

The following discussion is management's discussion and analysis of the results of operations and financial conditions of First Hydrogen Corp. (the "Company") and should be read in conjunction with the Company's audited consolidated financial statements for the years ended March 31, 2024 and 2023 that have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These audited financial statements can be found on SEDARplus at [www.sedarplus.ca](http://www.sedarplus.ca).

Additional information relating to the Company is available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

All amounts are in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is July 29, 2024.

### **Forward-Looking Statements**

This MD&A includes "forward-looking information", or "forward-looking statements" as defined by applicable securities laws. The purpose of including forward-looking statements is to provide information about the current expectations and plans of management, enabling investors and others to gain a better understanding of the Company's business plans, financial performance, and condition.

All statements in this MD&A, except for statements of historical fact, pertaining to the Company's strategy, future operations, financial position, prospects, plans, feasibility study, and management's objectives, are considered forward-looking statements. These statements are typically identified by words such as "plan," "expect," "estimate," "intend," "anticipate," "target", "believe," or variations thereof, as well as statements indicating that certain actions, events, or results "may," "could," "would," "might," or "will" be taken, occur, or be achieved. Specifically, this MD&A contains forward-looking statements related to the Company's intentions concerning its business and operations, its expectations regarding capital raising and business growth, its growth strategy and opportunities, anticipated industry trends and challenges, the perceived value and potential of the Company's rights, and other development study results, budgets, strategic plans, market acceptance and other timelines, as well as government regulations and relations.

Forward-looking information is based on certain assumptions and other important factors that, if untrue, could significantly impact the Company's actual results, performance, or achievements in comparison to future results, performance, or achievements expressed or implied by such information or statements. There is no guarantee that such information or statements will prove to be accurate. Key assumptions underlying the Company's forward-looking information include its ability to raise additional financing when needed and on reasonable terms, achieve current development, and other objectives regarding demand for hydrogen-fuel-cell-powered light vehicle and other products, obtain necessary licenses, permits, and governmental approvals, attract and retain key personnel, as well as general business and economic conditions, including competitive conditions in the Company's market.

Readers are cautioned that the above list does not cover all factors and assumptions that may have been utilized. Additionally, forward-looking statements are subject to various risks and uncertainties that could have a significant adverse effect on the Company's business, financial condition, results of operations, and growth prospects. Some of the risks and uncertainties that could cause actual results to differ materially from the expressed forward-looking statements include revenue generation and future capital requirements, short or medium-term profitability, risks related to hydro-fuel cell development, electrolysis technology, green hydrogen production and distribution, and operating costs, challenges in funding and construction the production plant, obtaining resources from governmental authorities, compliance with environmental and safety regulations, access to equipment, maintenance, reliance on key personnel and

business relationships, growth strategy, obtaining insurance, occupational health and safety risks, adverse publicity, third-party risks, disruptions to business operations, reliance on technology and information systems, litigation risks, tax risks, unforeseen expenses, public health crises, climate change, general economic conditions, commodity prices and exchange rate risks, light commercial vehicle demand, share price volatility, public company obligations, competition risk, dividend policy, policies and legislation, force majeure, and technological changes.

While the Company believes that its expectations are based on reasonable assumptions and has made efforts to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors that result in actions, events, or results not meeting the anticipated, estimated, or intended outcomes. Therefore, these risks should be carefully considered, although they are not exhaustive. If any of these risks or uncertainties materialize, actual results may vary materially from those anticipated in the forward-looking statements provided herein. Due to the inherent risks, uncertainties, and assumptions associated with forward-looking statements, readers should exercise caution and avoid undue reliance on them.

The forward-looking statements in this document are presented to assist investors in understanding the Company's expected financial and operational performance and results as of the periods covered in the Company's plans and objectives. They may not be suitable for other purposes. The assumptions mentioned above and described in greater detail in the "Risk and Uncertainties" section of this MD&A should be carefully considered by readers.

The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable law. The Company qualifies all of its forward-looking statements with these cautionary statements.

## **Overview**

### **Description of the Business**

First Hydrogen Corp. (the "Company") is a publicly listed company incorporated under the Business Corporations Act of British Columbia on June 20, 2007, as "Fitch Street Capital Corp". On June 13, 2008, the Company was classified and listed as a Capital Pool Company as defined by Policy 2.4 (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). On June 12, 2020, the Company changed its name to Pure Extraction Corp., and through its subsidiaries Pure Extraction Inc. and Pure Extraction Ltd., which are in the business of engineering, research & development, manufacturing and selling CO2 extraction equipment in the botanical oil industry.

On June 11, 2021, the Company entered into definitive agreements with AVL Powertrain UK Limited and Ballard Power Systems Inc. to assist in the design and development of a fuel-cell powered vehicle that the Company will own the commercial rights for the vehicle design. To better define the Company's zero-emission initiative, on October 7, 2021, the Company changed its name to First Hydrogen Corp. The Company's trading symbol is "FHYD" trading on the Exchange.

Advances and investment in energy and automotive development from entrepreneurial forward-looking businesses such as First Hydrogen, growth will be fuelled by zero emission targets, government incentive schemes and infrastructure investment. First Hydrogen's strategy is to target the commercial van market and Light Commercial Vehicle (the "LCV") sector to support fleet transition to zero emission transport and to target green hydrogen production and distribution to support its LCV strategy.

**Company Highlights from April 1, 2023 up to July 28, 2024**

Automotive

The Company's hydrogen-fuel cell powered vehicles ("FCEV") performed very well during commissioning. The FCEV accumulated 6,000 km on UK roads, including mileage around London's M25 motorway. The logged data supported vehicle range simulations, which exceed a 500 km range. The vehicle performed with efficiency, during urban, extra-urban (which includes driving at higher speeds) and highway operations. The Company's FCEV fuel consumption figures seen in many driving scenarios were under 2kg/100km, and during mostly urban driving, consumption was 1.5kg/100km.

Fleet management provider, Rivus, was first company to trial the FCEV in May 2023. The trial lasted 4 weeks and covered over 700 miles (1,125 km) in real-world conditions. Subsequently, Rivus released their positive report ("First Hydrogen LCV Trial") on the Company's FCEV, comparing the FCEV to similar battery electric and diesel vehicles. The report's overall conclusion highlighted the Company's FCEV robustness over EVs in terms of vehicle efficiency over different load factors. The report goes on say the FCEV has an unbeatable range, and refuelling was quick, taking less than 5 minutes.

In late June 2023, UK utility SSE Plc ("SSE"), the largest low-carbon energy infrastructure company in UK, and the first utility to trial the FCEV. The trial was held at SSE's operational site at Aberdeen, Scotland and surrounding area, which has hydrogen infrastructure. The Company's FCEV was received by SSE drivers for their day-to-day tasks around Aberdeen. SSE drivers commented on the Company's FCEV for its range (500+ km), easy and smooth drivability.

During this trial, the Company's FCEV achieved a range of 630 km on a single refuelling. SSE drivers complemented the FCEV on its smooth and effortless drivability, quick refuelling times and automatic transmission.

On October 31, 2023, the Company hosted its first ever track day for major UK fleet managers showcasing its unique FCEV. The event provided an exclusive opportunity to test drive the Company's hydrogen-fuel cell powered light commercial vehicles on the track at HORIBA MIRA, UK. The invitation-only event targeted major UK LCV fleet operators including members of the UK Aggregated Hydrogen Freight Consortium (AHFC). The AHFC is a partnership of leading UK hydrogen industry and mobility companies which is led by Element Energy with input from global industrial members of UK H2Mobility. AHFC works with large fleet operators and the government to accelerate the commercial roll-out of FCEVs and hydrogen refuelling infrastructure to decarbonize high mileage and heavy-duty van and truck fleets.

In December 2023, the Company launched its FCEV program for North America. The program aligns with the Company's expansion plan and the maturity of Quebec's hydrogen ecosystem. First Hydrogen intends to develop two additional demonstrator FCEVs for the North American fleet market as the Company progresses towards building a vehicle assembly facility and green hydrogen production plant in Shawinigan, Quebec.

Also in December 2023, the Company and EV Technologies Inc. (EVT) signed a term sheet to develop a high-power compact battery specifically for hydrogen-powered fuel cell vehicles. Both parties are undertaking the preparation of a formal partnership agreement outlining technical requirements and investment.

In February 2024, the Company began month-long FCEV trials with the gas distribution network, Wales & West Utilities (WWU) in the UK. For the trial, the Company also partnered with Protium Green Solutions (Protium) and Hyppo Hydrogen Solutions (Hyppo) to showcase a functional hydrogen ecosystem, where Protium supplied green hydrogen, Hyppo provided the refuelling stations, First Hydrogen's FCEV and WWU

as the end operator. Initial results showed the Company's FCEV had no decrease in performance when operating in colder temperatures, down to 2°C (36°F) whereas battery electric vehicles (BEV) suffer a 20% decrease in range. The trial completed more than 2,000 kilometres (>1,200 miles) over the trial period, traveling up to 189 km (117 miles) per day in cold South Wales weather. The FCEV demonstrated its capability for demanding duties, such as carrying heavier payloads, towing and powering auxiliary equipment, as well, the full power capability of the fuel cell module, with output higher than 60kW (kilowatts) in transient accelerations. The trial showed that there was no decrease in vehicle performance or range when operating in cold temperatures.

In May 2024, the Company completed its fourth trial, this time with a large multinational logistics company, whose partners use commercial vans for parcel deliveries. The Company also started initial discussions with a countrywide industrial fleet operator based in Mexico. The Mexican fleet operator is interested in updating their fleet vehicles to hydrogen-powered fuel cells and as well as deploying a countrywide hydrogen refueling station infrastructure.

In late May, the Company entered into a non-binding letter of intent to secure, subject to a definitive agreement, a supply of e-vans built by a large German automotive manufacturer. The Company intends to have its hydrogen fuel cell powertrain integrated in the German-branded vans. The integration process will include access to the vehicle manufacture's engineering, technicians, support, and certification.

In June 2024, the Company announced the expansion into European and Mexican markets. The Company is in initial discussions with a country-wide industrial fleet operator in Mexico. The industrial operator is looking to convert and add FCEVs to their fleet, along with deploying a country-wide Hydrogen Refueling Stations (HRS) infrastructure. The European Union aims to be the first climate-neutral continent by 2050. The [European Investment Bank's](#) (EIB) lending focuses on strategic priorities, including climate action. Funding for the EIB, comes from its 27 member states, total funding of the EIB is €248-billion, with Germany, France and Italy, each investing €4.2-billion ([figures as of March 2020](#)).

### Energy

In June 2023, the Company finalized two land option agreements with the City of Shawinigan, where the Company plans to develop a 35-megawatt green hydrogen production facility and vehicle assembly factory.

The Company engaged Sacré-Davey for a feasibility study on the development of the two facilities. The purpose of the feasibility study is to establish the technical and market analysis, engineering review, analysis of grid and water constraints, permitting requirements, environmental constraints and a review of distribution and operations. The overarching theme throughout the study is to recognize the combined aim to create a zero-emissions hydrogen ecosystem. The Company's planned fuel-cell-powered vehicles assembly factory will be designed for annual production of 25,000 vehicles per year when at full capacity and, will represent a major boost to green technology jobs in the region. The distribution of the Company's FCEV throughout North America will be combined with the Company's Hydrogen as a service product offering.

Also in June 2023, the Company joined Hyundai, Toyota, HTEC, Air Liquide, Messer, Cummins, Harnois Énergies, and Groupe FILGO-SONIC, as a founding member of Hydrogène Québec (<https://www.hydrogene.quebec>). Partnering with a coalition of companies sharing the same vision increases the Company's footprint within the emerging Hydrogen industry in Quebec.

In May 2023, the Company signed a letter of intent (LOI) with the Université du Québec à Trois-Rivières (UQTR) – Hydrogen Research Institute (HRI) partnering to establish the sustainable energy transition development in the Province of Quebec. Under the LOI, the Company will provide one of its hybrid fuel cell

power trains, including the fuel cell module, to HRI, allowing the institute to conduct comprehensive testing to collect valuable data and improve various components, mechanisms, and the design of the power train. Also, HRI will collaborate with the Company to develop a training program, tools, and protocols for engineers and technicians. This partnership aims to support the maintenance of hydrogen-powered vehicles once they are on the road, potentially resulting in a specific certification, the terms of which shall be further defined in a definitive agreement.

Germany has signed a Memorandum of Understanding (MOU) with Canada to help Germany diversify its energy sources from fossil fuels and move towards more sustainable energy. Germany expects its hydrogen demand to surge from 55 terawatt hours to between 95–130 terawatt hours by 2030, highlighting the significance of this partnership for both nations' energy futures. First Hydrogen is looking to expand into Germany, and Europe, to offer its Hydrogen-As-A-Service (HAAS) model.

#### Pure Extraction

The CO<sub>2</sub> extraction equipment market has not returned to pre-COVID-19 levels. The market has been more competitive with lower cost machines offered from Asia and large equipment manufactures now offering smaller units. The Company has decided to cease its supercritical CO<sub>2</sub> extraction equipment business.

#### Corporate Activities

##### *Private Placements*

In May 2023, the Company completed the 1<sup>st</sup> tranche of a non-brokered private placement of units consisting of 1,225,300 units at \$2.85 per unit for gross proceeds of \$3,012,720. Each unit consisted of one common share and a non-transferrable common share purchase warrant. Each warrant is exercisable at \$2.85 into one common share, for a period of two years. In connection with the financing, the Company paid finder's fees to arm's length third parties consisting of \$241,017.60 cash, which is calculated at 8% of aggregate proceeds, and issued 100,424 finder's warrants. Each finder's warrant is exercisable at \$2.85 into one common share for a period of two years.

In June 2023, the Company completed the 2<sup>nd</sup> tranche of a non-brokered private placement of units consisting of 425,000 units at \$2.85 per unit for gross proceeds of \$1,020,000. Each unit consisted of one common share and a non-transferable common share purchase warrant. Each warrant is exercisable at \$2.85 into one common share for a period of two years. In connection with the financing, the Company paid finder's fees to arm's length third parties consisting of \$81,600 cash, which is calculated at 8% of aggregate proceeds, and issued 34,000 finder's warrants. Each finder's warrant is exercisable at \$2.85 into one common share for a period of two years.

In November 2023, the Company completed a private placement of convertible debenture units for gross proceeds of \$2,673,800. Each debenture unit consisted of \$1,000 in principal and is convertible into 689.65 common shares and 689.65 share purchase warrants, with each share purchase warrant exercisable to acquire one common share at an exercise of \$3.00 per warrant for a period of two years from the closing date of the offering.

The debentures will mature on the second anniversary of the date of issuance and bear interest at a rate of 9.00% per annum, commencing on the date of issuance. The debentures are unsecured. The Company intends to use the proceeds of the Offering for general corporate purposes. The debentures will not be listed or posted for trading on any stock exchange. All securities issued in connection with the offering will be subject to a statutory resale restriction for four months and one day from the closing date of the offering.

In connection with the offering, the Company paid Canaccord Genuity Corp. (the "Finder") a fee of \$213,904 and issued 147,520 warrants (the "Finder's Warrants"). Each Finder's Warrant provides that such Finder may acquire common shares of the Company (each a "Finder's Warrant Share") at a price of \$1.45 per Finder's Warrant Share until November 23, 2025.

In June 2024, the Company arranged a non-brokered financing of debenture units at a price of \$1,000 per unit for aggregate gross proceeds of up to \$2,700,000. Each debenture unit is convertible into 1,851.85 common shares and 1,851.85 share purchase warrants, with each share purchase warrant exercisable to acquire one common share at an exercise price of \$0.80 per warrant for a period of two years from the closing date. The debentures will mature on the second anniversary of the date of issuance and bear interest at a rate of 8.00% per annum, commencing on the date of issuance. The principal amount of each debenture will be convertible at the option of the holder into common shares in the capital of the company. The debentures are unsecured.

On July 9, 2024, the Company closed an initial tranche of the private placement of convertible debentures for gross proceeds of \$540,000. Each debenture unit consists of \$1,000 in principal and is convertible into 1,851.85 common shares and 1,851.55 share purchase warrants, with each share purchase warrant exercisable to acquire one additional common share at an exercise of \$0.80 per warrant share for a period of two years from the closing date.

#### *Early Warrant Exercise Program – Canaccord Genuity Corp*

The Company entered into several agreements with Canaccord Genuity Corp. ("CGC") for the Early Warrant Exercise Program to facilitate the exercise of the Company's outstanding share purchase warrants during the last fiscal year. Under the term of agreements, CGC will receive a cash fee equal to 5% of the total gross proceeds raised from the exercise of the share purchase warrants, as well as an agent's warrant that is exercisable at \$4.50 into one common share for a period of two years from issuance.

From April 1, 2023 and up to the date of this report, CGC assisted the Company in exercising a total of 1,715,350 share purchase warrants, resulting in gross proceeds of \$2,553,175. In accordance with the terms of agreement, the Company issued Agent's Warrants to CGC, which allows CGC to purchase 132,126 common shares at a price of \$4.50 per share for a period of two years from issuance and paid to CGC a cash fee of \$127,658 as compensation for their services in facilitating the exercise of warrants.

#### *Warrant – extension and repricing.*

In April 2024, the Company amended the term of warrants expiring April 29, 2024 to April 29, 2025 and amended the exercise price to \$1.10. The amended warrants will be subject to an accelerated expiry provision, such that, if for any 10 consecutive trading days during the unexpired term of the warrants, the closing price of the company's common shares on the TSX Venture Exchange exceeds \$1.32, the exercise period of the warrants will be reduced to 30 days, starting the seven days after the last trading day above \$1.32.

#### Marketing Activities

The Company entered into an agreement with New Era Publishing Inc. ("New Era"), to provide marketing services including content creation and distribution and market awareness and educational campaigns as featured on its channels including the CarbonCredits.com website. The New Era services commenced on July 31, 2023 and ended October 31, 2023. The company paid US\$250,000 to New Era for the services.

The Company entered into an agreement for marketing services with Apaton Finance GmbH ("Apaton"). The marketing services shall include educational articles, market monitoring, and the dissemination of news related to the Company. The engagement began in July 2023 and is continuing on a month-to-month basis.

In May 2024, the Company engaged Martin City Studios LLC to produce two audio interviews with the Company and Ellis Martin. The interviews will be aired on Money Talk Radio and the Ellis Martin Report. Martin City Studios was paid US\$6,500.

#### Board of Directors and Management

Nicholas Wrigley resigned from the board of directors on June 30, 2023.

Francois Morin and Nancy Zhao were appointed directors at the Company's annual general meeting on November 14, 2023. Edward Low was appointed interim chief financial officer replacing Nancy Zhao on the 14<sup>th</sup> as well.

Alicia Milne resigned as a director, replaced by Bob Dosanjh, on February 2, 2024.

The Company accepted the resignation of Francois Morin on July 29, 2024.

#### **Results of Operations for the Three Months ended March 31, 2024 and 2023**

The Company incurred a net loss of \$1,869,845 for the three-months period ended March 31, 2024, when compared to a net loss of \$2,213,439 incurred during the same period in 2023.

Major expenses and their prior comparative period amount as follow:

- Advertising and marketing \$347,312 (2022 - \$794,144)
- Consulting and management fees \$166,277 (2023 - \$341,141)
- Interest expense \$63,355 (2023 - \$9,311)
- Accounting and legal \$124,000 (2023 - \$265,243)
- Research and development \$162,701 (2023 - \$833,331)
- Salaries and benefits \$914,017 (2023 - \$1,575,872)
- Stock-based compensation \$261,815 (2023 - \$219,124)
- Travel \$11,587 (2023 - \$102,407)
- Government grants \$322,172 (2023 - \$2,230,309)

The Company's net loss for the three-month period ended March 31, 2024, decreased by \$343,594 compared to the same period in 2023. The more significant reduction in expenses is mainly attributed to lower development costs as the Company's two FCEVs have been completed, a reduction in UK staff, and a reduction in marketing and advertising spending.

Advertising and marketing expenses include costs for website updates, social media postings, dissemination of news releases, translation, and marketing services paid to Apaton Finance and Yabucoa Partners. Consulting and management fees decreased quarter over quarter as certain projects for Quebec and North American projects were completed.

#### **Results of Operations for the Years ended March 31, 2024 and 2023**

The Company incurred a net loss of \$10,909,869 for the year ended March 31, 2024, when compared to a net loss of \$13,854,429 incurred during the same period in 2023.

Major expenses and their prior comparative period amount as follow:

- Accounting and legal \$158,960 (2023 - \$467,959)
- Advertising and marketing \$2,595,334 (2023 - \$2,716,677)
- Consulting and management fees \$1,301,460 (2023 - \$1,106,970)
- General and administrative \$330,973 (2023 - \$486,142)
- Research and development \$1,028,554 (2023 - \$5,098,322)
- Salaries and benefits \$4,143,296 (2023 - \$4,402,431)
- Stock-based compensation \$1,020,944 (2023 - \$897,063)
- Government grants \$332,172 (2023 - \$2,230,309)

The Company’s net loss for the year ended March 31, 2024, has decreased by \$2,944,560 compared to the same in 2023. This reduction is mainly attributed to a \$4,069,768 decrease in research and development costs as the Company has completed the two demonstrator vehicles, the FCEVs are now in fleet trials with various potential customers. The Company also saw a reduction to accounting and legal fees by \$308,999 mainly due to lower costs relating to financings and a lower fee for the UK Government research and development tax credit (RDTC). With the lower research and development expenses combined with a change in the RDTC credit rate in 2024, the RDTC significantly reduced by \$1,898,137.

The Company's consulting and management fees (for Quebec green hydrogen production and vehicle assembly) increased by \$194,490, while advertising and marketing costs decreased by \$121,343, general and administrative decreased by \$155,169, and salaries and benefits lowered by \$259,135 due to spending cuts.

Advertising and marketing expenses include costs for website updates, social media postings, magazine advertisements, dissemination of news releases, translation, Hydrogene Quebec sponsorship and marketing services. The Company engaged Apaton Finance GmbH, Fluid IR and New Era Publishing Inc. for marketing services. No marketing service providers have participated in any financings of the Company.

Management and consulting expenses for the year ended March 31, 2024, include amounts incurred for the CEO and CFO of the company (see Related Party Transactions for amounts), administrative support, directors’ fees and consulting fees for: a) the development of the Company’s Quebec/North American hydrogen ecosystem, and b) review of U.S. hydrogen opportunities.

Expenses for year include the cost of three vehicle trials with fleet operators RIVUS, Wales & West Utilities and SSE plc, a track day at HORIBA MiRA, where they showcased the FCEVs to various operators from the U.K. and Europe, and development plans for Quebec (green hydrogen production and vehicle assembly facilities).

**Liquidity**

As at March 31, 2024, the Company had a working capital deficit of \$87,475 (March 31, 2023 - \$188,813 working capital).

Summary of Cash Flows

|                                         | <b>2024</b> | <b>2023</b>  |
|-----------------------------------------|-------------|--------------|
| Cash on hand, beginning of year         | \$ 394,816  | \$ 2,599,377 |
| Cash flow used for operations           | (8,920,529) | (13,636,178) |
| Cash flow from financing activities     | 8,778,664   | 11,582,704   |
| Cash flow using in investing activities | (165,478)   | (12,353)     |

|                           |    |        |    |         |
|---------------------------|----|--------|----|---------|
| Cash on hand, end of year | \$ | 87,475 | \$ | 394,816 |
|---------------------------|----|--------|----|---------|

For the year ended March 31, 2024, cash used for operating activities was \$8,920,529 compared to \$13,636,178 for the same period in 2023. The decrease was due to lower the reduction of vehicle development costs as the Company completed development of its FCEV and began vehicle trials. The Company did incur higher salaries costs due a higher British Sterling and advanced its Quebec ecosystem project.

For the year ended March 31, 2024, cash used in investing activities was \$165,478 compared to \$12,353 for the same period in 2023. The Company made the initial deposits on two parcels of land in the Shawinigan, Quebec, for the green hydrogen and vehicle assembly facilities and computer equipment purchases during the year.

For the year ended March 31, 2024, cash flows provided by financing activities was \$8,778,664 compared to \$11,582,704 for the same period in 2023. During the year ended March 31, 2024, the Company funds were raised from the exercise of stock options and share purchases warrants, financings from the issuance of shares and convertible debentures.

The Company is dependent on additional funds raised thru the issuance of shares and debt to commercialize our hydrogen ecosystem, which includes hydrogen-fuel-cell-powered vehicles, refueling, and green hydrogen production. Immediate and longer-term funding is needed to support vehicle trials in the UK, advance our North American and European programs including constructing additional FCEVs, developing refueling and green hydrogen, and to meet general and administrative expenses. No assurance can be given that any such funding will be available or that, if available, it can be obtained on terms favorable to the Company. The inability to raise adequate funds would affect our ability to continue as a going concern.

**Use of Proceeds**

Reconciliation of Use of Proceeds from Previous Financings

During the year ended March 31, 2024, the Company completed a private placement resulting in the issuance of 1,300,300 common shares and 1,300,300 share purchase warrants for gross proceeds of \$4,032,700 and net proceeds of \$3,710,152. The private placement was completed pursuant to the listing issuer financing exemption under Part 5A of the National Instrument 45-106 Prospectus Exemptions. The following table sets out a comparison of the Company’s disclosed expected use of net proceeds from the 2023 private placement to the actual use of such net proceeds from May 1 to July 31, 2023.

**2023 Private Placement Net Proceeds \$3,710,152**

|                                                                                                             |           |           |                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------------------------------------------------------------------------------------------------------------|
| Intended Use of Net Proceeds: FCEV testing, fleet trials, green hydrogen site acquisition and site studies. |           |           |                                                                                                                 |
| Actual Use of Net Proceeds:                                                                                 |           | Variance  | Explanation of Variance                                                                                         |
| FCEV testing & fleet trials                                                                                 | \$531,257 | \$18,743  | Completed two fleet trials under budget                                                                         |
| Green hydrogen site studies and acquisition                                                                 | \$134,317 | \$195,683 | Site studies were delayed, deferring site acquisition (deposits on two parcels of land were subsequently made). |

**Summary of Quarterly Results**

The following is a summary of the results from the eight previously completed financial quarters:

|                                             | Mar. 31,<br>2024 | Dec. 31,<br>2023 | Sep. 30,<br>2023 | Jun. 30,<br>2023 |
|---------------------------------------------|------------------|------------------|------------------|------------------|
| Revenues                                    | \$nil            | \$nil            | \$nil            | \$nil            |
| Net loss                                    | (1,869,845)      | (2,829,039)      | (3,480,283)      | (2,734,152)      |
| Loss per share (basic and diluted)          | (0.03)           | (0.04)           | (0.05)           | (0.04)           |
| Total assets                                | 2,152,546        | 2,612,228        | 3,268,495        | 4,849,254        |
| Equity                                      | (2,131,850)      | (710,420)        | 1,504,891        | 2,977,042        |
|                                             | Mar. 31,<br>2023 | Dec. 31,<br>2022 | Sep. 30,<br>2022 | Jun. 30,<br>2022 |
| Revenues                                    | \$nil            | \$nil            | \$nil            | \$160,060        |
| Net loss                                    | (2,213,439)      | (3,537,490)      | (4,858,262)      | (3,245,238)      |
| Income (Loss) per share (basic and diluted) | (0.03)           | (0.06)           | (0.09)           | (0.06)           |
| Total assets                                | 4,240,129        | 3,748,081        | 5,514,756        | 7,117,143        |
| Equity                                      | 1,089,270        | 838,137          | 1,360,997        | 4,537,379        |

Revenue: Prior sales in June 2022 were from the sale of our CO<sub>2</sub> extraction machine. There have been no sales since, the Company has decided to exit the CO<sub>2</sub> extraction equipment business.

Net loss: Net losses from quarters ended June 2022 to September 2023 were due to the development of the Company’s two FCEVs, generation 2 design of the Company’s vehicle, the building of the Company’s ecosystem in the UK and North America. The reduction in the net loss in the December 2023 and March 2024 quarters were due the completion of the development of the FCEVs. The Company will now focus on generating vehicle orders and/or conversations to hydrogen-powered-fuel cells with potential fleet operators, as well as building a left-hand drive model for North American and European markets.

**Outstanding Share Data**

| As at                                 | March 31, 2024         | July 29, 2024          |
|---------------------------------------|------------------------|------------------------|
| Common shares, issued and outstanding | 72,031,815             | 72,431,815             |
| Share purchase warrants, outstanding  | 3,925,522              | 3,925,522              |
| Finder/Brokers’ warrants              | 680,193                | 760,193                |
| Stock options, outstanding            | 2,520,000 <sup>1</sup> | 1,955,000 <sup>2</sup> |

<sup>1</sup> number of stock options exercisable 1,738,333

<sup>2</sup> number of stock options exercisable 1,533,333

**Convertible Debentures**

On November 22, 2023, the Company closed its private placement (the “Offering”) of convertible debenture units (each a “Debenture”) for gross proceeds of \$2,673,800. Each Debenture consists of \$1,000 in principal and is convertible into 689.65 common shares and 689.65 share purchase warrants, with each share purchase warrant exercisable to acquire one common share at an exercise of \$3.00 per warrant for a period of two years from the closing date of the Offering. The Debentures will mature on the second anniversary of the date of issuance and bear interest at a rate of 9.00% per annum, commencing on the date of issuance. The Debenture Units are unsecured. In June 2024, the Company repriced the conversion ratio from 689.65 common shares to 1,851.85 common shares per \$1,000 in principal. As well, there will be no share purchase warrants issued upon conversion of the debentures, the maturity date of the remains the same.

On June 28, 2024, the Company arranged a non-brokered financing of debenture units at a price of \$1,000 per unit for aggregate gross proceeds of up to \$2,700,000. Each debenture unit is convertible into 1,851.85 common shares and 1,851.85 share purchase warrants, with each share purchase warrant exercisable to acquire one common share at an exercise price of \$0.80 per warrant for a period of two years from the closing date. The debentures will mature on the second anniversary of the date of issuance and bear interest at a rate of 8.00% per annum, commencing on the date of issuance. The principal amount of each debenture will be convertible at the option of the holder into common shares in the capital of the company. The debentures are unsecured.

On July 9, 2024, the Company closed an initial tranche of the private placement of convertible debentures for gross proceeds of \$540,000. Each debenture unit consists of \$1,000 in principal and is convertible into 1,851.85 common shares and 1,851.55 share purchase warrants, with each share purchase warrant exercisable to acquire one additional common share at an exercise of \$0.80 per warrant share for a period of two years from the closing date.

**Related Party Transactions**

During the year ended March 31, 2024, the Company incurred \$72,000 (2023 - \$72,000) in rent expense to a company owned by a director and CEO. These transactions have been recorded at the fair value which is the amount of consideration established and agreed to by the related parties.

As of March 31, 2024, the Company has \$40,000 (2023 - \$95,664) owing to a company owned by a director and CEO of the Company. The balance has no set terms of repayment and does not bear interest.

As of March 31, 2024, the Company has \$27,000 (2023 - \$nil) owing to company owned by an officer of the Company. The balance has no set terms of repayment and does not bear interest.

As of March 31, 2024, the Company has \$4,725 (2023 - \$nil) owing to company owned by the former CFO of the Company. The balance has no set terms of repayment and does not bear interest.

During the year ended March 31, 2023, the Company paid a total of \$33,000 in directors’ fees (2023 – \$36,000).

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity and include executive and non-executive directors. Key management personnel compensation disclosed above comprised the following:

Key Management Compensation

|                          | <b>March 31,<br/>2024</b> | March 31,<br>2023   |
|--------------------------|---------------------------|---------------------|
| CEO                      | \$ 480,000                | \$ 480,000          |
| Former CFO               | 28,000                    | 42,000              |
| Interim CFO              | 54,000                    | -                   |
| Director fees            | 33,000                    | 36,000              |
| Director                 | 173,525                   | -                   |
| Salaries                 | 250,029                   | 565,489             |
| Rent                     | 72,000                    | 72,000              |
| Stock-based compensation | 119,880                   | 168,221             |
|                          | <b>\$ 1,210,434</b>       | <b>\$ 1,363,710</b> |

**Additional Disclosure for Venture Issuers without Significant Revenue**

Additional disclosure concerning the Company’s research and development costs are provided below:

|                                                                                                                                               | For the years ended March 31, |              |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------|
|                                                                                                                                               | 2024                          | 2023         |
| Consulting                                                                                                                                    | \$ 12,419                     | \$ 428,389   |
| Insurance – for vehicle trials                                                                                                                | 111,750                       | -            |
| Legal and professional – agreements regarding fleet trials                                                                                    | 60,123                        | -            |
| Development, testing, trials – vehicle development, vehicle support,<br>Gen-2 vehicle design, powertrain design, spare parts, vehicle testing | 844,262                       | 4,669,933    |
|                                                                                                                                               | \$ 1,028,554                  | \$ 5,098,322 |

During the year ended March 31, 2024, the reduction in research and development expenses reflect the completion of the two demonstrator vehicles, market surveys for refueling, light commercial vehicles, UK hydrogen production and hiring of staff. Costs during the period shifted to support and maintenance for vehicle certification, mileage accumulation, HORIBA MIRA track day and four vehicle trials with fleet operators.

**Risk and Uncertainties**

The Company is exposed to various risks that could materially and adversely affect its business, results of operations, financial condition, and trading prices of its common shares. These risks include, but are not limited to, those related to the development of the Company’s LCV, green hydrogen production and distribution, and refueling stations, as well as competition, additional funding requirements, insurance, currency fluctuations, conflicts of interest, and share trading volatility. The occurrence of any of these risks could have a material adverse effect on the Company’s business, operations or financial conditions.

**Critical Accounting Estimates**

The financial statements were prepared in accordance with IFRS which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the year. Significant areas requiring the use of management estimates relate to determination of impairment of assets, exploration and evaluation assets’ carrying values, useful lives for depreciation and amortization, and the value of deferred income tax assets and liabilities. Actual results could differ from these estimates.

**Off-Balance-Sheet Arrangements**

The Company does not have any off-balance sheet transactions.

**Financial Instruments and Related Risks**

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

The Company’s financial instruments include cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair value due to their short-term maturity. The fair value of cash and cash equivalents are measured based on level 1 input of the fair value hierarchy.

Management believes that the Company is not exposed to significant interest rate risk, currency risk and credit risk.

#### **Subsequent events**

- The Company amended the expiry and re-priced warrants expiring on April 29, 2024. The warrants now expire on April 29, 2025, and the exercise has changed from \$3.70 to \$1.10. The amended warrants will be subject to an accelerated expiry provision, such that, if for any 10 consecutive trading days during the unexpired term of the warrants, the closing price of the company's common shares exceeds \$1.232 per share, the exercise period of the warrants will be reduced to 30 days, starting seven days after the last trading day above \$1.32 per share.
- The Company received proceeds of \$120,000 from the exercise of 400,000 incentive stock options.
- The Company has received advances for directors and officers of the company in the amount of \$215,000.
- Subject to the regulatory approval, on June 28, 2024 the Company arranged a non-brokered financing of debenture units at a price of \$1,000 per unit for aggregate gross proceeds of up to \$2,700,000. Each debenture unit is convertible into 1,851.85 common shares and 1,851.85 share purchase warrants, with each share purchase warrant exercisable to acquire one common share at an exercise price of \$0.80 per warrant for a period of two years from the closing date.

The debentures will mature on the second anniversary of the date of issuance and bear interest at a rate of 8.00% per annum, commencing on the date of issuance. The principal amount of each debenture will be convertible at the option of the holder into common shares in the capital of the company. The debentures are unsecured.

- Subject to the regulatory approval, the Company also announced the repricing of the conversion price of \$2,673,800 of convertible debentures in Note 8. Each \$1,000 in principal will now be convertible into 1,851.85 common shares. There will be no share purchase warrants issued upon conversion of the debentures. The maturity date of the debentures remains the same, November 22, 2025.
- The Company closed the first tranche of its non-brokered financing of debenture units at a price of \$1,000 per unit for gross proceeds of \$540,000. In connection with the 1<sup>st</sup> close, the Company paid Canaccord Genuity Corop. a cash fee of \$43,200 and issued 80,000 finder's warrants with an exercise price of \$0.54 and exercisable until July 9, 2026.

#### **APPROVAL**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the condensed consolidated interim financial statements and the disclosure contained in this MD&A.

#### **ADDITIONAL INFORMATION**

Additional information related to the Company can be found on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

**List of Directors and Officers**

Balraj Mann CEO, and Director  
Bob Dosanjh, Director  
Francois Morin, Director  
Nancy Zhao, Director  
Edward Low, Interim CFO