Next Hydrogen does not know whether end-users will want to use them in commercial volumes. In such emerging markets, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. The development of a mass market for Next Hydrogen's electrolyzers may be affected by many factors, some of which are beyond

Next Hydrogen's control, including the emergence of newer, more competitive technologies and products, the cost of inputs used by Next Hydrogen's products, regulatory requirements, consumer perceptions of the safety of its products and related inputs, and end-user reluctance to buy a new product.

If a mass market fails to develop, or develops more slowly than Next Hydrogen anticipates, Next Hydrogen may never achieve profitability. In addition, Next Hydrogen cannot guarantee that Next Hydrogen will continue to develop, manufacture or market its products if sales levels do not support the continuation of the product.

Warranty Claims and Product Performance

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

New products may have different performance characteristics from previous products. In addition, Next Hydrogen has limited field experience with existing commercial products from which to make its warranty accrual estimates.

Intellectual Property

Failure to protect Next Hydrogen's existing intellectual property rights may result in the loss of its exclusivity regarding, or the right to use, its technologies. If Next Hydrogen does not adequately ensure its freedom to use certain technology, Next Hydrogen may have to pay others for rights to use its intellectual property, pay damages for infringement or misappropriation, or be enjoined from using such intellectual property. Next Hydrogen relies on patent, trade secret, trademark and copyright laws to protect its intellectual property. Some of its intellectual property is not covered by any patent or patent application, and the patents to which Next Hydrogen currently has rights expire between July 2028 and October 2034. Next Hydrogen's present or future-issued patents may not protect its technological leadership, and its patent portfolio may not continue to grow at the same rate as it has in the past. Moreover, Next Hydrogen's patent position is subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. Accordingly, there is no assurance that: (i) any of the patents owned by Next Hydrogen will not be invalidated, circumvented, challenged, rendered unenforceable or licensed to others; or (ii) any of its pending or future patent applications will be issued with the breadth of claim coverage sought by Next Hydrogen, if issued at all. In addition, effective patent, trade secret, trademark and copyright protection may be unavailable, limited or not applied for in certain countries.

Next Hydrogen also seeks to protect its proprietary intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with its strategic partners and employees. Next Hydrogen can provide no assurance that these agreements will not be breached, that Next Hydrogen will have adequate remedies for any breach, or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

Next Hydrogen may become subject to lawsuits in which it is alleged that Next Hydrogen has infringed the intellectual property rights of others or commence lawsuits against others who Next Hydrogen believes are infringing upon its rights. Next Hydrogen's involvement in intellectual property litigation could result in significant expense to Next Hydrogen, adversely affecting the development of sales of the challenged product

or intellectual property and diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in its favour.

COVID-19

Next Hydrogen's business, operations and financial condition could be materially adversely affected by the outbreak of pandemics or other health crises, such as the spread of disease caused by the novel coronavirus known as COVID-19 that was designated as a pandemic by the World Health Organization on March 11, 2020. The international response to the spread of COVID-19 had led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility, and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and supply shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit risk and inflation. In addition, the COVID-19 pandemic, and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions which may adversely impact Next Hydrogen's operations, and the operations of suppliers, contractors and service providers.

Next Hydrogen may experience business interruptions, including suspended (whether government mandated or otherwise) or reduced operations relating to COVID-19 and other such events outside of its control, which could have a material adverse impact on its business, operations and operating results, financial condition and liquidity. Next Hydrogen's exposure to such public health crises also includes risks to employee health and safety. Should an employee, contractor, community member or visitor become infected with a serious illness that has the potential to spread rapidly, this could place Next Hydrogen's workforce at risk.

Competitive Industry Environment

The renewable energy industry is highly competitive in all of its phases, both domestically and internationally. Next Hydrogen's ability to develop hydrogen technology is based on its ability to secure talented personnel and secure supply of goods necessary to build electrolyzers, of which there is a limited supply. The Corporation may also encounter competition from other renewable energy companies in its efforts to hire experienced engineering and development professionals. Competition could adversely affect Next Hydrogen's ability to attract necessary funding or acquire prospects for strategic partnerships in the future. Competition for services and equipment could result in delays if such services or equipment cannot be obtained in a timely manner due to inadequate availability, and could also cause scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project development or construction costs and result in project delays.

Product Safety Risk

Safety is the top priority as the Company. Management and all employees are strongly committed delivering fail-safe products to our customers. The product safety risks include the risk from major accidents and/or malfunctions in our products and/or insufficient service during operations and maintenance. The product safety risk is further increased due to Next Hydrogen's new and unique product line.

Technology and Competition Risk

The green-energy sector, and hydrogen production in particular, is witnessing significant development. This not only results in increased competition, but also increased activity in research and development across the hydrogen industry. There is inherent risk that some of the technology developed by Next Hydrogen becomes obsolete. As the world seeks to transition into renewable energy sources, there is a degree of uncertainty that

green hydrogen emerges as the preferred technology, which poses a direct risk to Next Hydrogen's technology and how the Company seeks to outperform competition.

Expansion Risk

The pressures faced by Next Hydrogen to expand its facilities, staff and operations may place high demands on the Company's overhead, technical, financial, and other resources. The Company is currently relatively lean and there is a degree of risk associated with the Company's ability to build a capable organization at a speed that is required to meet the demand by its customers or potential customers. Next Hydrogen's failure to manage its growth effectively or to manage its expansion strategy in a timely manner may significantly harm its ability to achieve profitability.

Third Party Dependence Risk

The Company is involved in electrolyser and hydrogen fueling manufacturing, and therefore relies on external subcontractors and suppliers for goods and services. This operating model poses a risk to Next Hydrogen's goodwill and branding, as suppliers may fail to meet environmental, human rights, labor, and product quality standards. Next Hydrogen aims to limit risk through dual sourcing of critical components and prefers suppliers with local legislation compliance. However, if Next Hydrogen fails to maintain relationships with its suppliers or faces supply disruptions, it may experience delays in manufacturing, higher costs, order cancellations, customer claims, and loss of market share. Next Hydrogen is working on strategies such as dual supply chains and facilitating increasing volumes from key sub-suppliers to reduce sourcing risk and make its supply chain more robust.

Information Technology

Next Hydrogen depends on information technology infrastructure and systems (“**IT Systems**”), hosted internally and outsourced, to process, transmit and store electronic data and financial information (including proprietary or confidential information), and manage business operations. Its business requires the appropriate and secure utilization of sensitive, confidential or personal data or information belonging to its employees, customers and partners. In addition, proprietary or confidential information may be stored on IT Systems of Next Hydrogen's suppliers, customers and partners. Increased global cybersecurity vulnerabilities, threats and more sophisticated and targets cyber-related attacks pose a risk to the security of Next Hydrogen's and its customers', partners', suppliers' and third-party service providers' IT Systems and the confidentiality, availability and integrity of Next Hydrogen's and its customers' and partners' data or information. While Next Hydrogen have made investments seeking to address these threats, including using third party networks and systems, hiring of experts when necessary and training and security policies for employees, Next Hydrogen may face difficulties in anticipating and implementing adequate preventative measures and remain potentially vulnerable. Next Hydrogen must rely on its own safeguards as well as the safeguards put in place by its suppliers, customers and partners to mitigate the threats. Its suppliers, customers and partners have varying levels of cybersecurity expertise and safeguards, most have yearly compliance audits that are available upon request.

An IT System failure or non-availability, cyber-attack or breach of systems security could disrupt its operations, cause the loss of, corruption of, or unauthorized access to sensitive, confidential or personal data or information or expose us to regulatory investigation, litigation or contractual penalties. Next Hydrogen's customers, partners or governmental authorities may question the adequacy of cybersecurity processes and procedures and this could have a negative impact on existing business or future opportunities. Furthermore, given the highly evolving nature of cybersecurity threats or disruptions and their increased frequency, the impact of any future incident cannot be easily predicted or mitigated, and the costs related to such threats or disruptions may not be fully insured or indemnified by other means.

Financing Risks

It is expected that Next Hydrogen will have sufficient cash and cash equivalents, although Next Hydrogen has no source of operating cash flow and no assurance that additional funding will be available to it for further growth and development of its technology.

Control of Next Hydrogen

Mr. Allan Mackenzie currently holds, directly or indirectly, approximately 16.7% of the issued and outstanding Common Shares (including through Disruptive Ventures Inc.) and is Next Hydrogen's single largest shareholder and a control person for the purposes of Canadian securities law. As a result, Mr. Mackenzie may have the ability to influence the outcome of matters submitted to the Shareholders for approval, which could include the election and removal of directors, amendments to Next Hydrogen's corporate governing documents and business combinations. Next Hydrogen's interests and those of Mr. Mackenzie may at times conflict, and this conflict might be resolved against Next Hydrogen's interests. The concentration of approximately 16.7% of the issued and outstanding Common Shares in the hands of a single shareholder may discourage an unsolicited bid for Common Shares, and this may adversely impact the value and trading price of Common Shares.

Global Financial Conditions

Recent global financial conditions have been characterized by increased volatility and access to public financing, particularly for energy companies which have been negatively impacted. These conditions may affect Next Hydrogen's ability to obtain equity or debt financing in the future on terms favourable to Next Hydrogen or at all. If such conditions continue, Next Hydrogen's operations could be negatively impacted.

Insurance and Uninsured Risks

Next Hydrogen's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, disputes, changes in the regulatory environment. Such occurrences could result in damage to production facilities, personal injury or death, monetary losses and possible legal liability.

Although Next Hydrogen may maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a company's operations. Next Hydrogen may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Losses from these events may cause Next Hydrogen to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Health, Safety and Community Relations

Next Hydrogen's operations are subject to various health and safety laws and regulations that impose various duties on Next Hydrogen's operations relating to, among other things, worker safety and obligations in respect of surrounding communities. These laws and regulations also grant the relevant authorities broad powers to, among other things, close unsafe operations and order corrective action relating to health and safety matters. The costs associated with the compliance with such health and safety laws and regulations may be substantial and any amendments to such laws and regulations, or more stringent implementation thereof, could cause additional expenditure or impose restrictions on, or suspensions of, Next Hydrogen's operations. Next Hydrogen expects to make significant expenditure to comply with the extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, and protection of endangered and other special status species.

Environmental Risks and Hazards

The energy industry is subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect Next Hydrogen or require it to expend significant funds. There is also a risk that environmental and other laws and regulations may become more onerous, making it more costly for Next Hydrogen to remain in compliance with such laws and regulations, which could result in the incurrence of additional costs and operational delays.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect Next Hydrogen's operations.

Next Hydrogen cannot give any assurances that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition. There is no assurance that any future changes to environmental regulation, if any, will not adversely affect Next Hydrogen.

Audit of Tax Filings

Next Hydrogen's taxes may be affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If Next Hydrogen's filing position, application of tax incentives or similar 'holidays' or benefits were to be challenged for whatever reason, this could have a material adverse effect on Next Hydrogen's business, results of operations and financial condition. Next Hydrogen may be subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest payments and penalties which would negatively affect Next Hydrogen's financial condition and operating results. New laws and regulations or changes in tax rules and regulations or the interpretation of tax laws by the courts or the tax authorities may also have a substantial negative impact on Next Hydrogen's business. There is no assurance that Next Hydrogen's current financial condition will not be materially adversely affected in the future due to such changes.

Market Price of Common Shares

Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in the market's appetite for renewable energy companies or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to Next Hydrogen's performance that may have an effect on the price of the Common Shares include the following: (i) the extent of analytical coverage available to investors concerning Next Hydrogen's business may be limited if investment banks with research capabilities do not follow Next Hydrogen's securities; (ii) lessening in trading volume and general market interest in Next Hydrogen's securities may affect an investor's ability to trade significant numbers of Common Shares; (iii) the size of Next Hydrogen's public float may limit the ability of some institutions to invest in Next Hydrogen's securities; and (iv) a substantial decline in the price of Common Shares that persists for a significant period of time could cause Next Hydrogen's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect Next Hydrogen's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. Next Hydrogen may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Dividend Policy

No dividends on Common Shares have been paid by Next Hydrogen to date. Investors in Next Hydrogen's securities cannot expect to receive a dividend on their investment in the foreseeable future, if at all. Accordingly, it is unlikely that investors will receive any return on their investment in Next Hydrogen's securities other than through possible share price appreciation.

Acquisitions and Integration

From time to time, it can be expected that Next Hydrogen will examine opportunities to acquire additional related assets and businesses. Any acquisition that Next Hydrogen may choose to complete may be of a significant size, may change the scale of Next Hydrogen's business and operations, and may expose Next Hydrogen to new operating and financial risks. Next Hydrogen's success in its acquisition activities depends upon its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of Next Hydrogen. Any acquisitions would be accompanied by risks. In the event that Next Hydrogen chooses to raise debt capital to finance any such acquisitions, Next Hydrogen's leverage will be increased. If Next Hydrogen chooses to use equity as consideration for such acquisitions, existing Shareholders may suffer dilution. Alternatively, Next Hydrogen may choose to finance any such acquisitions with its existing resources. There can be no assurance that Next Hydrogen would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Dilution

While Next Hydrogen believes that it is well financed to carry out its proposed business plans in the near term, Next Hydrogen may require additional monies to fund research and development programs and potential acquisitions. Next Hydrogen cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. Likewise, Next Hydrogen cannot predict the effect, if any, that future issuances and sales of Next Hydrogen's securities will have on the market price of Common Shares. If Next Hydrogen raises additional funds by issuing additional equity securities, such financing may substantially dilute the interests of existing Shareholders. Sales of substantial numbers of Common Shares, or the availability of such Common Shares for sale, could adversely affect prevailing market prices for Next Hydrogen's securities.

Future Sales of Common Shares by Major Shareholder

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair Next Hydrogen's ability to raise capital through future sales of Common Shares. In particular, Mr. Allan Mackenzie currently holds, directly or indirectly, approximately 16.7% of the issued and outstanding Common Shares (including through Disruptive Ventures Inc.). Upon release of the portion of its Common Shares held in escrow pursuant to the policies of the TSXV, if Disruptive Ventures Inc. decides to liquidate all or a significant portion of its position, it could adversely affect the price of Common Shares.

Risk of Litigation

Next Hydrogen may become involved in disputes with other parties in the future which may result in litigation. The results of litigation cannot be predicted with certainty. If Next Hydrogen is unable to resolve these disputes favourably, it may have a material adverse impact on the ability of Next Hydrogen to carry out its business plan.

Reliance on Key Personnel

Next Hydrogen's development will depend on the efforts of key management and other key personnel. Loss of any of these people, particularly to competitors, could have a material adverse effect on Next Hydrogen's

business. Further, with respect to future development of Next Hydrogen's projects, it may become necessary to attract both international and local personnel for such development. The marketplace for key skilled personnel is becoming more competitive, which means the cost of hiring, training and retaining such personnel may increase. Factors outside Next Hydrogen's control, including competition for human capital and the high level of technical expertise and experience required to execute this development, will affect Next Hydrogen's ability to employ the specific personnel required. Due to the relatively small size of Next Hydrogen, the failure to retain or attract a sufficient number of key skilled personnel could have a material adverse effect on Next Hydrogen's business, results of future operations and financial condition.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Next Hydrogen has a very limited history of operations and has not made any assessment as to the effectiveness of its internal controls. Though Next Hydrogen intends to put into place a system of internal controls appropriate for its size, and reflective of its level of operations, there are limited internal controls currently in place.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), Next Hydrogen's certifying officers, as a venture issuer, are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers of Next Hydrogen will not be required to make any representations that they have:

- (a) designed, or caused to be designed, DC&P to provide reasonable assurance that information required to be disclosed by Next Hydrogen in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (b) designed, or caused to be designed, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Conflicts of Interest

Certain of the directors and officers of Next Hydrogen also serve as directors and/or officers of other companies involved in renewable energy projects and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving Next Hydrogen should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Next Hydrogen and its Shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the BCBCA or OBCA and other applicable laws.

Credit Risk

Credit risk arises from the potential that debtors will fail to satisfy their obligations as they come due. Credit risk with respect to trade and other receivables is considered low as the balance is made up of amounts due for grant applications and sales taxes. Credit risk with respect to cash is considered low as it is held by a major Canadian financial institution.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. As at December 31, 2022, Next Hydrogen has cash and cash equivalents of \$22.1M. Although we believe that we have sufficient liquidity to continue as a going concern beyond Q2 2024, the long-term financial sustainability of the Company will depend on our ability to get into strategic partnerships and raise capital. If, as a result of future events, we were to determine we were no longer able to continue as a going concern, significant adjustments would be required to the carrying value of assets and liabilities in the accompanying unaudited condensed consolidated interim financial statements and the adjustments could be material.

Share Price Fluctuations

In recent years, securities markets have experienced a high level of price and volume volatility. The securities of many companies have experienced wide fluctuations in market prices which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that the price of Common Shares will be unaffected by any such volatility.

FORWARD-LOOKING STATEMENTS AND INFORMATION MAY PROVE INACCURATE

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking statements and information. By its nature, forward-looking statements and information involve numerous assumptions, known and unknown risk and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties related to forward-looking statements and information are found under the heading "Forward-Looking Statements" in this AIF.

DIVIDENDS AND DISTRIBUTIONS

The Corporation has not, since the date of its incorporation, declared or paid any dividends or other distributions on the Common Shares, and does not currently have a policy with respect to the payment of dividends or other distributions. The Corporation intends to retain any future earnings to fund the development and growth of its business and does not currently pay dividends and is not likely to pay dividends for an extended period of time. The declaration and payment of any dividends in the future will be at the discretion of the Board and will depend on a number of factors, including compliance with applicable laws, financial performance, financial conditions, current and anticipated working capital requirements of the Corporation, contractual restrictions, financing agreement covenants, solvency tests imposed by applicable corporate law and such other factors as its directors consider appropriate.

DESCRIPTION OF CAPITAL STRUCTURE

GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The following is a summary of the material attributes and characteristics of the securities of Next Hydrogen. The Corporation's authorized share capital consists of an unlimited number of Common Shares without par value.

Common Shares

Holders of Common Shares shall be entitled to receive notice of and to attend all meetings of Shareholders, except meetings at which only holders of other classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each Common Share held. The holders of Common Shares shall be entitled to receive dividends if and when declared by the Board. Furthermore, subject to the rights of holders of shares of any class ranking prior to the Common Shares, holders of Common Shares are entitled to receive the remaining property or assets of Next Hydrogen.

Any alteration of the rights, privileges, restrictions and conditions attaching to the Common Shares under the Corporation's Articles must be approved by at least two-thirds of the Common Shares voted at a meeting of the Shareholders.

Warrants

Holders of Warrants are entitled to purchase, subject to adjustment in certain circumstances, one Common Share at a price of \$10.00 at any time prior to 4:00 p.m. (Toronto time) on April 28, 2023.

No fractional Common Shares will be issued upon exercise of the Warrants, nor shall any compensation be made for such fractional Common Shares, if any. To the extent that the holder would otherwise be entitled to purchase a fraction of a Common Share, such right may be exercised in combination with other rights which, in the aggregate, entitle the holder hereof to purchase a whole number of Common Shares.

Equity Incentive Plan Details

The Shareholders adopted the Equity Incentive Plan on June 21, 2022, which provides for the grant of the following equity-based compensation awards: (a) Options; and (b) DSUs (together, the "**Awards**"). The Corporation has issued 3,311,626 Options and 135,288 DSUs under the Equity Incentive Plan to certain directors, employees and consultants of the Corporation (collectively, the "**Eligible Persons**").

The purpose of the Equity Incentive Plan is to attract, retain and motivate the Eligible Persons by providing them with the opportunity, through Awards, to acquire a proprietary interest in Next Hydrogen and benefit from its growth.

Shares Subject to the Equity Incentive Plan

The Equity Incentive Plan is a "*fixed up to 20%*" Security Based Compensation Plan (as defined in Exchange Policy 4.4 – *Security Based Compensation*) which, subject to the adjustment provisions provided for therein, provides that the aggregate maximum number of shares that may be issued upon the exercise or settlement of Awards granted under the Equity Incentive Plan and any other share-based incentive plan (a "**Security Based Compensation Plan**") of Next Hydrogen shall not exceed:

- (i) such number of Common Shares as is equal to 20% of the aggregate number of issued and outstanding Common Shares as of June 21, 2022, being 4,577,687 Common Shares;
- (ii) or such other number as may be approved by the TSXV and the Shareholders, provided that the shareholder approval referred to herein must be obtained on a "disinterested" basis in compliance with the applicable policies of the TSXV.

The Equity Incentive Plan is not considered an "evergreen" plan, and the Common Shares covered by Awards which have been exercised shall not be available for subsequent grants under the Equity Incentive Plan; provided, however, that any awards that have been settled in cash, cancelled, terminated, surrendered, forfeited or expired without being exercised, and pursuant to which no securities have been issued, may continue to be issuable under

the Equity Incentive Plan. To the extent any Awards (or portion(s) thereof) under the Equity Incentive Plan terminate or are cancelled for any reason prior to exercise in full, or are surrendered or settled by the Eligible Person, any Common Shares subject to such Awards (or portion(s) thereof) shall be added back to the number of Common Shares reserved for issuance under the Equity Incentive Plan and will again become available for issuance pursuant to the exercise of Awards granted under the Equity Incentive Plan.

Additional Limits on Awards

The Equity Incentive Plan imposes the following additional restrictions in respect of the maximum aggregate number of Common Shares:

- (i) issuable to Insiders (as a group) at any time, under all of the Corporation's Security-Based Compensation Plans, shall not exceed ten percent (10%) of the Corporation's issued and outstanding Common Shares at any point in time (unless the Corporation receives shareholder approval on a "disinterested" basis in compliance with the applicable policies of the TSXV), provided that the acquisition of Common Shares by the Corporation for cancellation shall be disregarded for the purposes of determining non-compliance with the Equity Incentive Plan for any Awards outstanding prior to such purchase of Common Shares for cancellation;
- (ii) issued to Insiders (as a group) within any one (1) year period, under all of the Corporation's Security Based Compensation Plans, shall not exceed ten percent (10%) of the Corporation's issued and outstanding Common Shares calculated as at the date any Award is granted or issued to any Insider (unless the Corporation receives shareholder approval on a "disinterested" basis in compliance with the applicable policies of the TSXV), provided that the acquisition of Common Shares by the Corporation for cancellation shall be disregarded for the purposes of determining non-compliance with the Equity Incentive Plan for any Awards outstanding prior to such purchase of Common Shares for cancellation;
- (iii) which may be reserved for issuance to any one Eligible Person under the Equity Incentive Plan together with all of the Corporation's other previously established or proposed Security Based Compensation Plans shall not exceed five percent (5%) of the issued and outstanding Common Shares on the grant date or within any 12-month period (in each case on a non-diluted basis), unless the Corporation receives shareholder approval on a "disinterested" basis in compliance with the applicable policies of the TSXV;
- (iv) issued to any one consultant within any one (1) year period, under all of the Corporation's Security Based Compensation Plans, shall not exceed two percent (2%) of the Corporation's issued and outstanding Common Shares calculated as at the date any Award is granted or issued to the consultant;
- (v) issued or issuable to Investor Relations Service Providers and all Eligible Persons providing investor relations activities within any one (1) year period, pursuant to any Options issued under the Corporation's Security Based Compensation Arrangements, shall not exceed two percent (2%) of the Corporation's issued and outstanding Common Shares calculated as at the date any Award is granted or issued to any such Investor Relations Service Provider (and including any Eligible Person that performs Investor Relations Activities and/or whose sole role or duties primarily consist of Investor Relations Activities), it being understood that Investor Relations Service Providers may not receive any Awards other than Options for the provision of Investor Relations Activities;
- (vi) Options granted to any person retained to provide Investor Relations Activities must vest in a period of not less than 12 months from the Date of Grant of the Award and with no more than twenty five percent (25%) of the Options vesting in any three month period, notwithstanding any other provision of the Equity Incentive Plan; and

- (vii) Awards, other than Options, must vest in a period of not less than 12 months from the Date of Grant of the Award.

Administration of the Equity Incentive Plan

The administrator of the Equity Incentive Plan (the “**Plan Administrator**”) is determined by the Board, and is initially the Board. The Equity Incentive Plan may in the future continue to be administered by the Board itself or delegated to a committee of the Board or an officer of the Corporation. The Plan Administrator determines which directors, consultants and employees are eligible to receive awards under the Equity Incentive Plan, the time or times at which awards may be granted, the conditions under which Awards may be granted or forfeited to the Corporation, the number of shares to be covered by any Award, the exercise price of any Award, whether restrictions or limitations are to be imposed on the Common Shares issuable pursuant to grants of any award, and the nature of any such restrictions or limitations, any acceleration of exercisability or vesting, or waiver of termination regarding any award, based on such factors as the Plan Administrator may determine.

In addition, the Plan Administrator interprets the Equity Incentive Plan and may adopt guidelines and other rules and regulations relating to the Equity Incentive Plan, and make all other determinations and take all other actions necessary or advisable for the implementation and administration of the Equity Incentive Plan.

Eligibility

All directors, employees and consultants of the Corporation and its subsidiaries are eligible to participate in the Equity Incentive Plan. Participation in the Equity Incentive Plan is voluntary and eligibility to participate does not confer upon any director, employee or consultant any right to receive any grant of an Award pursuant to the Equity Incentive Plan. The extent to which any such individual is entitled to receive a grant of an award pursuant to the Equity Incentive Plan will be determined in the sole and absolute discretion of the Plan Administrator.

Types of Awards

Awards of Options and DSUs may be made under the Equity Incentive Plan. All of the awards described below are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined by the Plan Administrator, in its sole discretion, subject to such limitations provided in the Equity Incentive Plan, and will generally be evidenced by an award agreement, other than in the case of DSUs. Each Award agreement will be subject to the applicable provisions of the Equity Incentive Plan and will contain such provisions as are required by the Equity Incentive Plan and any other provisions that the Plan Administrator may direct. Any one officer of the Corporation is authorized and empowered to execute and deliver, for and on behalf of the Corporation, an Award agreement to an Eligible Person granted an Award pursuant to the Equity Incentive Plan.

Options

An Option entitles a holder thereof to purchase a prescribed number of treasury shares at an exercise price set at the time of the grant. The Plan Administrator will establish the exercise price at the time each option is granted, which exercise price shall not be less than the TSXV Market Price (as such term is defined in the Equity Incentive Plan and taking into account the Discounted Market Price, as such term is defined in the Equity Incentive Plan) on the date of the grant.

Subject to any accelerated termination as set forth in the Equity Incentive Plan, each Option expires on its respective expiry date, provided that unless approval has been obtained pursuant to the Equity Incentive Plan, no option shall have an expiry date that exceeds ten (10) years from the date of grant. Once an Option becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the Option, unless otherwise specified by the Plan Administrator, or as may be otherwise set forth in any written employment

agreement, Award agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Eligible Person. Each vested Option may be exercised at any time or from time to time, in whole or in part, for up to the total number of Common Shares with respect to which it is then exercisable. The Plan Administrator has the right to accelerate the date upon which any Option becomes exercisable, provided that so long as the Common Shares are listed on the TSXV, such acceleration of the date upon which any Option becomes exercisable is in compliance with Exchange Policy 4.4 – *Security Based Compensation*. For greater certainty, the Plan Administrator does not have the right to accelerate the dates upon which any Option becomes exercisable as outlined in the Equity Incentive Plan.

Deferred Share Units

A deferred share unit is a unit equivalent in value to a share credited by means of a bookkeeping entry in the books of the Corporation which entitles the holder to receive one share (or, at the election of the holder and subject to the approval of the Plan Administrator, the cash value thereof) for each deferred share unit on a future date. The Board may fix from time to time a portion of the total compensation (including annual retainer) paid by the Corporation to a director in a calendar year for service on the Board (the “**Director Fees**”) that are to be payable in the form of DSUs. In addition, each director is given, subject to the provisions of the Equity Incentive Plan, the right to elect to receive a portion between fifty percent (50%) and one hundred percent (100%) of any of the cash Director Fees owing to them in the form of DSUs.

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of DSUs, provided that: (i) the terms comply with Section 409A, as such term is defined in the Equity Incentive Plan, with respect to a U.S. Taxpayer; and (ii) the DSUs do not vest before the date that is one (1) year following the date such DSU is granted or issued. The number of DSUs (including fractional DSUs) granted at any particular time will be calculated by dividing (a) the amount of Director Fees that are to be paid in DSUs, as determined by the Plan Administrator, or Director Fees that are to be paid in DSUs (including any Elected Amount, as such term is defined in the Equity Incentive Plan) by (b) the Market Price of a Common Share on the date of grant. Provided that all withholding taxes are paid by the Eligible Person in accordance with the Equity Incentive Plan, where applicable, DSUs shall be settled, for an Eligible Person who is not a U.S. Taxpayer, on the date determined by the Eligible Person (which date shall not be earlier than the Termination Date or later than the end of the first calendar year commencing after the Termination Date, as such term is defined in the Equity Incentive Plan), and for an Eligible Person who is a U.S. Taxpayer, the settlement date shall be the date determined by the Eligible Person in accordance with the Election Notice, as such term is defined in the Equity Incentive Plan (which date shall not be earlier than the “**separation from service**” (within the meaning of Section 409A)). On the settlement date for any DSU, the Eligible Person shall redeem each vested DSU for one fully paid and non-assessable Common Share issued from treasury to the Eligible Person or as the Eligible Person may direct. No person retained to provide Investor Relations Activities shall receive any grant of DSUs.

Black-out Period

In the event that an Award expires, has a redemption date or has a settlement date, at a time when a scheduled blackout is in place in accordance with the policies of the Corporation or an *bona fide* undisclosed material change or material fact in the affairs of the Corporation exists, the expiry, redemption date or settlement date of such Award will be the date that is 10 Business Days after which such scheduled blackout terminates or there is no longer such undisclosed material change or material fact. Notwithstanding the foregoing, the extension of the redemption time or settlement date for an Award as provided in the Equity Incentive Plan is subject to a cease trade order (or similar order under securities laws) in respect of the securities of the Corporation.

MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

The Common Shares of the Corporation are currently listed for trading on the TSXV under the symbol “NXH”. The following table sets forth the closing, high and low trading prices and the volume of shares traded for the Common Shares of the Corporation for each month in 2022.

Summary of Monthly Trading

Month	High	Low	Volume
January	\$3.44	\$2.15	706,566
February	\$2.45	\$1.80	557,764
March	\$2.40	\$1.74	779,212
April	\$3.14	\$1.98	851,626
May	\$2.25	\$1.33	534,521
June	\$2.19	\$1.51	528,255
July	\$1.70	\$1.48	250,940
August	\$2.50	\$1.55	692,663
September	\$2.09	\$1.35	279,635
October	\$1.74	\$1.41	168,965
November	\$1.63	\$1.30	246,650
December	\$1.37	\$1.11	326,795

PRIOR SALES

The following tables set forth the number and price at which securities of Next Hydrogen have been issued within the 12-month period ended December 31, 2022. No common shares or warrants were issued during this period. A total of 135,288 DSUs were issued to certain directors of Next Hydrogen on July 1, 2022 at a price of \$1.66.

Next Hydrogen Options

Date	Number of Securities	Exercise Price per Security
January 1, 2022	250,000 ⁽¹⁾	\$3.44
January 3, 2022	35,000	\$3.44
January 17, 2022	10,000	\$2.80
January 31, 2022	5,000	\$2.40
February 9, 2022	5,000	\$2.25
February 22, 2022	5,000	\$2.03
February 28, 2022	5,000	\$1.84
March 1, 2022	5,000	\$1.84
March 16, 2022	5,000	\$1.96

Date	Number of Securities	Exercise Price per Security
March 24, 2022	30,000	\$2.00
March 28, 2022	5,000	\$2.10
April 1, 2022	15,000	\$2.10
May 2, 2022	5,000	\$2.00
June 1, 2022	5,000	\$2.08
June 6, 2022	10,000	\$2.09
June 13, 2022	5,000	\$1.86
July 1, 2022	5,000	\$1.65
July 4, 2022	20,000	\$1.65
July 19, 2022	5,000	\$1.60
August 2, 2022	10,000	\$1.70
August 22, 2022	25,000	\$2.10
September 26, 2022	5,000	\$1.61
November 7, 2022	25,000	\$1.46
November 28, 2022	5,000	\$1.43
December 12, 2022	200,000 ⁽¹⁾	\$1.33

Note:

- (1) These include securities held by certain directors and senior officers of Next Hydrogen, either directly or through wholly-owned companies.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The securities that are subject to contractual restrictions on transfer, or are subject to escrow or contractual restrictions on transfer are shown in the following table:

Designation of Class	Total Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Common Shares at the date of this Annual Information Form
Common Shares	4,704,348 ⁽¹⁾⁽³⁾	20.6%
Options	145,000 ⁽²⁾⁽³⁾	0.6%

Notes:

- (1) The escrowed shares will be released as follows: (i) 1,911,982 Common Shares released on June 24, 2023, (ii) 1,396,183 Common Shares released on December 24, 2023, and (iii) 1,396,183 Common Shares released on June 24, 2024.
- (2) The escrowed options will be released on June 24, 2023.
- (3) 2,132,775 escrowed Common Shares and 120,000 escrowed Options are all held by insiders of the Corporation.

The value securities are subject to an escrow agreement among the certain Shareholders and TSX Trust, as escrow agent, pursuant to the policies of the TSXV (the “**Escrow Agreement**”). Under the Escrow Agreement, the Escrow Shares will be released as follows:

- (a) 10% of the securities will be released on the date of the Final Exchange Bulletin;
- (b) 15% of the securities will be released 6 months from the Final Exchange Bulletin;
- (c) 15% of the securities will be released 12 months from the Final Exchange Bulletin;
- (d) 15% of the securities will be released 18 months from the Final Exchange Bulletin;
- (e) 15% of the securities will be released 24 months from the Final Exchange Bulletin;

- (f) 15% of the securities will be released 30 months from the Final Exchange Bulletin; and
- (g) 15% of the securities will be released 36 months from the Final Exchange Bulletin.

The Escrow Shares held pursuant to the Escrow Agreement may not be sold, assigned, transferred, redeemed, surrendered or otherwise dealt with in any manner except as provided by the Escrow Agreement. The Escrow Shares may be transferred within escrow to an individual who is a director or senior officer of Next Hydrogen or a material operating subsidiary of Next Hydrogen, provided that certain requirements of the TSXV are met, including that the new proposed transferee agrees to be bound by the terms of the Escrow Agreement. In the event of the bankruptcy of a holder of Escrow Shares, the Escrow Shares held by such holder may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such Escrow Shares provided that certain prescribed TSXV requirements are met.

DIRECTORS AND OFFICERS

To the Corporation's knowledge as at the date of this Annual Information Form, its directors and executive officers as a group beneficially own, or control or direct, directly or indirectly, 4,868,097 Common Shares, representing approximately 21.3% of the outstanding Common Shares on a non-diluted basis.

NAME, OCCUPATION AND SECURITY HOLDING

The following table provides the names, province or state and country of residence, position, and principal occupations of each individual expected to be an executive officer and/or director of Next Hydrogen, as well as the number and percentage of Common Shares that are expected to be beneficially owned, directly or indirectly, or which control or direction is expected to be exercised, by each such person. It is expected that the term of each director listed below will conclude at the end of Next Hydrogen's next annual meeting of Shareholders subject to reappointment by the Shareholders at such meeting.

Name and Province of Residence	Positions Held with Next Hydrogen	Principal Occupation During Last Five Years	Start Date	Number of Common Shares Beneficially Owned, or Controlled ⁽¹⁾	Percentage of Common Shares Beneficially Owned, or Controlled ⁽²⁾
Raveel Afzaal <i>Ontario, Canada</i>	CEO, President and Director	Equity Research Analyst, Canaccord Genuity Corp.	October 1, 2020	81,874	0.36%
Rohan Advani <i>Ontario, Canada</i>	Chief Financial Officer	Finance Department Leader, Magna International	December 12, 2022	Nil	Nil
Jim Hinatsu <i>Ontario, Canada</i>	Chief Operating Officer	COO, Next Hydrogen	December 14, 2007	273,750	1.20%
Michael Stemp <i>Ontario, Canada</i>	Chief Technology Officer	CTO, Next Hydrogen	December 14, 2007	347,340	1.52%

Walter Howard ⁽⁵⁾⁽⁶⁾ <i>Connecticut, USA</i>	Director	Former CEO and Current Director, Next Hydrogen	October 9, 2018	240,845	1.05%
Matthew Fairlie <i>Ontario, Canada</i>	Director and Executive Vice Chair	Former CEO and Current Director, Next Hydrogen	May 7, 2019	94,036	0.41%
Allan Mackenzie ⁽³⁾⁽⁵⁾ <i>Alberta, Canada</i>	Director	Owner, Disruptive Ventures Inc.	May 7, 2018	3,820,252	16.69%
Jens Peter Clausen <i>Nevada, USA</i>	Director	VP of Engineering- Data Center Advanced Technology Innovation at Google	March 10, 2021	Nil	Nil
Michael Pyle ⁽⁴⁾⁽⁶⁾ <i>Manitoba, Canada</i>	Director	CEO and Director of the Exchange Income Corporation	June 24, 2021	Nil	Nil
Susan Uthayakumar ⁽⁴⁾⁽⁵⁾ <i>Florida, USA</i>	Director	Chief Sustainability and Energy Officer of Prologis	June 24, 2021	Nil	Nil
Anthony Guglielmin ⁽⁴⁾⁽⁶⁾ <i>British Columbia, Canada</i>	Director	Senior Vice President and Chief Financial Officer of Ballard Power Systems (retired 2021)	June 24, 2021	10,000	0.04%
Total				4,868,097	21.3%

Notes:

- (1) Does not include any Options.
- (2) On an undiluted basis.
- (3) Mr. Mackenzie owns 303,800 shares directly (1.33%) and 3,516,452 shares through Disruptive Ventures Inc. (15.36%).
- (4) Member of the Audit Committee.
- (5) Member of the Compensation Committee.
- (6) Member of the Governance and Nominating Committee.

The executive officers and directors of Next Hydrogen own, directly or indirectly, or exercise control or direction over 4,868,097 Common Shares, representing approximately 21.3% of Common Shares issued and outstanding.

COMMITTEES OF THE BOARD

The Board has established the Audit Committee, the Compensation Committee, and the Governance and Nominating Committee.

Audit Committee

The Audit Committee is composed of Anthony Guglielmin (chair), Michael Pyle and Susan Uthayakumar, all of whom are independent directors and all of whom are financially literate, in each case within the meaning of NI 52-110.

Compensation Committee

The Board has established the Compensation Committee, comprised of Susan Uthayakumar (chair), Allan MacKenzie and Walter Howard, two (2) of whom are independent directors within the meaning of NI 52-110.

Governance and Nominating Committee

The Board has established the Governance and Nominating Committee, comprised of Michael Pyle (chair), Walter Howard and Anthony Guglielmin, all of whom are independent directors within the meaning of NI 52-110.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

No director or executive officer of Next Hydrogen, is, as of the date of this AIF, or has been, within the 10 years preceding the date of this AIF, a director, chief executive officer or chief financial officer of any company, that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than Allan Mackenzie, who acted as director of Shaughnessy Health, which made a voluntary assignment for the benefit of its creditors under section 49 of the *Bankruptcy and Insolvency Act* (Canada), no person expected to be a director or executive officer of Next Hydrogen, or to the best of Next Hydrogen's knowledge, a shareholder holding a sufficient number of shares to materially affect control of Next Hydrogen:

- (a) is, as of the date of this AIF, or has been within 10 years preceding the date of this AIF, a director or executive officer of any company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder

No person expected to be a director or executive officer of Next Hydrogen, or to the best of Next Hydrogen's knowledge, a shareholder holding a sufficient number of shares to materially affect control of Next Hydrogen, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

To the best of the Corporation's knowledge, there are no existing or potential material conflicts of interest between the Corporation and any of its directors or officers as of the date hereof. However, certain of the Corporation's directors and officers are, or may become, directors or officers of other companies with businesses which may conflict with its business. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible acquisitions or in generally acting on the Corporation's behalf. See "*Risk Factors – Risks Related to the Corporation – The Directors and Officers May Have Conflicts of Interest with the Corporation*".

Pursuant to the BCBCA, directors and officers of the Corporation are required to act honestly and in good faith with a view to the best interests of the Corporation. As required under the BCBCA:

- a director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer of the Corporation, must promptly disclose the nature and extent of that conflict; and
- a director who holds a disclosable interest (as such term is defined under the BCBCA) in a contract or transaction into which the Corporation has entered or proposes to enter may generally not vote on any directors' resolution to approve such contract or transaction.

Generally, as a matter of practice, directors who have disclosed a material interest in any contract or transaction that the Board is considering will not take part in any Board discussion respecting that contract or transaction. If on occasion such directors do participate in the discussions, they will refrain from voting on any matters relating to matters in which they have disclosed a material interest. In appropriate cases, the Corporation will establish a special committee of independent directors to review a matter in which directors or officers may have a conflict.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings or regulatory actions to which the Corporation is a party, or has been a party to, or of which any of its property is the subject matter of, or was the subject matter of, since its incorporation, and no such proceedings or actions are known by the Corporation to be contemplated.

There have been no penalties or sanctions imposed against the Corporation by a court or regulatory authority, and the Corporation has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, since its incorporation.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Unless as otherwise disclosed in this AIF, as of the date of this AIF, no other director, executive officer or shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued Common Shares, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction since the incorporation of the Corporation which has materially affected or is reasonably expected to materially affect the Corporation or a subsidiary of the Corporation.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The Corporation's auditor is KPMG LLP, Chartered Professional Accountants, having an address at Bay Adelaide Centre, 333 Bay Street, Suite 4600, Toronto, ON, M5H 2S5.

The transfer agent and registrar for the Common Shares is TSX Trust Company, having an office at 650 West Georgia Street, Suite 2700, Vancouver, British Columbia V6B 4N9.

MATERIAL CONTRACTS

Except for material contracts entered into in the ordinary course of business, set out below are material contracts to which the Corporation or any of the acquired businesses are a party entered into prior to or since the date of incorporation of the Corporation and which still remain in effect and are considered to be material to the Corporation. Copies of such material contracts will be filed with the Canadian securities regulatory authorities and will be available for review under the Corporation's profile on SEDAR at www.sedar.com.

- the Amalgamation Agreement;
- the subscription receipt agreement dated April 28, 2021 by and among TSX Trust, as agent of the Subscription Receipts, BioHep, BioHep SubCo, Next Hydrogen, and National Bank Financial Inc. and TD Securities Inc. (on behalf of the Agents);
- the agency agreement dated April 19, 2021 among Next Hydrogen, BioHep, BioHep SubCo and the Agents; and
- the Escrow Agreement.

INTERESTS OF EXPERTS

KPMG LLP, the auditor of Next Hydrogen, has advised the Corporation that it is independent of the Corporation in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information pertaining to the Corporation, including directors' and officers' remuneration and indebtedness, and Options to purchase securities is available on SEDAR at www.sedar.com. Additional financial information is included in the Corporation's audited consolidated financial statements and MD&A for the year ended December 31, 2022, as filed with the applicable Canadian regulatory authorities. These documents are available on SEDAR at www.sedar.com and may also be obtained without charge by written request to the Corporation at 6610 Edwards Blvd, Mississauga, Ontario, L5T 2V6.

APPENDIX “A” AUDIT COMMITTEE

The Audit Committee provides assistance to the Board in fulfilling its financial oversight responsibilities and in ensuring the integrity of financial reporting and accounting control policies and practices of the Corporation. The external auditors of the Corporation report directly to the Audit Committee. The Audit Committee’s primary duties and responsibilities include: (i) serving as an independent and objective party to oversee the Corporation’s accounting and financial reporting processes and internal control system including assessing the reasonableness of management accounting judgments and estimates; (ii) reviewing the Corporation’s financial statements; (iii) requesting such information and explanations in regard to the accounts of the Corporation as the Audit Committee may consider necessary and appropriate to carry out its duties and responsibilities; (iv) overseeing the audit of the Corporation’s financial statements; (v) overseeing, reviewing and appraising the qualifications, independence and the performance of the Corporation’s external auditors; (vi) overseeing the Corporation’s compliance with legal and regulatory requirements as they relate to accounting and financial controls and anti-corruption and bribery issues; (vii) providing an open avenue of communication among the Corporation’s auditors, senior management and the Board; (viii) considering any other matters which, in the opinion of the Audit Committee or at the request of the Board would assist the Corporation in risk management; and (ix) maintaining the Whistleblower Policy communication channel to the chair of the Audit Committee and whistleblower procedures for the receipt, retention, and treatment of complaints. The full text of the Audit Committee charter is attached to this Annual Information Form as Appendix “A”.

Composition of the Audit Committee

The Audit Committee is composed of Anthony Guglielmin (chair), Susan Uthayakumar, and Michael Pyle, all of whom are independent directors and all of whom are financially literate, in each case within the meaning of NI 52-110.

Relevant Education and Experience

Each of the members of the Audit Committee has extensive education and experience relevant to the performance of their responsibilities as members of the Audit Committee.

NEXT HYDROGEN SOLUTIONS INC. AUDIT COMMITTEE CHARTER

This charter governs the operations of the audit committee (the “**Committee**”) of Next Hydrogen Solutions Inc. (the “**Corporation**”). The Committee shall report to the Board of Directors (the “**Board**”) of the Corporation.

I. PURPOSE

- (a) The primary function of the Committee is to assist the Board in fulfilling its responsibilities regarding the integrity of the Corporation’s financial statements including the financial reporting process and systems of internal controls, the compliance by the Corporation with legal and regulatory requirements and the qualifications, performance and independence of the Corporation’s external auditor by reviewing:
 - (i) the financial information that will be provided to the shareholders, regulatory authorities and others;
 - (ii) the systems of internal controls management has established;
 - (iii) all audit processes; and
 - (iv) all reporting from the external auditors.

- (b) Primary responsibility for the financial reporting, information systems, risk management and internal controls of the Corporation is vested in management and is overseen by the Board. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. These are the responsibilities of management and the external auditor. Nor is it the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management and the external auditor or to assure compliance with laws and regulations.

II. COMPOSITION AND OPERATIONS

- (a) The Committee shall be composed of not fewer than three directors, all of whom shall not be officers, employees, consultants or control persons of the Corporation or any of its related legal entities.
- (b) The Committee shall review and reassess this Charter periodically.
- (c) All Committee members shall be financially literate or shall become financially literate within a reasonable period of time after appointment to the Committee.
- (d) The Corporation's auditors shall be advised of the names of the Committee members and when appropriate will receive notice of and be invited to attend meetings of the Committee and to be heard at those meetings on matters relating to the auditor's duties.
- (e) The Committee shall meet with the external auditors as it deems appropriate to consider any matter that the Committee or auditors determine should be brought to the attention of the Board or shareholders.
- (f) The Committee shall meet at least four times each year.
- (g) The Committee shall have access to the Corporation's senior management and documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.
- (h) The Committee shall provide open avenues of communication among management, employees, external auditors and the Board.
- (i) Notice of the time and place of every meeting shall be given to each Committee member at least 48 hours prior to the meeting.
- (j) A majority of the voting membership of the Committee present in person or by telephone or other electronic telecommunication device shall constitute a quorum.
- (k) The President, Chief Executive Officer and Chief Financial Officer and external auditor would be expected to be available to attend meetings or portions thereof. The external auditors would meet at least annually with the Committee. Others may or may not attend the meetings at the sole discretion of the Committee.
- (l) Minutes of Committee meetings shall be approved by the Committee and sent to all directors of the Board.

III. DUTIES AND RESPONSIBILITIES

(a) Financial Statements and Other Financial Information

The Committee will review and recommend for approval to the Board financial information that will be made publicly available. This includes:

- (i) the Corporation's annual and quarterly financial statements;
- (ii) the Corporation's press releases and reports as they relate to the finances of the Corporation;
- (iii) the Management Discussion and Analysis;
- (iv) the financial content of the Annual Report;
- (v) any annual information form, prospectus or private placement memorandums; and
- (vi) any reports required by regulatory or government authorities as they relate to the finances of the Corporation.

The Committee will review and discuss:

- (vii) the appropriateness of accounting policies and financial reporting practices to be adopted by the Corporation;
- (viii) any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Corporation;
- (ix) any new or pending developments in accounting and reporting standards that may affect the Corporation;
- (x) ascertain compliance with the covenants under applicable loan agreements;
- (xi) management's key estimates and judgments that may be material to financial reporting; and
- (xii) any other matters required to be reviewed under applicable legal, regulatory or stock exchange requirements.

(b) Risk Management, Internal Control and Information Systems

The Committee will review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:

- (i) review the Corporation's risk management controls and policies;
- (ii) obtain reasonable assurance that the information systems are reliable and the systems of internal controls are properly designed and effectively implemented through discussions with and reports from management and the external auditor;

- (iii) review management steps to implement and maintain appropriate internal control procedures including a review of policies;
- (iv) review adequacy of security of information, information systems and recovery plans;
- (v) monitor compliance with statutory and regulatory obligations;
- (vi) review the appointment of the Chief Financial Officer; and
- (vii) review the adequacy of accounting and finance resources.

(c) External Audit

The Committee will review the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

- (i) review and recommend to the Board, for shareholder approval, engagement of the external auditor including, as part of such review and recommendation, an evaluation of the external auditors qualifications, independence and performance;
- (ii) review and approve the annual external audit plan, including but not limited to the following:
 - 1. engagement letter;
 - 2. objectives and scope of the external audit work;
 - 3. procedures for quarterly review of financial statements;
 - 4. materiality limit;
 - 5. areas of audit risk;
 - 6. staffing;
 - 7. timetable; and
 - 8. proposed fees.
- (iii) meet with the external auditor to discuss the Corporation's quarterly and annual financial statements and the auditor's report including the appropriateness of accounting policies and underlying estimates;
- (iv) review and advise the Board with respect to the planning, conduct and reporting of the annual audit, including but not limited to:
 - 1. any difficulties encountered, or restrictions imposed by management during the annual audit;
 - 2. any significant accounting or financial reporting issue including the resolution of any disagreement between management and the external auditors;
 - 3. the auditor's evaluation of the Corporation's system of internal controls, procedures and documentation;
 - 4. the post audit or management letter containing any findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weakness; and
 - 5. assess the performance and consider the annual appointment of external auditors for recommendation to the Board;

- (v) review and receive assurances on the independence of the external auditor;
 - (vi) review the non-audit services to be provided by the external auditor’s firm and consider the impact on the independence of the external audit; and
 - (vii) meet quarterly with the external auditor without management present.
- (d) Other
- (i) review material litigation and its impact on financial reporting; and
 - (ii) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (e) The Committee shall also review and assess the adequacy of the reporting systems and related internal controls developed and implemented by management in connection with disclosures relating to environmental, social and governance (“ESG”) matters and other non-financial data included in the Corporation’s sustainability disclosure.

IV. ACCOUNTABILITY

The committee shall report its discussions to the Board by distributing the minutes of its meetings and where appropriate, by oral report at the next Board meeting.

V. STANDARDS OF LIABILITY

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory, regulatory or other legal requirements for the Board or members of the Committee. The purposes and responsibilities outlined in these terms of reference are meant to serve as guidelines rather than inflexible rules and the Committee may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.