

**INTEGRATED ENERGY STORAGE CORP.**  
(formerly Aileron Ventures Limited)

**Management's Discussion & Analysis**

**For the nine months ended September 30, 2017**

# **INTEGRATED ENERGY STORAGE CORP.**

(formerly Aileron Ventures Limited)

## **Management's Discussion & Analysis**

**September 30, 2017**

The management of Integrated Energy Storage Corp. (formerly Aileron Ventures Limited) (the "**Company**" or "**IESC**") is pleased to present the Company's management's discussion and analysis (the "**MD&A**") for the nine months ended September 30, 2017. This MD&A is dated as of November 29, 2017.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other things contemplated by the forward-looking statements will not occur. Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect, including those assumptions listed below and those discussed elsewhere in this MD&A. Some of the assumptions made by IESC, upon which such forward-looking statements are based, include: the ability of IESC to maintain reasonably stable general administrative expenses; the ability of IESC to access financing on commercially reasonable terms; and the current economic condition in Canada strengthening and not deteriorating any further due to the influence of international economic developments in the United States, Europe, Asia and elsewhere.

Although the forward-looking statements contained in this MD&A are based upon what IESC's management believes to be reasonable assumptions, IESC cannot assure investors that actual results will be consistent with such information. Forward-looking statements reflect management's current beliefs and are based on information currently available to IESC. We caution readers of this MD&A not to place undue reliance on our forward-looking statements because a number of factors, such as those referred to in the paragraph above, could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements contained in this MD&A. The forward-looking statements are made as of the date of this MD&A and IESC assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law.

### **Overall Performance**

The Company was originally incorporated in Alberta on May 31, 2010 as Aileron Ventures Limited. The Company has not carried on any active business to-date other than (i) to make an investment in Altius Edge Ltd. ("**Altius**") to acquire 50% of the outstanding common shares thereof, (ii) to undertake matters in connection with an amalgamation transaction involving Altius and Immunall Science Inc. ("**Immunall**"), and (iii) to engage in activities to identify and evaluate businesses and assets with a view to completing an acquisition of a business or assets. In this regard, IESC entered into a letter of intent with Anfield Resources Inc. ("**Anfield**"), dated August 16, 2016, with the intention of becoming a producer of vanadium and vanadium related products.

The agreement with Anfield did not proceed and discussions were terminated in January 2017. Subsequently the Company opened discussions with Stina Resources Ltd. which holds vanadium assets in Nevada USA and EU Energy Corp. which holds substantial vanadium assets in Sweden. The opportunity to develop vanadium electrolyte for use in Vanadium Redox Flow Batteries continues to be a focus of the Company.

In addition, the Company has relationships with people and organizations related to the latest technological developments in flow batteries and, in particular, vanadium flow batteries, which it believes have the potential to further enable it to leverage a position as a supplier of vanadium electrolyte and related products.

In light of this new focus the Company sought shareholder approval to change its name to "Integrated Energy Storage Corp." at its Annual General Meeting held on November 10, 2016. The resolution approving this change was passed and, the Company anticipates formalizing this name change shortly.

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Effective October 18, 2016, the Company signed a license agreement to gain non-exclusive rights to certain patented technologies. Consideration for the license includes an aggregate \$27,161 (US\$20,000) paid over four tranches and the Company shall pay 1% of any revenues earned based on the licensed technology subject to minimum royalties starting in 2019 of \$5,000, 2020 of \$10,000 and 2021 and beyond of \$20,000. The license terminates when the last of the patents expires or may terminate through written notice by the Company with 60 days notice.

On October 24, 2016, the Company announced that it has signed a license agreement ("the License Agreement") with Battelle Memorial Institute, which operates the U.S. Dept. of Energy's Pacific Northwest National Laboratory ("PNNL"). Pursuant to the License Agreement, the Company has the right to supply vanadium based electrolytes to those companies utilizing PNNL'S patented vanadium flow battery technologies. The Company believes this relationship and License helps position it to develop and supply electrolytes to the leading companies currently commercializing vanadium flow battery systems.

### Risks and Uncertainties

The Company does not have a history of earnings, nor has it paid any dividends since it was incorporated. IESC's assets are limited to its cash balances, receivables, prepaid expenses and a license. There is no assurance that the Company will be able to obtain additional funding.

### Results of Operations

For the three months ended September 30, 2017 and 2016, the Company reported net losses of \$43,758 and \$45,383, respectively.

The net loss during the three months ended September 30, 2017 and 2016 are summarized below.

	2017	2016
General and administrative	\$ 2,819	\$ 28,822
Consulting fees	37,575	14,000
Stock based compensation	-	2,561
Change in fair value of marketable securities	3,364	-
Net loss before income taxes	\$ (43,758)	\$ (45,383)

For the nine months ended September 30, 2017 and 2016, the Company reported net losses of \$96,457 and \$51,360, respectively.

The net loss during the nine months ended September 30, 2017 and 2016 are summarized below.

	2017	2016
General and administrative	\$ 21,992	\$ 34,799
Consulting fees	89,798	14,000
Stock based compensation	-	2,561
Change in fair value of marketable securities	(12,333)	-
Net loss before income taxes	\$ (96,457)	\$ (51,360)

### Summary of Quarterly Results

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Net Income (Loss) for the period	\$ (43,758)	\$ (45,215)	\$ (7,484)	\$(41,420)	\$(45,383)	\$(2,228)	\$(3,749)	\$(5,500)
Income (Loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)

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### **Liquidity and Capital Resources**

The Company reported a working capital deficiency of \$283,087 at September 30, 2017 compared to a working capital deficiency of \$186,630 as at December 31, 2016. As at September 30, 2017, the Company had net cash on hand of \$51,044 (December 31, 2016 - \$28,617).

Current assets excluding cash at September 30, 2017 consisted of marketable securities of \$12,333 (December 31, 2016 - \$Nil) receivables of \$13,860 which consists of GST receivable (December 31, 2016 - \$1,707) and prepaid expenses of \$2,500 (December 31, 2016 - \$5,000).

Current liabilities as at September 30, 2017 consist of accounts payable of \$155,372 (December 31, 2016 - \$145,954), a demand loan of \$199,452 (December 31, 2016 - \$52,000) and subscriptions received of \$8,000 (December 31, 2016 - \$24,000).

The Company expects to have capital requirements in excess of its currently available resources and therefore will be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

### **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

### **Transactions with Related Parties**

None.

### **Proposed Transactions**

At the time of this report, the Company is not contemplating any proposed transactions.

### **Critical Accounting Estimates**

Not applicable to Venture Issuers.

### **Changes in Accounting Policies including Initial Adoption**

There were no changes in accounting policies during the year. Refer to Note 2 of the financial statements for the Company's significant accounting policies and future changes to accounting standards.

### **Financial Instruments and Other Instruments**

The carrying amounts of cash, receivables, and accounts payable approximate fair value because of the short-term maturity of these items.

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### Other Requirements

#### Summary of Outstanding Share Data as at November 29, 2017:

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 9,346,148 common shares.

#### Options and Warrants

The Company has no warrants outstanding.

Stock options outstanding as at November 29, 2017 are outlined below:

<u>Number of options outstanding</u>	<u>Exercise Price</u>	<u>Expiry</u>
500,000	\$0.25	September 5, 2020

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).