PENBAR CAPITAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") is dated November 21, 2024 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Penbar Capital Ltd. ("Penbar" or the "Company") for the period ended September 30, 2024 and 2023, including the notes thereon. Penbar prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements are presented in Canadian dollars, which is the functional currency of the Company.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Penbar common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Penbar's financial statements, MD&A and all other continuous disclosure documents are filed with Canadian securities regulators and are available for review under the Penbar Capital Ltd. profile at www.sedarplus.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

DESCRIPTION OF BUSINESS

Penbar Capital Ltd. (the "Company") was incorporated on March 4, 2021 under the laws of British Columbia. The Company completed an initial public offering ("IPO") of its common shares on January 27, 2022, and on January 31, 2022, the Company began trading its shares on the TSX Venture Exchange ("TSX-V" or the "Exchange"). The Company is classified as a Capital Pool Company ("CPC"), as defined in the Exchange Policy 2.4. The activities of the Company are initially limited to the efforts to identify and evaluate the acquisition of assets and business, which would represent a "Qualifying Transaction" for regulatory purposes.

The head office and the records and registered office is located at 2250 - 1055 W Hastings St. Vancouver, British Columbia, V6E 2E9.

The Company has not commenced commercial operations and has no significant assets.

The Company's continuing operations are dependent on the continued financial support of its shareholders, and the completion of a Qualifying Transaction. Any acquisition or investment proposed by the Company will be subject to regulatory approval. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within such time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's common shares from trading.

All amounts are presented in Canadian dollars, which is the functional currency of the Company, unless otherwise noted.

PROPOSED TRANSACTIONS

On November 24, 2023, the Company, 1451356 B.C. Ltd., a newly incorporated wholly-owned subsidiary of the Company ("NewCo"), Emissions EV Technologies Ltd. ("Emissions EV"), a private arm's length British

Columbia company, and Emission EV Operating Corp., a wholly-owned subsidiary of Emissions EV, have entered into an amalgamation agreement dated November 24, 2023 (the "Amalgamation Agreement"), pursuant to which the Company will acquire all of the issued and outstanding securities of Emissions EV (the "Transaction").

The Transaction is subject to the approval of the TSX-V, and is intended to constitute the Company's Qualifying Transaction (as defined in the Exchange Policy 2.4). The combined company that will result from the completion of the Transaction (thereafter referred to as the "Resulting Issuer") will be renamed "Emissions EV Technologies Ltd." or such other name as agreed to by the Company and Emissions EV. Subject to TSX-V approval, the common shares of the Resulting Issuer (each, a "Resulting Issuer Share") will trade on the TSX-V, and the business of the Resulting Issuer will be the business of Emissions EV. It is expected that the Resulting Issuer will be listed on the TSX-V as a Tier 2 Technology issuer.

Emission EV specializes in the design, manufacturing, and production of electrically powered industrial and commercial vehicles.

OVERALL PERFORMANCE

Since its incorporation on March 4, 2021, the Company has focused on completing an IPO, filing a listing application on the Exchange, identifying and evaluating the potential acquisition of assets and business and has incurred expenses relevant to such activity during the period ended September 30, 2024 as characterized by filing fees, professional fees and share-based payments.

Loss and comprehensive loss for the period ended September 30, 2024, was $14,288, which is further explained in "Discussion of Operations" below.

DISCUSSION OF OPERATIONS

Key components of loss and comprehensive loss for the period ended September 30, 2024 were as follows:

- Filing fees of $2,110 (2023: $2,008) relating to the continuous disclosure filings on SEDAR;
- Professional fees of $11,260 (2023: $2,500) comprised of legal fees of $1,138 (2023: $4,767) relating to the Company's general corporate matters and accounting fees of $10,122 (2023: $15,372) relating to the filings of the Company's annual audit and corporate income tax returns; and
- Transfer agent fees of $900 (2023: $900) was paid in relation to general monthly transfer agent expenses.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight most recently quarters of operation. This information is derived from unaudited quarterly financial statements prepared by management. The financial data for the quarters ended from September 30, 2022 to June 30, 2024, are prepared in accordance with IFRS.

	September 30, 2024 $	June 30, 2024 $	March 31, 2024 $	December 31, 2023 $	September 30, 2023 $	June 30, 2023 $	March 31, 2023 $	December 31, 2022 $
Total Assets	76,361	89,197	101,076	130,499	150,505	158,306	159,151	172,353
Working Capital	71,706	85,994	100,761	129,869	147,565	153,001	158,836	165,442

Revenue	-	-	-	-	-	-	-	-
Net Loss	14,288	(14,767)	(29,108)	(17,696)	(5,436)	(5,835)	(6,606)	(7,711)
Loss per Share	(0.004)	(0.005)	(0.007)	(0.004)	(0.001)	(0.001)	(0.002)	(0.002)

Overall, filing fees, professional fees, regulatory fees and share-based payments were the major components that caused variances in net loss from quarter to quarter. During the quarter ended September 30, 2024, the major expenses of the Company were professional fees of $11,260, filing fees of $2,110 and transfer agent fees of $900.

LIQUIDITY AND CAPITAL RESOURCES

The Company utilizes existing cash and the issuance of common shares to provide liquidity to the Company. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue the plans of identifying and completing a Qualifying Transaction, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's capital management approach is also disclosed in Note 8 of the financial statements for the period ended September 30, 2024.

During the period ended September 30, 2024, the Company's cash decreased by $11,151 primarily due to the Company's regular course of business.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

RISK FACTORS

Investing in the common shares of the Company involves risk. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision. If any of the following risks actually occurs, the business, financial condition or results of operations of the Company could be harmed. In such an event, the trading price of the common shares could decline, and prospective investors may lose part or all of their investment.

No Operating History

The Company was incorporated on March 4, 2021, has not commenced commercial operations and has no assets other than cash. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future. The Company has only limited funds with which to identify and evaluate potential acquisitions of a material asset or a business (Qualifying Transaction, or Proposed Transaction) and there can be no assurance that the Company will be able to do so. Even if a Proposed Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction.

No Assurance of Market for Shares

There can be no assurance that an active and liquid market for the Company's common shares will develop and a shareholder may find it difficult to resell its common shares.

Halt of Trading

Upon public announcement of a potential Proposed Transaction, trading in the common shares of the Company will be halted and will remain halted until Completion of the Proposed Transaction, or sooner

pursuant to Policy 2.4. Neither the Exchange nor any securities regulatory authority passes upon the merits of the potential Proposed Transaction.

Exchange May Not Approve a Qualifying Transaction

Completion of a Proposed Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction, Majority of the Minority Approval as such terms are defined in Policy 2.4.

Notwithstanding that a transaction may meet the definition of a Proposed Transaction; the Exchange may not approve a Proposed Transaction:

(a) if the Company fails to meet the initial listing requirements prescribed by Policy 2.1 – Initial Listing Requirements of the Exchange upon Completion of the Proposed Transaction;

(b) if, following Completion of the Qualifying Transaction, the Company will be a finance company, or a mutual fund as defined under applicable securities laws;

(c) the consideration proposed to be paid by the Company in connection with the Proposed Transaction is not acceptable to the Exchange; or

(d) for any other reason at the sole discretion of the Exchange.

Approval by the Majority of the Minority

Where Majority of the Minority Approval is required, unless the shareholder has the right to dissent and be paid fair value in accordance with the applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Proposed Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the common shares.

Dilution

If the Company issues treasury shares to finance acquisition or participation opportunities, control of the Company may change, and shareholders may suffer dilution of their investment.

Directors and Officers

The Directors and Officers of the Company will not be devoting all of their time to the affairs of the Company but will be devoting such time as required to effectively manage the Company. Some of the Directors and Officers of the Company are engaged and will continue to be engaged in the search for assets or businesses on their own behalf or on behalf of others such that conflicts may arise from time to time. As a consequence of such conflicts, the Company may be exposed to liability and its ability to achieve its business objectives may be impaired.

Reliance on Management

The Company is relying solely on the past business success of its Directors and Officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its Directors and Officers. The loss of any of its directors or officers could have a material adverse effect upon the business and prospects of the Company.

Foreign Acquisition

In the event that the Company identifies a foreign business as a Proposed Transaction, shareholders may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management

resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The Company's significant estimates and judgments are disclosed in Note 4 – Summary of Significant Accounting Policies to the September 30, 2024, financial statements.

FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair Value Measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market date.

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of cash is determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. Accounts payable and accrued liabilities is measured at amortized cost.

Financial risk management

- **Credit Risk**

  Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

- **Liquidity Risk**

  Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 8 of the financial statements for the period ended September 30, 2024.

  The Company monitors its ability to meet its short-term administrative expenditures by raising additional funds through share issuance when required. The Company does not have investments in any asset backed deposits.

- **Market Risk**

  Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. The Company does not currently hold and does not expect to hold interest-bearing financial instruments other than cash, assets or liabilities denominated in a foreign currency, and marketable securities or other financial instruments subject to fluctuations in equity prices, it currently does not have and is not expected to have exposure to these market risks.

- **Interest Rate Risk**

  Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

- **Currency Risk**

  The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company is not exposed to significant currency risk. The Company has not entered into any foreign currency contracts to mitigate this risk.

NEW ACCOUNTING STANDARD ADOPTED

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after July 1, 2021. The Company has determined that there were no new accounting standards, interpretations or amendments to existing accounting standards that had any effect on the Company's financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

As of September 30, 2024, $Nil (June 30, 2024 - $Nil) was due to related parties.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties.

During the period ended September 30, 2024 and 2023 there were no amounts paid to key management personnel.

OUTSTANDING SHARE DATA

Common shares

The following table sets forth the Company's outstanding share data as of the date of this MD&A:

Total common shares at November 20, 2024	4,000,000

Total outstanding stock options	400,000
Total outstanding warrants	200,000
Total diluted common shares at November 20, 2024	4,600,000

CONTROLS AND PROCEDURES

Disclosure controls and procedures (“DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting (“ICFR”) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. TSX Venture listed companies are not required to provide representations in filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI- 52-109. In particular, the CEO and CFO certifying Officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer 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) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s financial reporting framework. The issuer’s certifying Officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosures of financial information. 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 as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.