ADURO CLEAN TECHNOLOGIES INC. (formerly Dimension Five Technologies Inc.)

Management Discussion & Analysis

For the three months ended August 31, 2021 and 2020

(in Canadian Dollars)

Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended August 31, 2021

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Aduro Clean Technologies Inc. (formerly Dimension Five Technologies Inc.) (the "Company") should be read in conjunction with the Company's interim condensed consolidated financial statements and notes thereto for the three months ended August 31, 2021 (the "Financial Statements") and the audited financial statements for the year ended May 31, 2021 and the accompanying notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A has been prepared as of October 29, 2021 pursuant to the disclosure requirements under National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102") of the Canadian Securities Administrators ("CSA").

All dollar amounts are expressed in Canadian dollars. This MD&A contains forward-looking information within the meaning of Canadian securities laws, and the use of non-IFRS measures (the "Non-IFRS Measures"). Refer to "Cautionary Statement Regarding Forward-Looking Statements" and "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" included within this MD&A. This MD&A and the Company's annual audited financial statements and other disclosure documents required to be filed by applicable securities laws have been filed in Canada on SEDAR at www.sedar.com. Additional information can also be found on the Company's website at http://aduroenergy.com

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" that reflect the Company's current expectations and projections about its future results. Forward-looking statements are statements that are not historical facts, and include, but are not limited to: estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, capital raising initiatives, the impact of industry and macroeconomic factors on the Company's operations, and market opportunities; and statements regarding future performance. Any statements contained herein that are not statements of historical fact may be deemed to be forward looking statements, including those identified by the expressions "considers", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved", or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "will", "intends", and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

The global pandemic related to an outbreak of the novel coronavirus disease ("COVID-19") has cast uncertainty on each of the underlying assumptions. There can be no assurance that they continue to be valid. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on the Company's business remain unknown at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, potential future decreases in revenue or profitability of the Company's ongoing operations.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and are generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to, those set forth under "Risks and Uncertainties" below. Forward looking statements in this MD&A include, but are not limited to, the plans of the Company to implement a business model of licensing, royalties and research and development ("R&D"); the intention of the Company to achieve monetization of its clean energy platform by implementation of its business model, thereby reducing its need for cash while enabling an expedient path to commercialization; the Company's plan to develop commercial partnerships by means of demonstration projects; the Company's plans to capitalize on significant growth potential in the clean energy technology sector through the advancement and commercialization of the Company's proprietary technology; the Company's plans to continue to raise equity financing in order to execute its business plan, maintain a strong capital base and safeguard the Company's ability to continue as a going concern such that it can provide future returns for shareholders and benefits for other stakeholders.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations and projections. In particular, risk that could change or prevent these statements from coming to fruition include, but are not limited to, that the Company may be unable to implement its business model as anticipated or at all due to a variety of reasons, including lack of future financing and capital, changes in technology or due to competition; the Company may be unable to achieve commercialization of its technology for various reasons; the Company may fail to develop significant commercial partnerships and competitors may offer more attractive products or alternatives; the clean energy technology sector may not develop as anticipated or the Company's technology may otherwise become obsolete; the Company may be unable to raise additional financing in order to advance its business or continue operations until it can generate significant revenues.

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 securities law.

The forward-looking statements contained herein are based on information available as of October 29, 2021.

Cautionary Statement Regarding Non-IFRS Performance Measures

This MD&A makes reference to certain Non-IFRS financial measures that are used by management to evaluate the Company's performance which are commonly used by financial analysts in evaluating the financial performance of companies, including companies in the medical and technology industry. Accordingly, we believe that the Non-IFRS Financial Measures may be useful metrics for evaluating the Company's financial performance, as they are measures that we use internally to assess the Company's performance, in addition to IFRS measures. Readers are cautioned that the Non-IFRS Financial Measures do not have a standardized meaning and should not be used in isolation or as a substitute for net (loss) income, cash flows from operating activities or other income or cash flow statement data prepared in accordance with IFRS.

BUSINESS OVERVIEW AND DESCRIPTION

The Company was incorporated in the Province of British Columbia on January 10, 2018, under the *Business Corporations Act* (British Columbia) (the "BCBCA"). On February 12, 2019, the Company's shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "DFT". On April 27, 2021, in connection with the Transaction (as defined below), the Company's shares were re-listed on the CSE under the symbol "ACT". On July 20, 2021, the Company's shares commenced trading on the OTCQB in the United States under the symbol "ACTHF" and on July 28, 2021, on the Frankfurt Exchange in Germany under the symbol "A3CMR8. On April 23, 2021, the Company closed the transaction with Aduro Energy Inc. ("Aduro") and Aduro's security holders whereby the Aduro's security holders sold their shares to the Company such that all of the issued and outstanding common shares of Aduro are now wholly owned by the Company (the "Transaction"). As part of the closing of the Transaction, the Company changed its name to "Aduro Clean Technologies Inc." from Dimension Five Technologies Inc. and the Company's shares were re-listed under the symbol ACT. From April 23, 2021, the Company's only activity was as a holding company and its only holding is the investment in Aduro. For additional information on the Transaction, please see the section of this MD&A entitled "Reverse Takeover" below.

Aduro is an early-stage, Ontario-based clean technology company that has developed a highly flexible chemical recycling platform featuring three water-based technologies: Hydrochemolytic Plastics Upcycling™ ("HPU"), Hydrochemolytic Renewables Upgrading™ ("HRU") and Hydrochemolytic Bitumen Upgrading™ ("HBU"). As at of today, the Company owns through acquisition and development, three granted and three pending patents.

Aduro's future business model is based principally on licensing, royalties, and research and development. However, the company is still investigating different business models that may be a better fit to its operations. Monetization of the Aduro clean energy platform through licensing model reduces the Company's need for cash while enabling a relatively pathway to commercialization that management of the Company believes is relatively straightforward and fast.

Aduro aims to develop commercial partnerships by means of demonstration projects. Management believes the effectiveness of this strategy has been demonstrated to be very effective for securing customer feedstock and funding commitments. Deliverables include reports that detail: the technology; its performance (including yields and mass balance); the key parameters and operational variables including chemical characterization of the feedstock and products; economic considerations covering product value and operational costs; operational considerations, and environmental considerations including GHG footprint and life cycle analysis. Among the intended business benefits are developing long term relations, evaluation of different business models and better understanding of geographical territories behaviors and characteristic.

For the founders of Aduro, Ofer Vicus, Chief Executive Officer ("CEO"), and Marcus Trygstad, Chief Technology Officer, the impetus for the formation of Aduro was the vision to develop hydrothermal upgrading technology ("HTU") for upgrading heavy oils. But through R&D efforts of its scientists, management of Aduro found that HTU also could be applied beneficially in the seemingly unrelated fields of plastic and tire rubber upcycling and renewable oil upgrading. Moreover, discoveries made while pursuing those new applications provided management with deeper insights into fundamental chemistry, including operating in connection with the original work on heavy oil. From that developed the current, versatile Aduro Hydrochemolytic™ technology platform, which is protected by three patents and three patents pending (the "Intellectual Property") and is anticipated to yield five academic research papers that are due now in 2022. With support from industry partners as early as 2015, Aduro's pre-pilot demonstration projects have provided validation of Hydrochemolytic™ technology in key applications to support pre-commercial, pilot-scale demonstrations.

Aduro currently directs its Hydrochemolytic™ technology toward these three principal application areas. Aduro technology transforms lower-value feedstocks into useful, higher- value chemical feedstocks and fuels. Although Aduro's technology can be implemented in stand-alone operations, management believes its greatest economic relevance and impact is achieved through integration into thermal operation infrastructure at existing plants. Accordingly, Aduro engages entities in partnerships to demonstrate and implement the technology through licensing arrangements.

A key to this approach is the technology's adaptability that confers both economic and operational flexibility to minimize implementation costs while maximizing implementation speed. The following are examples of the approach.

1) The distillers corn oil ("DCO") byproduct from ethanol production can be converted to renewable diesel by the addition of HRU at the backend of ethanol plants. Alternatively, the

same process can be integrated into crushed oil seed operations, beef and poultry processing plants, and existing biodiesel plants seeking to adapt to market demands.

2) HPU can be implemented at operations that recover plastics or tire rubber for the production of either new plastics or hydrocarbon fuels. Possibilities include installation at (a) existing oil refineries for mass processing of waste plastic and tires into petroleum streams; and (b) small and large waste disposal sites for direct production of fuels and high-value chemical feedstocks, thereby avoiding the negative impact of transportation emissions and reducing the footprint of the landfill in an advanced material processing ecosystem. Recently Aduro is investigating the means of accessing such waste feedstock before reaching the landfill in a possible B2B operations. The implication is that the business model will be focusing on preventing waste plastic stream entering the landfill while also directly addressing the new producer responsibility regulations.

3) HBU units can be implemented at bitumen production operations in Alberta or in the 130 petroleum refineries in North America (or the 300 refineries globally) to enhance yields from the bottom-of-the-barrel bitumen output from vacuum distillation units.

4) And in a particularly impactful scenario, HBU installations can co-process bitumen and plastics, serving to reduce the demand for petroleum, divert waste from landfills, and reduce the carbon footprint through the action of hydrogen from renewable sources (explained further below).

Aduro is now operating to establish its own lab as an independent facility so that it will be able to operate independent of any university with the intention of operating and demonstrating its showroom unit.

TECHNOLOGY DESCRIPTION

The purpose of Aduro is the development and commercialization of its Intellectual Property covering the application of Hydrochemolytic™ technology to create higher-value chemicals and fuels from lower-value feedstocks. In doing so, the Company believes it addresses important problems faced by the global community. Originally conceived to radically enhance aspects of petroleum processing, the technology is protected by three patents and three patents pending on file (as of the date hereof). It is based on leveraging unique properties of water to achieve two important outcomes. First is the transformation of intractable post-consumer plastics and tire rubber, as well as renewable oils and bitumen, into manageable liquid intermediates. Then follows their stabilization by hydrogen derived from cheap, non-petroleum sources such as biomass and municipal waste. This second step is analogous to decades-old processes that use extremely high temperatures and often rely on molecular hydrogen derived from fossil fuels, which is distinctly different from green hydrogen from renewable sources.

In contrast with traditional approaches designed to process petroleum feedstocks, Aduro Hydrochemolytic™ technology is highly efficient, operating at relatively low temperatures. This makes it significantly more environment-friendly than established alternatives like energy-intensive pyrolysis or gasification, and is more akin to natural processes occurring in nature. It is also highly configurable, supporting stand-alone, distributed deployment on smaller scales in remote locations or integration with existing operations, from biodiesel and ethanol plants to facilities for waste collection and recycling, to petrochemical plants. Although the conversion of non-petroleum feedstocks effectively reduces the demand for oil, Aduro technology also offers the possibility for crude oil upgrading that is greener and cleaner. Instead of a being a single-purpose technology, Aduro Hydrochemolytic™ chemical recycling platform solutions can be applied in multiple ways that have a reduced operational and environmental footprint, compared with traditional approaches. Equally important, it also reduces the environmental impact associated with petroleum production and processing, landfilling, waste incineration and gasification, and unscrupulous dumping in oceans.

The Company’s team of experienced scientists and engineers developed this highly flexible water-based chemical conversion technology and its application to address three important problems. These are the focus points of Aduro’s intended commercial activities, and are described below.

HPU, which was developed to address the mounting global problem of post-consumer plastics, foam, and rubber from used tires. HPU can transform plastics into useful feedstocks in the circular economy for production of new plastics and foams, paints and coatings, and detergents or, when appropriate, into high performance fuels.

HRU, which transforms renewable oils into renewable motor fuels, bio-jet fuel, and specialty chemicals at relatively low temperatures without requirement for molecular hydrogen from external sources.

HBU, which is a completely new approach for transforming heavy crude oil and bitumen into light synthetic crude using bio based feedstock such as cellulose or glycerol, the company is investigating options to co process input material derived from Municipal Solid Waste or bio based material such as ethanol and methanol. Compared with traditional, decades-old methods, HBU employs lower temperatures and offers the possibility to use material derived from Municipal Solid Waste and other waste as well as renewable materials as a source for its hydrogen equivalents reaction necessary to upgrade bitumen into a medium-weight, easily transportable crude with a value higher than the benchmark Western Canadian Select (“WCS”). It obviates the requirement for expensive blending using light hydrocarbon diluent from distant reaches in North America, e.g., the U.S. Gulf Coast, and lends to downward-scaling and down-scoping to support distributed deployment at/near the wellhead.

These applications can help to solve real-world problems confronting society globally by delivering superior performance in respect of economic and environmental considerations. While HPU can transform waste into a resource, HBU can make bitumen a cleaner and greener petroleum feedstock. HRU goes beyond this, bypassing petroleum altogether to produce carbon-neutral green diesel or specialty chemicals from renewable, non-petroleum sources such as non-food oil-seed crops grown on marginal lands. Management of the Company believes that Aduro is well positioned to capitalize on the significant growth potential in the clean energy technology sector through the advancement and commercialization of the HPU, HRU, and HBU technologies.

GLOBAL PANDEMIC

In December 2019, a novel strain of coronavirus disease, COVID-19, was first reported. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic — the first pandemic caused by a coronavirus. The outbreak has resulted in the implementation of significant governmental measures worldwide, including lockdowns, closures, quarantines and travel bans, intended to control the spread of the virus, and has caused severe global disruptions.

The overall severity, duration, and extent to which the COVID-19 pandemic impacts the Company’s business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company’s customers, suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The Company’s management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time on its business, liquidity, capital resources and financial results.

SELECTED FINANCIAL INFORMATION

The Company prepares its financial statements in accordance with IFRS and the fiscal year end of the Company is May 31.

The financial information and key performance indicators referenced below are used by the Company's management and directors in evaluating the performance of the Company and assessing the business. These indicators, IFRS and the Non-IFRS Financial Measures are typically used by similar companies operating in this technology industry.

FINANCIAL POSITION AND OPERATIONS

Closing the Transaction now provides the Company the opportunity to access capital to allow Aduro to develop and sustain its activities and meet its business objectives. While the Company and Aduro's success will ultimately depend to a substantial extent on the willingness of enterprises and individuals to utilize the technology solutions that Aduro offers, management believes that gaining access to the right form of capital is very significant.

The following should be read in conjunction with the Company's interim condensed consolidated financial statements for the three months ended August 31, 2021 for a comprehensive overview and understanding of the financial position and operations of the Company. Up to November 30, 2020, Aduro prepared annual financial statements and so detailed quarterly financial information is not available. Management believe that quarterly information will not provide users with any additional information that is not already provided by the annual financial information and therefore this MD&A does not include historical quarterly financial information.

The following table presents selected financial information of operations for the three months ended August 31, 2021, and 2020.

	Three months ended August 31, 2021	**Three months ended August 31, 2020**
Revenue	$ -	$ -
Operating Expenses	557,053	129,737
Share-based payment expense	696,221	-
Other income items	-	10,159
Net loss and comprehensive loss	(1,253,274)	(119,578)

As the Company is an early-stage business, it has a limited history of operations and as expected has not generated significant revenue. The Company's ability to generate future revenue depends on the ability to attract and retain users to its technology.

As at August 31, 2021, the Company has an accumulated deficit of $5,768,621. The Company's current financial position is reflective of an early-stage business in the process of raising capital for product research and development, business development, advisory, promotions, and operations.

As the Company is an early-stage business, there was no revenue recognized in the three-month period ended August 31, 2021 and August 31, 2020.

Since April 2021, the Company granted 3,800,000 options to purchase common shares of the Company to various employees, officer, directors and suppliers of the Company and an expense of $696,221 for the three-month period ended August 31, 2021, was recognized to reflect the duration of the options vesting.

The Company has incurred general operating expenses that are reflective of an early-stage company and reflective of a business in the latter stages of going public. For the three-month period ended August 31, 2021, the Company's operating expenses were $557,053 of which $154,972 was for research and development, $12,453 for depreciation and amortization, $16,453 for finance and interest costs, $337,237 for general and administrative expenses, costs of $24,323 incurred in obtaining an OTCQB listing and $11,615 for foreign exchange expense. For the three-month period ended August 31, 2020, the Company's total expenses of $129,737 comprised of $40,930 for research and development, $14,303 for depreciation and amortization, $10,581 for finance and interest costs and $65,951 for general and administrative expenses less $2,028 for foreign exchange gains.

Depreciation and amortization was $12,453 for the three-month period ended August 31, 2021 compared to $14,303 for the for the three-month period ended August 31, 2020. Finance costs were $16,453 for the three-month period ended August 31, 2021 compared to $10,581 for the three-month period ended August 31, 2020 with the increase due to $197 of an interest expense recognized by Aduro on loans provided by the Company up to the date of the closing of the Transaction, increased finance costs of $421 on the new term loan closed in February 2021, an increase of $1,567 for interest on the convertible notes due to the higher balance outstanding on the convertible notes and $3,784 of interest paid in the three-month period ended August 31, 2021.

General and administrative expenses were $337,237 for the three-month period ended August 31, 2021, compared to $65,951 for the three-month period ended August 31, 2020. Included in general and administrative expenses were professional expenses that have increased from $42,534 in the three-month period ended August 31, 2020, to $273,516 for the three-month period ended August 31, 2021. The increase was due to higher legal expenses of $22,228, $131,189 in investor relations costs and $45,560 for business development fees and $20,000 for director fees.

Research and development expenses were $154,972 for the three-month period ended August 31, 2021, compared to $40,930 for the three-month period ended August 31, 2020, with the increase due to higher project related costs of $52,543, salary and related costs of $51,730 and legal expenses of $13,230 all of which reflect the increased activity in the project in the run up to the achievement of the first milestone event.

LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2021, the Company's capital resources were $1,613,103 made up as follows;

Share capital	$ 3,902,814
Warrant reserve	1,706,141
Contributed surplus	1,772,769
Accumulated deficit	(5,768,621)
Total capital resources	**1,613,103**

A summary of all the equity financings and details of proceeds from these capital resources is included in the following table:

Description (all amounts are stated post consolidation of April 23, 2021)	Closing date	Gross proceeds	Net Proceeds	Amount remaining in cash and cash equivalents as at August 31, 2021
1,200,000 common shares @ $0.06 per share – founders capital	June 15, 2018	$ 72,000	$ 72,000	$ -
2,459,000 common shares @ $0.15 per share – non-brokered financing	July 6, 2018	368,850	361,777	-
700,333 common shares @ $0.15 per share – non-brokered financing	July 27, 2018	105,050	105,050	-
3,348,146 common shares @ $0.15 per share – non-brokered financing	September 2, 2019	502,222	499,522	-
5,632,683 units (common shares and warrants) @ $0.15 per share – non-brokered financing	February 4, 2021	1,402,548	1,383,637	182,377
3,816,869 units (common shares and warrants) @ $0.55 per share – non-brokered financing	May 14, 2021	2,099,278	2,022,604	2,022,604

During the three-month period ended August 31, 2021, the Company generated cash of $350,000 from capital raised from the exercise of 700,000 share purchase warrants at 50 cents. Subsequent to August 31, 2021, the Company received cash of $500,201 from the exercise of 1,000,401 warrants. Cash generated from the exercise of warrants will be an important ongoing source of capital for the Company.

The Company intends to continue to raise equity financing in order to execute its business plan, maintain a strong capital base; and safeguard the Company's ability to continue as a going concern, such that it can in the future provide returns for shareholders and benefits for other stakeholders.

WORKING CAPITAL

The following table presents selected financial information of the Company's working capital as at August 31, 2021 and May 31, 2021;

	August 31, 2021	May 31, 2021
Cash and cash equivalents	$ 2,204,981	$ 2,860,016
Prepaid expenses	292,580	-
Trade and other receivables	104,680	76,880
Trade payable and other current liabilities	(398,232)	(529,135)
Contract liabilities & project contributions payable	-	(12,138)
Lease liability – current portion	(7,237)	(12,610)
Current portion of debt	(573,338)	(30,496)
Working Capital	**1,623,434**	**2,352,517**

The Company defines working capital as current assets less current liabilities and the working capital balance as at August 31, 2021 was $1,623,434 compared to $2,352,517 as at May 31, 2020. Working capital has decreased by $729,083 due to $543,085 of convertible debt becoming current during the three-month period ended August 31, 2021. However in the event that the first milestone is achieved, the $543,085 must be converted to special warrants and therefore on conversion will have a positive impact on working capital.

As at August 31, 2021, the maturity of the Company's obligations are as follows:

		Due prior to			
	Amount	**2022**	**2023**	**2024**	**2025**
	$	**$**	**$**	**$**	**$**
Trade payables and other current liabilities	398,231	398,231	-	-	-
Debt	664,216	573,338	30,884	19,994	40,000
Lease liability	7,237	7,237	-	-	-
Total expected maturities	1,069,684	978,806	30,884	19,994	40,000

The Company does not expect to generate positive cash flow from operations for the foreseeable future due to additional R&D expenses and operating expenses associated with supporting these activities. It is expected that negative cash flow from operations will continue until such time, if ever, that the Company achieve the necessary conditions for regulatory approval and as a result commercialize any of it's products under development and/or or milestone revenue from any such products should they exceed the Company's expenses. Based upon the available cash and cash equivalents balance of $2,204,981 as at August 31, 2021, the Company believes it has sufficient working capital to meet it's obligations for the next twelve months.

REVERSE TAKEOVER

On October 22, 2020, the Company entered into a securities exchange agreement (the "SEA") with Aduro's securityholders (the "Target Vendors") and Aduro. The SEA was amended on April 5, 2021. On closing of the Transaction on April 23, 2021, the Target Vendors sold their shares (the "Target Shares") to the Company, meaning the Company acquired all of the issued and outstanding Target Shares from the Target Vendors. Concurrent with the closing of the Transaction, the Company completed a 3:1 consolidation of its issued and outstanding common shares. Immediately following the closing of the Transaction, the Company's board of directors consisted of four directors, one of which was a director of the Company prior to the Transaction, as a nominee of the Company, and three were nominees of Aduro, including the CEO of Aduro, Ofer Vicus, who is now also the Company's CEO. Following closing of the Transaction, approximately 56% of the issued and outstanding common shares of the Company on an undiluted basis was held by shareholders who were shareholders of the Company prior to the Transaction and approximately 44% was held by the Target Vendors pursuant to the Transaction. The securities issued as consideration for the Transaction represented approximately 66% of the securities of the Company on a fully diluted basis.

Based on the composition of the Company's board of directors, the composition of key management personnel and the proportionate ownership of securities, following closing of the Transaction, Aduro was deemed to have obtained control of the Company and was the acquirer of the Company for accounting purposes. The Transaction was accounted for as a reverse acquisition under the acquisition method of accounting for business combinations with Aduro being the accounting acquirer. The Transaction is accounted for as a reverse acquisition under the acquisition method of accounting for business combinations in accordance with the principles of IFRS 3 Business Combinations. Accordingly, the results of the acquisition have been recognized from the date of closing of the Transaction. The transactions and balances of the Company, the legal parent, are included in the operating results from the effective date of the acquisition, being April 23, 2021. During the year ended May 31, 2021, transaction costs of $86,993 were incurred in connection with the Transaction by Aduro and have been fully expensed. For the period April 23, 2021 to May 31, 2021, the Company has contributed an operating loss of $7,381 to the net and comprehensive loss. For the three months ended August 31, 2021, the acquisition has contributed an operating loss of $262,832 to the net loss and comprehensive loss.

For further details regarding the Transaction and the impact on the financial statements for the three months ended August 31, 2021, refer to note 4 of the Company's interim condensed consolidated financial statements for the three months ended August 31, 2021, that can be found on the Company's profile on SEDAR at www.sedar.com.

SUMMARY OF OUTSTANDING SHARE DATA

As at the date of the MD&A, the following table shows the number of issued and outstanding common shares and exercisable securities (on a post-consolidation basis):

Common shares	35,608,759
Share purchase warrants issued on February 4, 2021 at an exercise price of $0.50	3,932,282
Share purchase warrants issued on May 12, 2021 at an exercise price of $0.80	1,908,434
Share purchase warrants issued on April 23, 2021 at an exercise price of $0.50	2,813,357
Share purchase warrants issued on February 4, 2021 at an exercise price of $0.50	75,945
Share purchase warrants issued on May 12, 2021 at an exercise price of $0.80	126,681
Class A and Class B special warrants convertible for no additional consideration	26,666,656
Options at an average exercise price of $0.6578	3,800,000
Total outstanding	**74,932,114**

As part of the Transaction the Company issued 26,666,656 special warrants consisting of 13,333,328 Class A special warrants and 13,333,328 Class B special warrants. The special warrants are held in trust by Ofer Vicus as special warrants trustee until distributed upon the achievement of milestones and then are convertible for no additional consideration into the Company's shares on a one-for-one basis.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not currently have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future adverse effect on its financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

TRANSACTIONS BETWEEN RELATED PARTIES

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include all the directors and officers of the Company.

During the three-months period ended August 31, 2021, and 2020, compensation of key management personnel was as follows:

	Three months ended August 31, 2021 $	**Three months ended August 31, 2020 $**
Salary and related costs	15,779	31,483
Professional fees	20,000	-
Share-based compensation expense	340,159	-
	375,938	31,483

The professional fees were paid as services provided as a director and the fees are $5,000 a month.

As at August 31, 2021 and May 31, 2021, due to related parties was comprised of the following:

	August 31, 2021 $	May 31, 2021 $
Due to key management personnel	**11,872**	62,246

These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

As at August 31, 2021, for the convertible notes, the Company had principal of US$4,200 (May 31, 2021: US$4,200) and interest payable of US$4,687 (May 31, 2021: US$4,549) outstanding to one of the key management personnel. Accrued interest recognized as an expense on this convertible note for the three months ended August 31, 2021, was $174 (2020: $173).

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments are exposed to a variety of financial risks, which periodically include credit risk, liquidity risk, foreign exchange risk and interest rate risk which could impact results of operations and financial position. The financial instruments and the financial risk management of these financial instruments of the Company are described in note 14 of the interim condensed consolidated financial statements for the three months ended August 31, 2021.

The Company has exposure to credit risk, liquidity risk, market risk, foreign exchange rate risk, interest rate risk, and inflation risk. The board of directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed. The significant financial risk management policies of the Company are described in the interim condensed consolidated financial statements for the three months ended August 31, 2021.

CRITICAL ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS

The preparation of financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates used by the Company are described in note 3 in the interim condensed consolidated financial statements for the three months ended August 31, 2021. These critical judgments, estimates and assumptions in applying the Company's accounting policies could result in a material effect on actual results and in the next financial year on carrying amounts of assets and liabilities.

NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS ADOPTED AND UNADOPTED

The Company has applied IFRS 16 Leases ("IFRS 16") from December 1, 2019 which replaces IAS 17 Leases and related interpretations. IFRS 16 establishes a single, on-balance sheet accounting model for leases. As a result, the Company, as a lessee, has recognized a right-of-use asset representing its rights to use the underlying assets and a lease liability representing its obligation to make lease payments. The Company has adopted IFRS 16 using the modified retrospective approach with the effect of initially applying this standard from December 1, 2019. Accordingly, this election means that the comparative information has not been restated and the disclosure requirements in IFRS 16 have not generally been applied to comparative information. Following a review of the Company's leases, no adjustment was required and therefore no adjustment was required to be made to the accumulated deficit as at December 1, 2019.

RISKS FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements relating to the Company. These include widespread risks associated with any form of business and specific risks associated with the Company's business and its involvement in the clean energy technology industry. Management of the Company considers the following risks to be most significant for potential investors in the Company, but such risks do not necessarily comprise all those associated with an investment in the Company.

This section describes risk factors identified as being potentially significant to the Company. Additional risk factors may be included in other documents previously disclosed by the Company.

In addition, other risks and uncertainties not discussed to date or not known to management could have material and adverse effects on the valuation of the Company's securities, existing business activities, financial condition, results of operations, plans and prospects. An investment in securities of the Company involves significant risks, which should be carefully considered by prospective investors before purchasing such securities.

In addition to the other information set forth elsewhere in this MD&A, the following risk factors should be carefully considered when considering risks related to Aduro's business.

The Company Is an Early Stage Technology Business

The Company's strategy is to focus on developing its clean energy technology platform. The Company's technology platform is an early stage technology platform developed to upgrade renewable oils as well as waste plastics and rubber and Bitumen into to higher value products. The Company has invested and continues to invest a significant portion of its resources into this segment and will need to raise additional financing to pursue its business strategy. As with other comparable early stage technology businesses, the Company faces the risks of product and technology failure, unforeseen research and development delays, weak market acceptance, possible change in government regulatory and competition from new entrants. Realization of any of these risks could have a significant negative impact on the Company's anticipated future cash flows and its growth strategy.

Limited operating history and no assurance of profitability

The Company is a start-up business with a limited operating history and no established brand recognition. The Company will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risks that it will not establish a market for its services, achieve its growth objectives or become profitable. The Company anticipates that it may take several years to achieve cash flow from operations. There can be no assurance that there will be demand for the Company's products or services or that the Company will ever become profitable.

Liquidity concerns and future financing requirements

The Company is in the development phase and has not generated any substantial revenue. It will likely operate at a loss until its business becomes established and will require additional financing to fund future development of its technology and operations. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to it. If additional financing is raised by issuing common shares from treasury, control of the Company may change, and shareholders will suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating.

Need for funds

In the short term, the continued operation of the Company will be dependent upon its ability to procure additional financing. The Company must obtain such financing through equity financing and there can be no assurance that the Company can raise the required capital it needs to build and expand the Company's business. Without this additional financing, the Company may be unable to advance the Company's business model, and the Company will likely fail. There can be no certainty that the Company can obtain these funds, in which case any investment in the Company may be lost. The raising of equity funding will also result in dilution of the equity position held by the Company's shareholders.

Uncertainty of use of proceeds

Although the Company has set out its intended use of available funds in its Listing Statement posted on SEDAR on April 28, 2021, the uses and figures provided are estimates only and are subject to change. While management does not contemplate any material variation from such estimates, management retains broad discretion in the application of such proceeds.

Operational risks

The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: pandemics such as COVID-19; catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labor disputes; natural phenomena such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's premises, personal injury or death, environmental damage, resulting in adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Technology risk

The Company's products and services are dependent upon advanced developments in its technologies which are susceptible to rapid impact by R&D and technological change. There can be no assurance that the Company's products and services will not be seriously affected by, or become obsolete as a result of, such technological changes. Further, some of the Company's services are currently under development and there can be no assurance that these development efforts will result in a viable product or service as conceived by the Company or at all.

Competition

The clean energy technology industry is highly competitive, and the Company competes with a substantial number of companies that have greater financial, technical and marketing resources. As such, the Company is exposed to competition which could lead to loss of contracts or reduced margins and could have an adverse effect on the Company's business.

The Company's competitors may offer better solutions or value to the Company's prospective customers or substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Company. There can be no assurance that the Company will be able to compete successfully against current or future competitors or that competitive pressures faced by the Company in the markets in which it operates will not have a material adverse effect on the Company's business. If the Company's competitors are successful in offering better pricing, service or products than the Company, this could render the Company's product and services offerings less desirable to merchant customers, resulting in the loss of merchant customers or a reduction in the price it could earn for its offerings.

Renewable Diesel Fuel Industry

Management understands that US, Canadian and most European governments require a minimum of 2% - 10% of diesel fuels to be comprised of renewable diesel. In Canada, it is 2% minimum by the federal government and in most provinces and an additional 2% has been added to the federal mandate, with some provinces increasing their requirement to 5% minimum blend, making a total blend of 7%. In USA it is 2-5% depending on State, with California seeking to increase to 10%. In Europe it is 5% for automotive and 10% for airlines.

- 2015 bio-diesel requirements for Western Canada were 196 million litres;
- 2015 bio-diesel production in Western Canada was reported to be 42 million litres; and
- The remaining 89.9% had to be imported from abroad.

The development of a renewable fuel facility involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the renewable fuel production may result in substantial rewards, very few renewable fuel facilities are actually developed into profitable businesses without significant help from government subsidies. Major expenses may be required to establish the refinery business. As a result, it is impossible to ensure that the current business plan of the Company will result in a profitable commercial refining operation.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Renewable fuel refining operations generally involve a high degree of risk. The Issuer's Company's operations are subject to all the hazards and risks normally encountered in the feedstock, process design, the fluctuation of fuel prices and possible damage to, or destruction of the producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, refining operations are also subject to hazards such as arising from equipment failure and fuel storage areas, which may result in environmental pollution and consequent liability.

The Company's refining activities are directed towards the search, evaluation and development of feedstock and its ability to convert it into renewable fuel. There is no certainty that the refineries will result in production of commercial quantities of renewable fuel. There is competition within the renewable fuel industry which is considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production.

Dependence on personnel

The Company's future success depends substantially on the continued services of its executive officers and its key development personnel. If one or more of its executive officers or key development personnel were unable to or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members.

Commodity Prices

The potential profitability of the Company's operations will be significantly affected by changes in the market price of various renewable fuels. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in renewable fuel prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of diesel fuel has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable. Depending on the price of diesel fuels, potential cash flow from future operations may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated production of fuel will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of renewable fuels, may render refining uneconomical. Short-term operating factors relating to the production of renewable fuels, such as the increased feed stock costs or drop in renewable fuel prices, could cause a proposed refining operation to be unprofitable in any particular accounting period.

Volatility of common share price

The common shares of the Company are listed for trading on the CSE. As such, factors such as announcements of quarterly variations in operating results, revenues, costs and market conditions in the clean energy technology industry may have a significant impact on the market price of the Company's common shares. Global stock markets, including the CSE, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. The same applies to companies in the technology and marketing sectors. There can be no assurance that an active or liquid market will develop or be sustained for the Company's common shares.

Dividends

The Company has not paid dividends to its shareholders in the past and does not anticipate paying dividends in the foreseeable future. The Company expects to retain its earnings, if any, to finance growth.

Failure to Develop or Market Products or Services

Given the highly competitive and rapidly evolving alternative energy technology environment the Company operates in, where the Company's products and services are subject to rapid technological change and evolving industry standards, it is important for the Company to constantly enhance its existing product offerings, as well as develop new product offerings to meet strategic opportunities as they evolve. The Company's ability to enhance its technologies, products and services and to develop and introduce new innovative products and services to keep pace with technological developments and industry standards and the increasingly sophisticated needs of its clients and their customers will significantly affect its future success.

The Company's future success depends on its commercialization of the Company's technology, including ability to design and produce new products and services, deliver enhancements to its existing products and services, accurately predict and anticipate evolving technology and respond to technological advances in its industry, and respond to its customer's shifting needs. While the Company anticipates that its research and development experience will allow it to explore additional business opportunities, there is no guarantee that those business opportunities will be realized. If the Company is unable to respond to technological changes, fails to or is delayed in developing products and services in a timely and cost-effective manner, the Company's products and services may become obsolete, which would negatively impact potential sales, profitability and the continued viability of the business.

Since developing new products and services in the alternative energy sector is very expensive, the Company may encounter delays when developing new technology solutions and services, and the investment in technology development may involve a long payback cycle. The Company's future plans include significant investment in technology solutions, research and development and related product opportunities. The failure to properly manage the expanding offering of products and services as well as the failure to develop and successfully market new products and services at favourable margins could have an adverse effect on the Company's business.

The reliability of the Company's technology will be critical to the success of the Company

The Company's reputation and ability to attract, retain and serve its customers are also dependent upon the reliable performance of its technology, products and services. The Company's technology is new, and as such it has no history for the Company to build or relay on. The Company may experience interruptions, outages and other performance problems related to its technology, products or services. Such disruptions may be due to a variety of factors, including infrastructure changes, human or software errors, capacity constraints and inadequate design. A future rapid expansion of the Company's business could increase the risk of such disruptions. In some instances, the Company may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Any errors, defects or security vulnerabilities discovered in the Company's offerings could result in loss of revenue or delay in revenue recognition, loss of customers and increased service and warranty cost, any of which could adversely affect the business, results of operations and financial condition of the Company.

If the Company is unable to protect its intellectual property rights, the Company's competitive position could be harmed or the Company could be required to incur significant expenses to enforce its rights

The Company's ability to protect its intellectual property affects the success of the Company's business. The Company relies on trade secret, patent, copyright and trademark laws and confidentiality agreements with employees and third parties, all of which offer only limited protection. The steps the Company has taken to protect its proprietary rights may not be adequate to preclude misappropriation of the Company's proprietary information or infringement of its intellectual property rights, and the Company's ability to police such misappropriation or infringement is uncertain. The intellectual property rights granted to the Company, if any, may not provide it with proprietary protection or competitive advantages, and, as with any technology, competitors may be able to develop similar or superior technologies to the Company, whether now or in the future. There is no guarantee that such parties will abide by the terms of such agreements or that the Company will be able to adequately enforce its rights.

Conflicts of Interest

Certain directors and officers of the Company also serve, or may serve in the future, as directors and/or officers of other companies, or have significant shareholdings in other technology companies, and consequently conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies. There can be no assurance such conflicts of interests will be resolved to the benefit of the Company. However, any decision made by any of these directors and officers involving the Company must be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which these directors may have a conflict of interest in accordance with, and subject to such other procedures and remedies as applicable, under the BCBCA and other applicable laws.

PROPOSED TRANSACTIONS

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements and non-binding agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and/or development of potential business relationships.

APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A on October 29, 2021.

INTERNAL CONTROLS OVER FINANCING REPORTING

The Company's Chief Executive Officer and Chief Financial Officer, in accordance with National Instrument 52-109 ("NI 52-109"), have both certified that they have reviewed the financial report and this MD&A (the "Filings") and that, based on their knowledge having exercised reasonable diligence, (a) the Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the filings; and (b) the financial report together with the other financial information included in the Filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the Filings. The Company's internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining adequate ICFR for the Company.

Management, including the CEO and CFO, does not expect that the Company's ICFR will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that the control objectives will be met with respect to financial statement preparation and presentation.

CSA National Instrument 52-109 requires the CEO and CFO to certify that they are responsible for establishing and maintaining ICFR for the Company and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The CEO and CFO are also responsible for disclosing any changes to the Company's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

OTHER REQUIREMENTS

Additional disclosure of the Company's material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com.