
Penbar Capital Ltd.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS**

THREE MONTHS ENDED SEPTEMBER 30, 2024

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Penbar Capital Ltd. (the "Company") for the three months ended September 30, 2024, have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the condensed consolidated interim financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of the interim condensed consolidated financial statements by an entity's auditor.

Penbar Capital Ltd.
Condensed Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	<u>September 30, 2024</u>	<u>June 30, 2024</u>
	\$	\$
ASSETS		
Current assets		
Cash	75,240	86,391
GST Receivable	1,121	2,806
Total Assets	76,361	89,197
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	4,655	3,203
Total Liabilities	4,655	3,203
SHAREHOLDERS' EQUITY		
Share capital (note 7)	228,297	228,297
Reserve (note 7)	55,557	55,557
Deficit	(212,148)	(197,860)
Total Shareholders' Equity	71,706	85,994
Total Liabilities and Shareholders' Equity	76,361	89,197

Nature and continuance of operations (note 1)

Proposed Qualifying Transaction (note 10)

Approved on behalf of the Board of Directors on November 21, 2024.

"Herrick Lau"
Director

"David Velisek"
Director

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

Penbar Capital Ltd.
Condensed Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Three months ended September 30, 2024	Three months ended September 30, 2023
	\$	\$
Expenses		
Filing fees	2,110	2,008
General and administrative	18	28
Professional fees	11,260	2,500
Transfer agent fees	900	900
	(14,288)	(5,436)
Loss per share – basic and diluted	(0.004)	(0.001)
Weighted-average number of common shares outstanding - basic and diluted	4,000,000	4,000,000

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

Penbar Capital Ltd.
Condensed Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Common Shares	Common Shares \$	Reserves \$	Deficit \$	Total \$
Balance, June 30, 2023	4,000,000	228,297	55,557	(130,853)	153,001
Loss for the period	-	-	-	(5,436)	(5,436)
Balance, September 30, 2023	4,000,000	228,297	55,557	(136,289)	147,565
Loss for the period	-	-	-	(14,288)	(14,288)
Balance, September 30, 2024	4,000,000	228,297	55,557	(212,148)	71,706

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

Penbar Capital Ltd.
Condensed Consolidated Statements of Cash
Flows

	Three months ended September 30, 2024	Three months ended September 30, 2023
	\$	\$
Operating activities		
Loss for the period	(14,288)	(5,436)
Changes in non-cash working capital:		
Increase in receivable	(1,685)	92
Increase (Decrease) in accounts payable and accrued liabilities	(1,452)	(2,365)
Net cash used in operating activities	(11,151)	(7,709)
Change in cash during the period	(11,151)	(7,709)
Cash, beginning of the period	86,391	158,031
Cash, end of the period	75,240	150,322

There were no significant non-cash transactions during the three months ended September 30, 2024 and 2023.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

On November 24, 2023, the Company incorporated a wholly owned subsidiary, 1451356 B.C. Ltd. under the laws of British Columbia.

Since incorporation on March 4, 2021, the Company has had no active business operations. As a CPC, the Company’s principal business objective will be to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction, as defined in Exchange Policy 2.4 subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company has an accumulated deficit of \$212,148 as at September 30, 2024. The Company’s ability to continue its operations is dependent upon obtaining additional financing sufficient to cover its operating costs. Management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the next 12 months. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated condensed interim financial statements.

These consolidated condensed interim financial statements were authorized by the Board of Directors on November 21, 2024.

2. STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

3. BASIS OF PRESENTATION

These consolidated condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. The consolidated condensed interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency. In addition, these consolidated condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of consolidated condensed interim financial statements in compliance with IFRS Accounting Standards requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the consolidated condensed interim financial statements are disclosed in Note 4.

4. MATERIAL ACCOUNTING POLICY INFORMATION

a) Basis of Consolidation

These consolidated condensed interim financial statements incorporate the financial statements of the Company, 1451356 B.C. Ltd., the Company's wholly owned subsidiary. Subsidiaries are all entities (including structured entity) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiary is fully consolidated from the date on which control is transferred to the group. It is deconsolidated from the date that control ceases. All significant intercompany transactions and balances have been eliminated.

b) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

c) Share capital

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issue of units is allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

d) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

e) Share-Based Compensation Transactions

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

f) Financial instruments

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and ii) those to be measured at amortized costs. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company has implemented the following classifications:

- Cash and accounts payable and accrued liabilities are classified as amortized cost and carried on the statements of financial position at amortized cost.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and

loss or other comprehensive income (irrevocable election at the time of recognition).

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

f) Financial instruments *(continued)*

Impairment

The Company assesses all information available, including on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward looking information.

Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

Judgements

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future.

Estimates

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

5. CHANGES IN ACCOUNTING POLICIES

Adoption of New Accounting Standards and New Accounting Pronouncements

The following amendments were adopted by the Company on June 1, 2023:

- a) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.
- b) Definition of Accounting Estimates (Amendments to IAS 8) - the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in consolidated financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in consolidated financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

There was no impact on the Company’s consolidated financial statements upon the adoption of these amendments.

Accounting Pronouncements Not Yet Adopted

IFRS 18, Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date.

These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months;
- provide that management’s expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On October 31, 2022, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2024 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

6. 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.

6. RELATED PARTY TRANSACTIONS *(continued)*

For the period ended September 30, 2024 and 2023 there were no related party transactions.

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.

7. SHARE CAPITAL AND RESERVES

a) **Authorized**

Unlimited number of common shares without par value.

b) **Issued and outstanding**

As at September 30, 2024, there were 4,000,000 common shares issued and outstanding (June 30, 2024 – 4,000,000).

As at September 30, 2024, 2,000,000 (June 30, 2024 – 2,000,000) shares are held in escrow pursuant to the policies of the Exchange.

The Company had no share capital transactions for the period ended September 30, 2024 and the year ended June 30, 2024.

c) **Stock options**

During the period ended June 30, 2021, the Company adopted an incentive stock option plan (the "Plan") whereby the Company may issue stock options up to 10% of the issued and outstanding common shares, not to exceed 400,000 while the Company remains a CPC, of the Company to eligible directors, officers, employees or consultants. These options may be granted for a maximum term of ten years from the date of grant and vest as determined by the board of directors. The exercise price will be set by the directors at the time of grant and cannot be less than the discounted market price of the Company's common shares, subject to a minimum exercise price of \$0.05.

Any common shares acquired pursuant to the exercise of options under the Plan prior to completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued.

7. SHARE CAPITAL (continued)

The continuity of stock options issued and outstanding for the period ended September 30, 2024 is as follows:

c) Stock options (continued)

	Number of Options	Weighted Average Exercise Price (\$)
Balance June 30, 2023 and September 30, 2024	400,000	0.10

The options outstanding and exercisable at September 30, 2024 are as follows:

Expiry Date	Outstanding Options			Exercisable Options	
	Number	Exercise Price	Remaining Contractual (in years)	Number	Exercise Price
January 27, 2032	400,000	\$0.10	7.33	400,000	\$0.10

d) Warrants

The continuity of the warrants issued and outstanding for the period ended September 30, 2024 is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance June 30, 2022, 2023 and September 30, 2024	200,000	0.10

The outstanding warrants as at September 30, 2024 are as follows:

Expiry Date	Price per Share	Warrants Outstanding
January 27, 2025	\$0.10	200,000

8. MANAGEMENT OF CAPITAL

Capital is composed of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2024, the Company's shareholders' equity was \$71,706. The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements, and internally determined capital guidelines and calculated risk management levels.

8. MANAGEMENT OF CAPITAL *(continued)*

The Company's current capital was received from the issuance of common shares. The net proceeds raised to date will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction.

The Company is not subject to any externally imposed capital requirements other than the expenditure restrictions applicable under Policy 2.4, which apply on completion of the IPO. These expenditure restrictions limit the aggregate amount that the Company is permitted to spend on reasonable general and administrative costs of the Company not exceeding in aggregate of \$3,000 per month, and reasonable expenses incurred related to a Qualifying Transaction.

There were no changes in the Company's approach to management of capital during the period ended September 30, 2024.

9. 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 data.

The Company's financial instruments consist of cash and accounts payable and accrued liabilities classified at amortized cost. The carrying value of the Company's accounts payable and accrued liabilities approximates its fair value due to the short-term to maturity.

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.

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.

9. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management *(continued)*

- **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.

10. PROPOSED QUALIFYING TRANSACTION

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.

Summary of the Transaction

Pursuant to the terms of the Amalgamation Agreement, the Company will acquire all of the issued and outstanding common shares (each, an “Emissions EV Share”) in the capital of Emissions EV by way of a “three-cornered” amalgamation whereby NewCo and Emissions EV will amalgamate to form

10. PROPOSED QUALIFYING TRANSACTION *(continued)*

Summary of the Transaction *(continued)*

a new amalgamated entity (“AmalCo”), and Amalco will be a wholly-owned subsidiary of the Company. In addition, Emission EV Operating Corp. will be a wholly-owned subsidiary of Amalco.

At the time of closing of the Transaction (the “Closing”), each of the outstanding Emissions EV Shares will be cancelled and, in consideration for such Emissions EV Shares, each holder of Emissions EV Shares (collectively, the “Emissions EV Shareholders”) will receive one post-Consolidation (as defined below) common share in the capital of the Company (each, a “Penbar Share”) for each one Emissions EV Share held by such Emissions EV Shareholder.

The Company expects to issue an aggregate of 67,091,767 Penbar Shares (on a post-Consolidation basis) for the Emissions EV Shares issued and outstanding immediately prior to the completion of the Concurrent Financing (as defined below). In addition, the Company expects to:

- i. issue 10,000,000 Penbar share purchase performance warrants (the “Penbar Performance Warrants”) to be issued to the former holder of performance warrants of Emissions EV entitling the holder thereof to acquire one post-Consolidation Penbar Share at a price of \$0.15 per Penbar Share, subject to the satisfaction of certain performance conditions enumerated in the certificates representing the Penbar Performance Warrants; and
- ii. issue 15,500,000 Penbar share purchase warrants to be issued to the former holders of share purchase warrants of Emissions EV entitling the holders thereof to acquire one post-Consolidation Penbar Share at a price of \$0.02 per share until July 28, 2024.

- **Share Consolidation**

Prior to completion of the Transaction, the Company will seek to consolidate its outstanding Penbar Shares on the basis of two pre-consolidation Penbar Shares for every one post-consolidation Penbar Share (the “Consolidation”).

- **Concurrent Financing**

In connection with the Transaction, it is anticipated that Emissions EV will complete a non-brokered private placement financing (the “Concurrent Financing”) of at least 13,333,334 Emissions EV Shares at a price of \$0.15 per Emissions EV Share to raise aggregate gross proceeds of approximately \$2,000,000. No finder’s fees, cash commissions and/or broker warrants are expected to be paid and/or issued in relation to the Concurrent Financing.

- **Corporate Advisory Fee**

In connection with the Transaction, the parties agreed that on Closing and subject to approval of the TSX-V, an arm’s length corporate advisor (the “Advisor”), will be paid a merger and acquisition advisory fee of 1,000,000 Resulting Issuer Shares. No other fees will be paid.