ADURO ENERGY

Aduro Energy Inc.

Interim Condensed Financial Statements

For the three months ended February 28, 2021

(Unaudited)

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards IAS 34 ‘Interim Financial Reporting’ using accounting policies consistent with the International Financial Reporting Standards issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee.

The accompanying unaudited condensed interim financial statements of Aduro Energy Inc. have been prepared by and are the responsibility of management of Aduro Energy Inc.

The unaudited condensed interim financial statements are prepared in accordance with accounting principles generally accepted in Canada (these statements are prepared under International Financial Reporting Standards) and reflect management’s best estimates and judgment based on information currently available. The company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

Aduro Energy Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

	February 28, 2021	November 30, 2020 (Audited)
Assets		
Current		
Cash and cash equivalents	$ -	$ 9
Trade and other receivables	**37,696**	27,075
	37,696	27,084
Non–current		
Property and equipment	**53,808**	15,890
Right of use assets	**19,814**	62,856
Intangible assets (Note 5)	**28,301**	35,367
	101,923	114,113
	$ 139,619	$ 141,197
Liabilities		
Current		
Trade payables and other current liabilities	**$ 413,499**	$ 391,472
Bank overdraft	**7,107**	12,326
Lease liability – current portion	**20,566**	76,542
Contract liabilities	**-**	37,883
Project contributions payable	**62,546**	87,750
Debt - current portion (Note 6)	**435,948**	170,370
	939,666	776,343
Non–current		
Trade payables and other current liabilities	**81,593**	152,309
Lease liability – non-current portion	**-**	3,661
Debt – non-current portion (Note 6)	**628,959**	585,286
	710,552	741,256
Deficiency (Note 7)		
Share capital	**254,943**	254,943
Contributed surplus	**11,073**	6,921
Accumulated deficit	**(1,776,615)**	(1,638,266)
	(1,510,599)	(1,376,402)
	$ 139,619	$ 141,197

Approved on behalf of the Board of Directors

“Ofer Vicus”, Director

Nature and continuance of operations (Note 1)
Subsequent event (Note 16)

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

Aduro Energy Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		For the three months ended February 28, 2021		For the three months ended February 28, 2020
Revenue (Note 10)	$	**37,883**	$	22,365
Expenses				
Depreciation and amortization		**14,134**		14,303
Finance costs (Note 11)		**14,077**		12,176
Foreign exchange (gains) / losses		**(2,226)**		1,842
General and administrative (Note 12)		**30,264**		16,295
Rental management		**-**		31,390
Research and development (Note 13)		**119,983**		23,424
		176,232		99,430
Loss before income taxes		**(138,349)**		(77,065)
Income taxes		**-**		-
Net loss and comprehensive loss	**$** $	**(138,349)**	$	(77,065)
Basic and diluted loss per share	**$** $	**(0.10)**	$	(0.06)
Weighted average number of shares outstanding		**1,398,605**		1,317,305

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

Aduro Energy Inc.
Statements of Changes in Deficiency
(Expressed in Canadian Dollars)

	Share Capital						
	Number of Shares		Amounts				
	Class A	Class B	Class A	Class B	Contributed surplus	Accumulated Deficit	Total Deficiency
Balance, November 30, 2019	1,258,040	59,265	$ 1,200	$ 90,000	$ -	$ (1,209,881)	$ (1,118,681)
Net comprehensive loss	-	-	-	-	-	(77,065)	(77,065)
Balance, February 29, 2020	1,258,040	59,265	1,200	90,000	-	(1,286,946)	(1,195,746)
Balance, November 30, 2020	1,219,907	178,698	$ 1,200	$ 253,743	$ 6,921	$ (1,638,266)	$ (1,376,402)
Net comprehensive loss	-	-	-	-	-	(138,349)	(138,349)
Share-based payment expense	-	-	-	-	4,152	-	4,152
Balance, February 28, 2021	**1,219,907**	**178,698**	**$ 1,200**	**$ 253,743**	**$ 11,073**	**$ (1,776,615)**	**$ (1,510,599)**

The accompanying notes are an integral part of these financial statements

Aduro Energy Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the three months ended February 28, 2021	For the three months ended February 29, 2020
Operating Activities		
Net loss for period	$ **(138,349)**	$ (77,065)
Adjustments for:		
Depreciation and amortization	**14,134**	14,303
Interest expense accrued	**10,218**	9,461
Unrealized gain on derecognition of asset	**(369)**	-
Share-based expense payment	**4,152**	-
Unrealized foreign exchange gain on debt	**(1,702)**	-
Change in non-cash working capital (Note 15)	**(122,397)**	12,970
Cash flow used in operating activities	**(234,313)**	(40,331)
Investing Activities		
Property and equipment acquired	**(6,170)**	-
Cash flow used in investing activities	**(6,170)**	-
Financing Activities		
Issuance of convertible notes	**-**	30,000
Term and working capital loan repayments	**(1,019)**	(4,995)
Advances from Dimension Five Technologies Inc.	**270,000**	-
Finance lease repayments	**(23,288)**	(5,851)
Cash flows provided by financing activities	**245,693**	19,154
Chang in cash during the period	**5,210**	(21,177)
Cash and cash equivalents net of overdraft, start of period	**(12,317)**	5,967
Bank overdraft- net, end of period	$ **(7,107)**	$ (15,210)
Supplementary disclosure of non-cash activities		
Term loan advance to finance part of property and equipment acquired	**$ 31,754**	-
Right of use asset and related lease liability removed on expiry of lease	**$ 36,350**	-

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Aduro Energy Inc. (the "Company") was incorporated under the Canada Business Corporations Act on December 15, 2011. The Company is an early-stage business focusing on developing environmentally-responsible technology for converting end-of-life plastics and tire rubber to specialty chemicals and fuels that replace petroleum, upgrading of heavy crude oils and the transformation of renewable oils into renewable fuels and specialty chemicals. The water base chemical recycling platform features three sector focus technologies, Hydrochemolytic Plastics Upgrading ("HPU"), Hydrochemolytic Renewables Upgrading ("HRU") and Hydrochemolytic Bitumen Upgrading ("HBU"). As at February 28, 2021, the Company has developed and owns five granted and pending patents (see Note 5). The registered and records office is located at Suite 1020, 50 Queen Street North, Kitchener, Ontario, Canada N2H 6M2.

On April 23, 2021, the Company closed the transaction with Dimension Five Technologies Inc. ("D5") with the Company and the Company's security holders whereby the Company's security holders sold their shares to D5 such that all of the issued and outstanding common shares of the Company became wholly owned by D5 (the "**Transaction**"). The Transaction resulted in a reverse take-over with the Company as the accounting acquirer as the Company obtained control of the relevant activities as defined under *IFRS 10 Consolidated Financial Statements*. The Transaction will be accounted for as a reverse acquisition under the acquisition method of accounting for business combinations with the Company being the accounting acquirer. Details of the Transaction are included in Note 16.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company incurred a loss of $138,349 for the three months ended February 28, 2021 and has accumulated losses of $1,776,615 as of the same date. The continuing operations of the Company are dependent upon its ability to attain sufficient financing to complete its commercialization path and develop profitable operations. Between September 2, 2020 and May 14, 2021, D5 closed three non-brokered private placements that realized net proceeds of $3,878,469 of which $2,210,000 has been advanced to the Company up to the date of these financial statements and the funds have been used to complete Aduro's commercialization path and a step to develop profitable operations. While D5 and the Company's management believe that there are many financing opportunities available, there is no assurance that it will be able to successfully obtain additional financing as needed. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on the Statement of Financial Position.

2. BASIS OF PREPARATION

a) Statement of compliance

These unaudited interim financial statements have been prepared based on the principles of International Financial Reporting Standards (IFRS) and International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and follows the same accounting policies and methods of application as the Company's most recent annual financial statements. The unaudited interim condensed financial statements should be read in conjunction with the Company's audited financial statements for the year ended November 30, 2020 and accompanying notes.

These financial statements were authorized for issue by the Board of Directors on November 5, 2021.

b) Basis of measurement

The financial statements have been prepared using the historical cost basis except as detailed in the Company's accounting policies in Note 3 to the audited financial statements for the year ended November 30, 2020.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

In March 2020, the World Health Organization declared coronavirus, also known as "COVID-19" a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

3. CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies (described in Note 3) and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Certain of the Company's accounting policies and disclosures require key assumptions concerning the future and other estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or disclosures within the next fiscal year. Where applicable, further information about the assumptions made is disclosed in the notes specific to that asset or liability. The critical accounting estimates and judgments set out below have been applied consistently to all periods presented in these financial statements.

a) Ability to continue as a going concern

Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.

b) Property and equipment/intangible assets

Property and equipment/intangible are depreciated/amortized over the estimated useful life of the asset to the asset's estimated residual value as determined by management. All estimates of useful lives and residual values are set out in Notes 3 c) and d). Assessing the reasonableness of the estimated useful life, residual value and the appropriate depreciation/amortization methodology requires judgment and is based on management's experience and knowledge of the industry.

c) Impairment

An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Factors which could indicate impairment exists include: significant underperformance of an asset relative to historical or projected operating results, significant changes in the manner in which an asset is used or in the Company's overall business strategy, the carrying amount of the net assets of the Company being more than its market capitalization or significant negative industry or economic trends. In some cases, these events are clear. However, in many cases, a clearly identifiable event indicating possible impairment does not occur. Instead, a series of individually insignificant events occur over a period of time leading to an indication that an asset may be impaired. Events can occur in these situations that may not be known until a date subsequent to their occurrence. When there is an indicator of impairment, the recoverable amount of the asset is estimated to determine the amount of impairment, if any. If indicators conclude that the asset is no longer impaired, the Company will reverse impairment losses on assets only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Similar to determining if an impairment exists, judgment is required in assessing if a reversal of an impairment loss is required.

d) COVID-19

In March 2020, the World Health Organization declared coronavirus, also known as "COVID-19" a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

(Expressed in Canadian Dollars)

4. OPERATING SEGMENTS

Reportable Segments

The Company is an early-stage business focusing on developing environmentally-responsible technology for converting end-of-life plastics and tire rubber to specialty chemicals and fuels that replace petroleum, upgrading of heavy crude oils and the transformation of renewable oils into renewable fuels and specialty chemicals. For management purposes, the Company activities are managed and monitored by senior management as one operating segment. The financial statements included are the same financial statements that management uses to monitor the performance of the Company and for the allocation of resources.

Entity Wide Disclosures

As at, and for the three months ended, February 28, 2021 and February 29, 2020, the Company's operations and assets were in Canada.

As an early-stage development company, the Company was not yet generating sustainable revenues from its development activities. For the three months ended February 28, 2021, the revenue recognized was $37,883. The revenue was generated from an industry partner relating to a laboratory services agreement. Details of the laboratory services agreement are detailed on Note 10. For the three months ended February 28, 2020, the revenues of $22,365 relate to a short-term management services arrangement. These revenues provided cash flow for the Company's research and development activities. For the three months ended February 28, 2021, 100% (2019: 100%) of the Company's total revenue was from one customer who was located in Canada.

5. INTANGIBLE ASSETS

The following table summarizes the Company's intangible assets as at November 30, 2020 and February 28, 2021:

	Investor Relations Videos $	**Patent $**	**Total $**
Cost:			
Balance at November 30, 2019, 2020 and February 28 2021	**45,255**	**76,858**	**122,113**
Accumulated amortization:			
Balance at November 30, 2019	20,050	38,430	58,480
Amortization	9,051	19,215	28,266
Balance at November 30, 2020	29,101	57,645	86,746
Amortization	2,263	4,803	7,066
Balance at February 28, 2021	**31,364**	**62,448**	**93,812**
Carrying amounts:			
At November 30, 2020	16,154	19,213	35,367
At February 28, 2021	**13,891**	**14,410**	**28,301**

At February 28, 2021, the Company had not identified any impairment indicators.

(Expressed in Canadian Dollars)

Investor relations videos

The Company engaged two production companies with each producing a promotional 3D animation movie for the purpose of implementing a marketing strategy for communicating with, and increasing awareness of the Company's solutions by, investors, partners and customers.

Patents

On January 24, 2018, the Company entered into a patent purchase agreement (the "PPA") whereby the Company purchased the seller/assignor's entire right, title and interest (being 7/12 of the rights) in and to the transferred patents (as defined) for a purchase price comprised of the reimbursement of US$60,535 ($76,858) in patent costs incurred (*paid*) and the payment of the greater of 0.1% of purchaser revenues or 1% of purchaser net profit (both as defined) on a quarterly basis during the term "Purchase Price Payable". On August 14, 2020, the Company and the seller/assignor entered into an amendment to the PPA pursuant to which the Purchase Price Payable was settled by issuing 1,500 Class B shares (the "Settlement") to the seller/assignor. The Company determined the fair value of the Settlement was $2,265 and this amount was expensed as the Purchase Price Payable was not a contractual obligation under the PPA.

Development costs

On October 1, 2020, the Company entered into a commercialization services agreement (the "CSA") with Bioindustrial Innovation Canada ("BIC") whereby the Company and certain commercialization service providers will carry out a project titled, "*Development of a Hydrochemolytic Pilot Unit for Upgrading Asphaltene and Waste Plastics*" for the purpose of designing, commissioning and building a revenue generating, pilot-scale start-up unit to process potential customers' feedstock to demonstrate the Company's patented HPU technology. The term of the CSA is until March 31, 2022, the total project cost is $1,826,888 (being $445,720 in cash and $1,381,168 in-kind) and the Company's contribution is $1,396,888 (being $195,720 in cash ($337,500 less a cash rebate of $141,780) and $1,201,168 in-kind). The Company is required to pay 100% of its contribution to BIC prior to the start of service. The CSA includes a commercialization rebate estimated to be approximately $250,000 net of taxes. Upon completion, BIC will provide the commercialization rebate to the Company within 60 days (or such longer period pending receipt of funds from government support) subject to the continuing availability of government support to BIC. This project is considered as development and as such any expenditures incurred will be capitalized and recognized as an intangible asset provided it meets the recognition criteria under *IAS 38 Intangible Assets*.

Patents controlled by the Company not recognized as an intangible asset

The Company has control over various patents that were not recognized by the Company as an asset as it was not possible to determine whether the assets meet the recognition criteria of IAS 38 *Intangible Assets.* The details of the patents not recognized are as follows:

Patent Name	Filing Date	Issue Date
System and Method for Controlling and Optimizing the Hydrothermal Upgrading of Heavy Crude Oil and Bitumen	2013	2017
System and Method for Controlling and Optimizing the Hydrothermal Upgrading of Heavy Crude Oil and Bitumen	2014	2017
System and Method for Hydrothermal Upgrading of Fatty Acid Feedstock	2017	Pending
System and Method for Producing Hydrothermal Renewable Diesel and Saturated Fatty Acids	2019	Pending
Chemolytic Upgrading of Low-Value Macromolecule Feedstocks to Higher-Value Fuels and Chemicals	2020	Pending

The Company has recognized all expenses incurred in developing these patents under Research and development in the Statements of Loss and Comprehensive Loss.

As at February 28, 2021, the Company had incurred $446,089 in patent development costs.

(Expressed in Canadian Dollars)

6. DEBT

As at February 28 2021 and November 30, 2020, the Company's debt instruments were as follows:

	February 28, 2021 $	November 30, 2020 $
Working capital loan – BDC	**63,916**	64,935
Accrued interest - working capital loan – BDC	**-**	3,563
Canada Emergency Business Account ("CEBA")	**40,000**	40,000
D5 promissory notes	**400,000**	130,000
Accrued interest - D5 promissory notes	**5,978**	1,842
Convertible notes	**392,195**	393,898
Accrued interest – convertible notes	**131,002**	121,418
Term loan	**31,816**	-
Total long-term debt	**1,064,907**	755,656
Less current portion:		
Working capital loan – BDC	**19,980**	34,965
Accrued interest - working capital loan – BDC	**-**	3,563
D5 promissory notes	**400,000**	130,000
Accrued interest - D5 promissory notes	**5,978**	1,842
Term loan	**9,990**	-
Total current portion	**435,948**	170,370
Total non-current portion	**628,959**	585,286

Working capital loan –BDC

On August 21, 2017, the Company entered into a loan agreement (the "LA") with the Business Development Bank of Canada (the "BDC") whereby the Company received a $100,000 working capital loan. The loan bears interest at the BDC's floating base rate (5.05% at inception) plus a variance (3.4% at inception). The original term of the loan is 60 months with the principal balance, interest and all other amounts owing under the loan being due and payable by the maturity date. The loan is secured by a personal guarantee from the president of the Company. The outstanding balance and all accrued interest may be repaid at any time without penalty. On September 8, 2020 and on March 17, 2021, the Company and the BDC amended the agreement (the "Amending Letter") which updated the amending and standstill agreement. The Amending Letter outlined the new repayment amounts and repayments dates together with a new maturity date of May 8, 2024. The working capital loan will be repaid by 35 monthly principal payments of $1,665 with a final payment of $554 on May 8, 2024. As at February 28, 2021, the BDC's floating base rate was 4.55% (November 2020: 4.55%) and the interest rate was 7.99% (November 2020: 7.99%).

CEBA

On April 20, 2020, the Company received, through TD Bank Canada Trust, a $40,000 loan ("Principal"). During the initial term expiring on December 31, 2022, the Company is not required to repay any portion of the loan and no interest will be paid. The loan can be repaid at any time without penalty. If the Company repays at least 75% of the loan on or before December 31, 2022, the remaining balance of the loan will be forgiven ("Early Repayment Forgiveness"). During the extended term starting January 1, 2023 and expiring on December 31, 2025, the Company will pay interest at the rate of 5% on a monthly basis. On September 10, 2021, the loan was fully redeemed for $30,000 with the balance of $10,000 forgiven under the Early Repayment Forgiveness.

D5 Promissory Notes

Between August 7, 2020 and February 28, 2021, the Company issued promissory notes to D5 for a total of $400,000 of which $400,000 was advanced and outstanding as at February 28, 2021. The advances were made on the following conditions:

- All advances are secured by a general security agreement (the "GSA") on all of the Company's assets to be registered in Ontario;
- the Company's convertible note lenders signing amendment agreements to their agreement as is acceptable to D5;
- all promissory notes bear interest at 6% and is payable on maturity;
- all promissory notes mature within 12 months;
- the promissory notes may be terminated at any time with no penalty.

On the closing of the Transaction, D5 and the Company will become a legal subsidiary of D5 and therefore the debt will be between a parent and a wholly owned subsidiary.

Convertible notes

Between February 1, 2013 and August 30, 2015, the Company entered into seven note purchase agreements (the "NPAs") with investors whereby the investors purchased convertible notes (the "CNs") totaling US$60,797 from the Company. The CNs bear interest at 8.5% to 13% per annum and the principal balance and accrued interest are due and payable on or after maturity. Of this amount, US$4,200 was purchased by an officer of the Company. See Note 8.

Between June 17, 2017 and February 12, 2019, the Company entered into six NPAs with investors whereby the investors purchased CNs totaling $285,000 from the Company. The CNs bear interest at 8.5% per annum, compounded annually and the accrued interest is payable upon the earlier of the maturity date or an equity financing. A $100,000 CN sold on June 17, 2017 was secured on the Company's expected entitlement to a Scientific Research and Experimental Development tax credit for the years ending November 30, 2017 to November 30, 2019.

On January 27, 2020, the Company entered into three NPAs with investors whereby the investors purchased CNs totaling $30,000 from the Company. The CNs bear interest at 8.5% per annum and the accrued interest is payable upon the earlier of the maturity date or a next equity financing.

In August and September 2020, all outstanding NPAs and CNs were amended ("Amendment"). Under the Amendment, the interest rate remained unchanged but the maturity dates were extended to August 31, 2022 (the "Maturity Date"). In addition, if, prior to the Maturity Date, the First Milestone ("FM") is achieved, then on the FM achievement date, each CN will automatically convert into the number of special warrants as determined under the Amendment by the specified formula based on the greater of i) 5 cents and ii) 65% of the 5 day VWAP prior to the FM achievement date. In the event that an ensuing automatic conversion has not already occurred, all accrued interest is due and payable at the Maturity Date. The Amendment included a restrictive covenant whereby the holders undertake not to: (i) take any action for enforcement of the CN; (ii) make a claim against the Company for default of any term of the CN prior to maturity; and (iii) demand any repayment of interest or principal prior to maturity and confirm that upon completion of the Transaction, their only right under the CN prior to maturity is the entitlement to receive special warrants upon achievement of the FM.

Term Loan

On February 17, 2021, the Company entered into a conditional sale contract (the "CS") to purchase a motor vehicle. At the start date of the CS, the balance was $34,771 which is to be repaid by 36 monthly repayments of $966. The interest rate under the CS is fixed at 5.99%.

The Company's exposure to foreign exchange and liquidity risk related to debt is disclosed in Note 14.

Scheduled principal and accrued interest payments

As at February 28, 2021, the scheduled principal and accrued interest until maturity were as follows:

(Expressed in Canadian Dollars)

	Working Capital Loan – BDC $	CEBA $	D5 promissory notes $	Convertible Notes $	Term Loan $	Total $
2022	19,980	-	405,978	-	9,990	435,948
2023	19,980	-	-	523,197	10,587	553,764
2024	19,980	-	-	-	11,239	31,219
2025	3,976	-	-	-	-	3,976
2026	-	40,000	-	-	-	40,000

The scheduled payments in this table do not take into account any conversion of the convertible, exercise of the early termination options, Early Repayment Forgiveness and that the promissory notes of D5 will become an inter-group loan between a parent and wholly owned subsidiary following the closing of the Transaction.

Debt continuity

The net change in debt during the year ended November 30, 2020 and the three months ended February 28, 2021 was as follows:

	February 28, 2021 $	November 30, 2020 $
Starting balance	**755,656**	520,275
Cash flows:		
Proceeds received – new convertible notes	**-**	30,000
Proceeds received – CEBA	**-**	40,000
Proceeds received – D5 promissory notes	**270,000**	130,000
Debt repayments – working capital loan - BDC	**(1,019)**	(4,995)
Non-cash changes:		
Advance – term loan	**31,754**	-
Accrued interest – convertible notes	**9,583**	36,941
Accrued interest – working capital loan - BDC	**(3,563)**	3,563
Accrued interest – D5 promissory notes	**4,136**	1,842
Accrued interest – term loan	**62**	-
Changes in foreign exchange rate	**(1,702)**	(1,970)
Ending balance	**1,064,907**	755,656

7. SHARE CAPITAL

Shares

Authorized

The Company has authorized share capital of:

- Unlimited Class A voting, common shares without par value;
- Unlimited Class B non-voting, common shares without par value; and
- Unlimited Class A voting, convertible, redeemable preferred shares without par value.

Shares of the Company cannot be transferred without the consent of either the directors of the Company or a holder(s) of shares having at least a majority of the votes attaching to all shares of the Company. The holders of the preferred shares are entitled to convert, on a share-for-share basis, the whole or any part of their preferred shares into common shares of the Company. The Company may redeem at any time the whole, or from time to time any part, of the then outstanding preferred shares, either on a pro rata basis or otherwise, on payment of an amount to be established by the directors for each series upon the date of first issuance of the shares in each series, plus all declared and unpaid non-cumulative cash dividends thereon (the redemption amount).

In the event of liquidation, dissolution or winding up of the Company or upon any other distribution of the property of the Company among its shareholders, the Class A and Class B common shareholders are entitled to receive the remaining assets of the Company pari passu subject to the prior rights of the Class A preferred shareholders on dissolution.

Unanimous Shareholders Agreement

On April 25, 2013, the Company entered into a unanimous shareholders agreement (the “USA”) with shareholders holding 1,259,600 Class A common shares of the Company. Pursuant to the USA, no shareholder will directly or indirectly sell, assign transfer or grant an option or in any manner dispose of any shares or pledge, charge or otherwise encumber any shares unless such is specifically permitted in the USA and is done in accordance with its provisions. The USA terminates on the earlier of the written agreement of the Company’s shareholders representing at least 75% of the voting shares of the Company, one person becoming the owner of all the shares of the Company, dissolution of the Corporation or upon the receipt for a final prospectus of the Company issued by the relevant securities regulatory authorities in connection with an initial public offering of the Company’s shares.

Dividends

Class A and Class B common shareholders are entitled to receive a non-cumulative dividend at the sole discretion of the directors of the Company, subject to the prior rights of the holders of the Class A preferred shares to any dividends as the directors may declare. Class A preferred shareholders are entitled to receive dividends (whether in cash, shares or other property) if, as and when declared by the Board of Directors (the “Board”) of the Company and prior to the rights of the Class A and Class B common shares provided that any such dividends will be declared and paid in an equal amount and on an as-converted basis (as defined) on each preferred share.

Issued

The Company has issued share capital of:

- 1,219,907 (November 2020: 1,219,907) Class A common shares; and
- 178,698 (November 2020: 178,698) Class B common shares.

On August 10, 2020, the Company entered into a share cancellation/return to treasury agreement with the CEO of the Company whereby the CEO returned to the Company, and the Company cancelled, 38,133 Class A common shares so that 38,133 Class B common shares could be issued to service providers for services provided in prior years. On August 10 and 14, 2020, the Company issued a total of 119,433 Class B common shares (including the 38,133 noted above) of which 106,933 were issued to settle $161,478 of outstanding accounts payable, 1,500 were issued to settle the Purchase Price Payable (Note 5) and 11,000 were issued to two consultants under agreements (the “CAs) to provide scientific consulting in the field of heavy oil upgrading. The term of the CAs is for a period of 24 months commencing on February 1, 2020, unless sooner terminated. If, for any reason during the term, the consultants cease to provide the consulting services they are required to return the pro-rated number of shares for the remaining months in the term for which no consulting services were provided. The Company has accounted for the expense based on the fair value of the 11,000 shares issued and a vesting term of two years. For the three months ended February 20, 2021, an expense of $4,152 has been recognized with the credit going to contributed surplus.

<u>Stock Options</u>

Subject to the provisions of the Canada Business Corporations Act, the Company may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Company at such time and to such persons and for such consideration as determined by the Board. Pursuant to the USA, stock options granted to employees or consultants of the Company by the Board must represent less than one million underlying shares. As at February 28, 2021 and November 30, 2020, there were no stock options outstanding.

(Expressed in Canadian Dollars)

Share Purchase Warrants

As at February 28, 2021 and November 30, 2020, there were no share purchase warrants outstanding.

8. RELATED PARTY TRANSACTIONS

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

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount established and agreed to by the related parties.

Compensation of key management personnel

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 the directors of the Company.

During the three months ended February 28, 2021 and 2020 compensation of key management personnel was as follows:

	Three months ended February 28 2021 $	Three months ended February 28 2020 $
Salary and related costs	**15,760**	-

As at February 28, 2021 and November 30, 2020, due to related parties was comprised of the following:

	February 28, 2021 $	November 30, 2020 $
Due to key management personnel	**62,075**	76,897

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

As at February 28, 2021, for the CNs, the Company had principal of US$4,200 (November 2020: US$4,200) and interest payable of US$4,411 (November 2020: US$4,275) outstanding to one of the key management personnel. Accrued interest on this CN for the three months ended February 28, 2021, was $173 (2020: $177).

9. CONTRACTUAL OBLIGATIONS

Consulting and Advisory Services Agreement

On September 15, 2016, the Company entered into a consulting and advisory services agreement (the “CASA”) whereby the consultant will provide assistance in creating and executing a business plan, identifying and securing sources of funding, developing marketing strategies and communication and other tasks as requested. As consideration for consulting services provided from March 2013 to September 2016, the Company will pay the consultant $75,000 in instalments as agreed between the parties. On September 1, 2020, the Company and the consultant entered into an amendment to the CASA whereby the outstanding balance of $55,000 was reduced to $46,000 and interest will accrue at 6% per annum. Commencing September 1, 2020, monthly payments of $3,500 will be made until December 1, 2020 or January 1, 2021 and the remaining balance will then be repaid in monthly payments no later than May 1, 2022. As at February 28, 2021, $43,137 (November 2020: $43,137) was included in accounts payable.

(Expressed in Canadian Dollars)

OCEFA

On October 1, 2020, the Company and the UWO entered into a second amending agreement to the OCEFA whereby the term was extended to December 30, 2021 and the monthly payment schedule was amended. As at February 28, 2021, the Company's commitment under this payment schedule was $100,816 of which $62,546 will come from the retained NSERC's funding participation in the Project leaving the Company with a commitment of $38,270 that must be paid before December 1, 2021.

10. REVENUE

Revenue recognized in the Statements of Loss and Comprehensive Loss is comprised of the following:

	Three months ended February 28, 2021 $	**Three months ended February 28, 2020 $**
Cleantech	**37,883**	-
Rental management	**-**	22,365
	37,883	22,365

Lab Services Agreement

On June 10, 2019, the Company entered into a lab services agreement (the "LSA") with a publicly traded company ("CEI") whereby CEI will evaluate the Company's technology in order to assess its possibilities for asphaltene upgrading and with the evaluation being made on asphaltene samples supplied by CEI. The provision of project services (as defined) commenced in early June 2019 and is expected to be completed by December 2021. The LSA was amended on December 16, 2019 and the amendments included changes to the milestones. The total projected cost of the project services is $126,280 with payments being made by CEI upon completion of the following milestones:

- Milestone 1 – Agreement execution (40%, being $50,512);
- Milestone 2 – Ordering equipment for retrofit of HTU unit complete (30%, being $37,883);
- Milestone 3 – Retrofit and commissioning of HTU unit complete (10%, being $12,628);
- Milestone 4 – Runs complete and sample shipped (5%, being $6,314); and
- Milestone 5 – Delivery of final report (15%, being $18,943).

As at February 28, 2021, CEI had paid for Milestones 1 and 2 and Aduro have completed both milestones and the related revenue has been recognized. Revenue is recognized on the completion of the milestone and collection is probable.

(Expressed in Canadian Dollars)

11. FINANCE COSTS

Finance costs recognized in the Statements of Loss and Comprehensive Loss are comprised of the following:

	Three months ended February 28, 2021 $	Three months ended February 28, 2020 $
Bank interest	**37**	157
Lease finance charges	**853**	1,359
Interest on debt:		
Working capital loan – BDC	**(1,021)**	1,624
Convertible notes	**9,755**	9,036
CEBA	**255**	-
D5 promissory notes	**4,136**	-
Term loan	**62**	-
Total finance costs	**14,077**	12,176

12. GENERAL AND ADMINISTRATIVE

General and administrative expenses recognized in the Statements of Loss and Comprehensive Loss are comprised of the following:

	Three months ended February 28, 2021 $	Three months ended February 28, 2020 $
Advertising and promotion	**821**	97
Automobile	**2,697**	9,390
Bank charges	**895**	1,339
Office and general	**2,055**	2,278
Professional fees	**15,689**	1,510
Travel	**2,533**	1,681
Salary and related cost	**5,574**	-
Total general and administrative	**30,264**	16,295

(Expressed in Canadian Dollars)

13. RESEARCH AND DEVELOPMENT

Research and development expenses recognized in the Statements of Loss and Comprehensive Loss are comprised of the following:

	Three months ended February 28, 2021 $	Three months ended February 28, 2020 $
Project development costs	**30,050**	-
Professional fees – patent development costs	**35,328**	23,424
Salary costs allocated	**49,273**	-
Consultant fees paid by share based payment expense	**4,152**	-
Project expenses	**1,180**	-
Total research and development	**119,983**	23,424

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management

Interest rate risk

The Company is exposed to interest rate risk on its working capital loan to the extent that BDC's floating base rate and variance change. A one percent change in the interest rate would have had an immaterial impact on finance costs for the three months ended February 28, 2021 and 2020. The remaining debt and lease liability have fixed cost of funds rate until maturity though subject to interest rate fluctuations if refinanced.

Foreign exchange risk

The Company is primarily exposed to foreign currency fluctuations in relation to its US dollar trade payables and convertible notes. U.S. dollar financial instruments subject to foreign exchange risk are summarized below. The Company have assessed the risk and decided not to hedge the risk.

(US$)	February 28, 2021 $	November 30, 2020 $
Trade payables	**80,685**	90,201
Due to related parties	**1,500**	1,500
Convertible notes	**60,797**	60,797
Accrued interest – convertible notes	**34,984**	33,555
Net US dollar exposure	**177,966**	186,053

As at February 28, 2021, with other variables unchanged, a $0.10 change in the Canadian dollar against the US dollar would result in a $17,797 pre-tax loss (November 2020: $18,605) from the Company's financial instruments.

Credit risk

Credit risk arises from cash held with a bank as well as credit exposure to customers in the form of outstanding trade and other receivables but excluding balances receivable from government entities. The maximum exposure to credit risk is equal to the carrying value of the financial assets which reflects management's assessment of the credit risk which at February 28, 2021 was $Nil (November 2020: $9).

(Expressed in Canadian Dollars)

Impairment losses

The allowance for doubtful accounts in respect of trade and other receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible. At that point the amounts are considered unrecoverable and are written off against the financial asset directly. As at February 28, 2021, the Company impaired $nil in trade receivables (November 2020: $nil).

Liquidity risk

Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they become due. The Company manages liquidity risk through management of its cash and cash equivalents and working capital balances which is made up of trade payables, other current liabilities, project contributions payable, working capital loans and other debt.

The table below provides an analysis of the expected maturities of the Company’s outstanding obligations as at February 28, 2021 and November 30, 2020:

		Due prior to			
	Amount	**2022**	**2023**	**2024**	**2025+**
	$	**$**	**$**	**$**	**$**
Trade payables and other current liabilities	495,091	413,498	9,397	-	72,196
Project contributions payable	62,546	62,546	-	-	-
Debt (1)	1,064,907	435,948	553,764	31,218	43,977
Lease liability	20,566	20,566	-	-	-
Total expected maturities	1,643,110	932,558	563,161	31,218	116,173

(1) $523,197 relates to convertible notes which are converted to special warrants on achievement of the FM and on the closing of the Transaction $405,978 will become an inter-group balance between the legal parent and legal subsidiary.

		Due prior to			
	Amount	**2021**	**2022**	**2023**	**2024+**
	$	**$**	**$**	**$**	**$**
Trade payables and other current liabilities	543,781	391,473	55,411	-	96,897
Project contributions payable	87,750	87,750	-	-	-
Debt	755,656	170,370	535,296	9,990	40,000
Finance lease	80,203	76,542	3,661	-	-
Total expected maturities	1,467,390	726,135	594,368	9,990	136,897

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company’s income (loss) or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

(Expressed in Canadian Dollars)

Capital management

The overall capitalization of the Company as at February 28, 2021 and November 30, 2020 was as follows:

	February 28, 2021 $	**November 30, 2020 $**
Total debt (excluding accrued interest)	**948,493**	709,036
Shareholders' deficiency	**(1,510,599)**	(1,376,402)
Total (negative) capitalization	**(562,106)**	(667,366)

Management is focused on several objectives while managing the capital structure of the Company, specifically:

- Ensuring the Company has the financing capacity to execute its business plan and meet its strategic objectives while capitalizing on opportunities that add value for the Company's shareholders;
- Maintaining a strong capital base; and
- Safeguarding the Company's ability to continue as a going concern, such that it provides returns for shareholders and benefits for other stakeholders.

Between September 2, 2020 and May 14, 2021, D5 closed three non-brokered private placements that realized net proceeds of $3,878,469 of which $2,210,000 has been advanced to the Company and the funds have been used to complete Aduro's commercialization path and a step to develop profitable operations. Included in the D5 private placements were share purchase warrants which include acceleration rights held by D5 and since the issue have raised $853,981 of additional capital.

15. SUPPLEMENTAL CASH FLOW INFORMATION

For the three months ended February 28, 2021 and February 29, 2020, the net change in non-cash working capital balances consists of the following:

	Three months ended February 28, 2021 $	**Three months ended February 28, 2020 $**
Trade and other receivables	**(10,620)**	6,457
Other current assets	**-**	2,609
Trade payables and other current liabilities	**(48,690)**	8,404
Contract liabilities	**(37,883)**	-
Project contributions payable	**(25,204)**	(4,500)
Net change in non-cash working capital balances	**(122,397)**	12,970

16. SUBSEQUENT EVENTS

Reverse acquisition closed on April 23 2021

On October 22, 2020, the Company entered into a securities exchange agreement (the "SEA") with the Company's security holders and D5. On April 5, 2021, an amendment agreement to the SEA was completed. On closing on April 23, 2021, the Company's security holders (the "TVs") sold their shares (the "TSs") to D5, meaning D5 has acquired all of the issued and outstanding TSs from the TVs. Alongside the closing of the Transaction, D5 completed a 3:1 consolidation (the "**Consolidation**") of its issued and outstanding common shares.

The TVs obtained as consideration at closing the following:

- 13,333,328 post-Consolidation shares (40,000,000 pre-Consolidation shares) (the "Consideration Shares") of D5 at a deemed post-Consolidation price of $0.15 (pre-Consolidation price of $0.05) per share to the TVs in specified amounts;
- 2,813,357 post-Consolidation (8,440,087 pre-Consolidation) share purchase warrants (the "Warrant") to be distributed pro rata in relation to the number of Consideration Shares allocated to each TV. Each Warrant is exercisable to acquire one common share of D5 (the "D5 Share") at a post-Consolidation price of $0.50 (pre-Consolidation price of $0.167) for a period of forty-eight (48) months after the date of Closing, subject to acceleration provisions in the event that D5's Share have a closing price on the Canadian Securities Exchange (or such other exchange on which the Company Share may be traded at such time) of a post-Consolidation price of $1 (pre-Consolidation price of $0.33) or greater per D5 Share for a period of ten (10) consecutive trading days at any time from the date that is four months and one day after the Closing and which shall contain a cashless exercise feature; and
- 26,666,656 post-Consolidation (80,000,000 pre-Consolidation) special warrants (the "SWs"), consisting of 13,333,328 post-Consolidation (40,000,000 pre-Consolidation) Class A special warrants (the "ASWs") and 13,333,328 post-Consolidation (40,000,000 pre-Consolidation) Class B special warrants (the "BSWs") at a deemed price equal to the D5's discounted share price (as defined), to the Company's special warrant trustee to be held in trust until distributed on the first milestone ("FM") achievement date to the:
  - TN holders, with the actual number of ASWs to be distributed being determined by application of the specified formula on the FM achievement date; and
  - TVs pro rata as specified, with the actual number of ASWs being determined after calculating the number of ASWs to be distributed to the TN holders and the actual number of BSWs to be distributed to each TV as specified.

  with the SWs being convertible for no additional cost into D5's shares on a one-for-one basis upon the later of the achievement of the FM in the case of the ASWs or the achievement of the second milestone ("SM") in the case of the BSWs, as applicable, and the distribution of the SWs by the Trustee.

Following the closing, D5's board consists of four directors, one being a current director of D5 as nominee of D5 and three being nominees of the Company, including the CEO of the Company. Including voting trust agreements in place, the voting rights of the pre-transaction owners of D5 was approximately 44% and approximately 56% of the voting rights are held by the pre-transaction owners of the Company. Based on the composition of the board of directors, the composition of key management personnel going forward and the voting rights of each control block, the Company was deemed to have obtained control and is the acquirer of the Company for accounting purposes. The Transaction will be accounted for as a reverse acquisition and as D5 did not meet the definition of a "business" under *IFRS 3 Business Combinations* so causing the Transaction to be treated as a share-based payment under IFRS 2 rather than a business combination. Accordingly, the results of the acquisition will be recognized from the date of closing.

Advances received from D5

Since March 1, 2021, D5 has advanced the Company $1,810,000 for working capital purposes.