Aduro Energy Inc.
Financial Statements
For the six months ended May 31, 2021
(Expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aduro Energy Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aduro Energy Inc. which comprise the statements of financial position as at May 31, 2021 and November 30, 2020, and the statements of loss and comprehensive loss, changes in deficiency and cash flows for the period and year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Aduro Energy Inc. as at May 31, 2021 and November 30, 2020 and its financial performance and its cash flows for the period and year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Aduro Energy Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Aduro Energy Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Aduro Energy Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Aduro Energy Inc.'s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Aduro Energy Inc.'s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Aduro Energy Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Aduro Energy Inc. to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
March 30, 2022

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

		May 31, 2021		November 30, 2020
Assets				
Current				
Cash and cash equivalents	$	**13,609**	$	9
Trade and other receivables (Note 6)		**63,521**		27,075
		77,130		27,084
Non–current				
Property and equipment (Note 7)		**55,825**		15,890
Right of use assets (Note 8)		**15,014**		62,857
Intangible assets (Note 9)		**21,232**		35,366
		92,071		114,113
	$	**169,201**	$	141,197
Liabilities				
Current				
Trade payables and other current liabilities (Note 10)	**$**	**427,394**	$	391,472
Bank overdraft		**-**		12,326
Contract liabilities		**-**		37,883
Project contributions payable (Note 11)		**12,138**		87,750
Lease liability – current portion (Note 13)		**12,610**		76,542
Debt - current portion (Note 12)		**891,956**		170,370
		1,344,098		776,343
Non–current				
Trade payables and other current liabilities (Notes 10)		**-**		152,309
Lease liability – non-current portion (Note 13)		**-**		3,661
Debt – non-current portion (Note 12)		**625,815**		585,286
		625,815		741,256
Deficiency				
Share capital (Note 14)		**254,943**		254,943
Contributed surplus (Note 14)		**15,226**		6,921
Accumulated deficit		**(2,070,881)**		(1,638,266)
		(1,800,712)		(1,376,402)
	$	**169,201**	$	141,197

Nature of operations and continuance of operations (Note 1)
Subsequent events (Note 24)

On behalf of the Board:

"Ofer Vicus", Director

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 six months ended May 31, 2021		For the year ended November 30, 2020
Revenue (Note 17)	$	**37,883**	$	42,468
Expenses				
Depreciation and amortization (Notes 7, 8 and 9)		**28,603**		57,214
Finance costs (Note 18)		**36,690**		57,667
Foreign exchange		**(13,668)**		(1,412)
General and administrative (Note 19)		**224,276**		222,542
Rental management		**-**		50,425
Research and development (Note 20)		**200,016**		116,507
		475,917		502,943
Loss before other items		**(438,034)**		(460,475)
Other items				
COVID 19 wage subsidy (Note 6)		**5,419**		24,590
Gain on settlement of debt		**-**		7,500
		5,419		32,090
Loss before income taxes		**(432,615)**		(428,385)
Income taxes (Note 21)		**-**		-
Net loss and comprehensive loss	$	**(432,615)**	$	(428,385)
Basic and diluted loss per share	$	**(0.31)**	$	(0.32)
Weighted average number of shares outstanding		**1,398,605**		1,342,045

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	-	-	-	-	-	(428,385)	(428,385)
Share-based payment expense (Note 14)	-	-	-	-	6,921	-	6,921
Shares issued	-	119,433	-	163,743	-	-	163,743
Shares cancelled	(38,133)	-	-	-	-	-	-
Balance, November 30, 2020	1,219,907	178,698	1,200	253,743	6,921	(1,638,266)	(1,376,402)
Net comprehensive loss	-	-	-	-	-	(432,615)	(432,615)
Share-based payment expense (Note 14)	-	-	-	-	8,305	-	8,305
Balance, May 31, 2021	**1,219,907**	**178,698**	**$ 1,200**	**$ 253,743**	**$ 15,226**	**$ (2,070,881)**	**$ (1,800,712)**

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

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

		For the six months ended May 31, 2021		For the year ended November 30, 2020
Operating Activities				
Net loss	$	**(432,615)**	$	(428,385)
Adjustments for:				
Depreciation and amortization (Notes 7, 8 and 9)		**28,603**		57,214
Finance costs (Note 18)		**34,546**		54,327
Gain of settlement of debt		**-**		(7,500)
Unrealized gain on derecognition of asset		**(369)**		-
Share-based payments (Note 14)		**8,305**		9,186
Unrealized foreign exchange		**(7,533)**		(4,565)
Change in non-cash working capital (Note 23)		**(266,198)**		144,980
Cash flow used in operating activities		**(635,261)**		(174,743)
Investing Activities				
Additions to property and equipment (Note 7)		**(10,789)**		(8,263)
Cash flow used in investing activities		**(10,789)**		(8,263)
Financing Activities				
Issuance of convertible notes (Note 12)		**-**		30,000
Proceeds from CEBA loan (Note 12)		**-**		40,000
Net proceeds from promissory notes and working capital advances (Note 12)		**717,986**		130,000
Repayment of working capital loan – BDC (Note 12)		**(6,106)**		(4,995)
Interest paid		**(6,284)**		(11,981)
Term loan repayment (Note 12)		**(2,377)**		-
Finance lease payments (Note 13)		**(31,243)**		(18,302)
Cash flows provided by financing activities		**671,976**		164,722
Increase (decrease) in cash		**25,926**		(18,284)
Cash and cash equivalents, (bank overdraft – net) beginning of year		**(12,317)**		5,967
Cash and cash equivalents, (bank overdraft – net), end of year	$	**13,609**	$	(12,317)
Supplementary Information:				
Class B shares issued to settle trade payables	**$**	**-**	$	161,478
Accrued lease payments transferred to lease liability		**-**		7,400
Term loan advance used to finance part of motor vehicle purchase (Notes 7 and 12)		**31,754**		-
Right of use asset and related lease liability removed on expiry of lease (Note 13)		**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 May 31, 2021, the Company has developed and owns six granted and pending patents (see Note 9). The registered and records office is located at Suite 1020, 50 Queen Street North, Kitchener, Ontario, Canada N2H 6M2.

On October 22, 2020, the Company entered into a securities exchange agreement (the "SEA") with the Company's security holders and Aduro Clean Technologies Inc. (formerly Dimension Five Technologies Inc.) ("ACT"). On April 5, 2021, an amendment agreement to the SEA was completed. On April, 23, 2021, the Company closed the transaction whereby the Company's security holders sold their shares to ACT such that all of the issued and outstanding common shares of the Company are now wholly owned by ACT (the **"Transaction"**). As consideration, the Company's security holders received:

- 13,333,328 common shares (the "Consideration Shares") of ACT at a deemed price of $0.15 per share distributed to the Company's security holders in specified amounts;
- 2,813,357 share purchase warrants (the "Warrants") distributed pro rata in relation to the number of Consideration Shares allocated to each security holder; and
- 26,666,656 special warrants (the "SWs"), consisting of 13,333,328 Class A special warrants (the "ASWs") and 13,333,328 Class B special warrants (the "BSWs") at a deemed price equal to the discounted share price (as defined) of ACT, initially held by the special warrant trustee and held in trust until distributed on the first milestone ("FM") achievement date to the:
    - convertible note holders, with the actual number of ASWs to be distributed being determined by application of the specified formula on the FM achievement date; and
    - to the other Company security holders pro rata as specified, with the actual number of ASWs being determined after calculating the number of ASWs to be distributed to the convertible note holders and the actual number of BSWs to be distributed to each Company security holder as specified.

  with the SWs being convertible for no additional consideration into ACT'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 special warrant trustee.

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. As at May 31, 2021, the Company had a deficit of $2,070,881 since inception and has incurred negative operating cash flows. Since the closing of the Transaction and going forward, the Company's activities will be financed by ACT. Between September 2, 2020 and May 14, 2021, ACT closed three non-brokered private placements that realized net proceeds of $3,878,469 meaning that ACT has at May 31, 2021 a cash balance of approximately $2.8 million. As described in Note 24, on January 18, 2022 the convertible notes issued by the Company were exchanged into common shares of ACT the result of which improves the Company's working capital position by $527,708 at May 31, 2021. Based on the cash availability in ACT to finance the Company's activities, management concludes that the Company has sufficient funds to fund its operations for the next twelve months. Ultimately the continuing operations of the Company are dependent upon generating profitable operations and obtaining funding, as required, to allow the Company to achieve its business objectives. While the Company's management believes that there are many financing opportunities available, there is no assurance that it will be able to successfully obtain additional financing as needed. These financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due and do not reflect any adjustments that would be necessary if the going concern basis was not appropriate.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Preparation of these financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity and areas where assumptions and estimates are significant to these financial statements are disclosed in Note 4.

These audited financial statements were authorized for issue by the Board of Directors on March 30, 2022.

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.

c) Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

a) Foreign currency transactions

The Canadian dollar is the Company's functional and presentation currency. Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to the functional currency at the exchange rate in effect on the statement of financial position date with any resulting foreign exchange gain or loss recognized in net income (loss).

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate in effect on the date of the transaction. Foreign currency gains and losses on transactions are reported on a net basis and recognized in foreign exchange under Expenses within Statements of Loss and Comprehensive Loss.

b) Financial instruments

All financial instruments are measured at fair value upon initial recognition of the transaction.

<u>Measurement</u>

Measurement in subsequent periods is dependent on whether the instrument is classified as "amortized cost", "fair value through profit or loss" or "fair value through other comprehensive income".

The Company derecognizes a financial asset when the contractual right to the cash flows from the asset expire or it transfers the right to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

All of the Company's financial assets and liabilities are classified as amortized cost.

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value, adjusted for any directly attributable transaction costs. Subsequent to initial recognition, trade and other receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method.

c) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

The costs of day-to-day servicing of property and equipment (i.e. repairs and maintenance) are recognized under Expenses in the Statements of Loss and Comprehensive Loss as incurred.

A summary of the expected life and residual values for the Company’s property and equipment as at May 31, 2021 and November 30, 2020 as follows:

	Expected Life	Residual Values
Motor vehicle	4 years	-
Computer equipment	5 years	-
Office equipment	10 years	-
Research equipment	20 years	-

Depreciation is calculated based on the cost of the asset, less its estimated residual value. Depreciation is recognized in the Statements of Loss and Comprehensive Loss on a straight-line basis over the estimated useful lives of each class of asset.

An item of property and equipment is derecognized when it is either disposed of or when it is determined that no further economic benefit is expected from the item’s future use or disposal. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal, less associated costs of disposal, with the carrying amount of property and equipment, and are recognized in Other Items within the Statements of Loss and Comprehensive Loss.

d) Identifiable intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses. Cost includes the purchase price and the directly attributable costs to bring the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. Finite life intangible assets are amortized on a straight-line basis over their useful lives. Intangible assets with an indefinite useful life are not amortized. Amortization commences when an asset is ready for its intended use. Estimates of remaining useful lives are reviewed annually.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date that the Company can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the intangible asset and use or sell it; (iii) its ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Until these criteria are met, expenditures are expensed as incurred.

(Expressed in Canadian Dollars)

A summary of the expected life and residual values for the Company's intangible assets as at May 31, 2021 and November 30, 2020 was as follows:

	Expected Life	**Residual Values**
Investor relations videos	5 years	-
Patent	20 years from day of filing	-

e) Right-of-use assets and lease liability

Effective December 1, 2019, the Company has adopted IFRS 16 using the modified retrospective approach with the effect of initially applying this standard at the date of application. See Note 4.

i) Prior to November 30, 2019

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to net income (loss) on a straight-line basis over the lease term. Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to net income (loss) over the lease year so as to produce a constant yearly rate of interest on the remaining balance of the liability for each year. Assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

ii) Effective December 1, 2019

Where the Company has entered a lease, the Company 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 right-of-use asset, where it relates to an operating lease, has been presented net of accumulated amortization and is disclosed under right-of-use assets on the statement of financial position. The right of use assets are depreciated over the shorter of the lease term and their estimated useful lives unless it is reasonably certain that the Company will obtain ownership at the end of the lease term, in which case, the estimated useful life of the asset is used. The lease liability has been disclosed as a separate line item, allocated between current and non-current liabilities. The lease liability associate with all leases is measured at the present value of the expected lease payments at inception and discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, the Company's incremental borrowing rate is used to discount the lease liability. Judgement is required to determine the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise: fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee; the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless the Company is reasonably certain not to terminate early. The Company has elected to not include non-lease components related to premises leases in the determination of the lease liability.

A summary of the expected life and residual values for the Company's right-of-use assets as at May 31, 2021 and November 30, 2020 was as follows:

	Expected Life	Residual Values
Motor vehicle	8 years	$36,350
Office lease	3 years	-

f) Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates a loss event has occurred after the initial recognition of the asset and the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is an indication of impairment. If an indication exists, then the asset's carrying amount is assessed for impairment. An impairment loss is recognized in net income (loss) if the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing fair value less costs to sell, the Company must estimate the price that would be received to sell the asset less any incremental costs directly attributable to the disposal. In assessing value in use, the estimated cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and the decrease in impairment loss can be objectively related to an event occurring after the impairment was recognized. An impairment loss is reversed 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. Such reversal is recognized in net income (loss).

g) Employee benefits

Share-based based compensation expense relates to stock options. The grant date fair value of stock options is measured using the Black-Scholes option pricing model and is recognized as an expense, with a corresponding increase in contributed surplus in equity, over the vesting period. The amount recognized as an expense is based on the estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. Upon exercise of stock options, the consideration paid by the holder is included in share capital and the related contributed surplus associated with the stock options exercised is reclassified into share capital.

Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based compensation arrangement or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

h) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost within the Statements of Loss and Comprehensive Loss. As at May 31, 2021, the Company did not have any provisions.

i) Share capital

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus. If shares are issued within the conversion option on convertible securities' exercise, the share capital account also comprise the equity component of any of the convertible securities. Common shares issued for consideration other than cash are valued based on the fair value at the date the common shares are issued.

j) Revenues from contracts with customers

Revenue is recognized at the point in time when the customer obtains control of the product and/or service. Control is achieved when a product is delivered to or the service is performed for the customer, the Company has a present right to payment for the product and/or service, significant risks and rewards of ownership have transferred to the customer according to contract terms and there is no unfulfilled obligation that could affect the customer's acceptance of the product and/or service. For contract services that last over a year, revenue is recognized over the duration of the contract.

k) Contract balances

Contract assets are recognized when goods or services are transferred to customers before consideration is received or before the Company has an unconditional right to payment for performance completed to date. Contract assets are subsequently transferred to receivables when the right of payment becomes unconditional. Contract liabilities are recognized when amounts are received from customers in advance of transfer of goods or services. Contract liabilities are subsequently recognized in revenue as or when the Company performs under contracts.

l) Government grants

Research and experimental development tax credits are recognized using the cost reduction method in the year that they are received by the Company. Investment tax credits are subject to the customary approvals by the pertinent tax authorities. Adjustments, if required, are reflected in the year when such assessments are received.

Government grants related to income are recognized under other items within Statements of Loss and Comprehensive Loss. The benefit of loans from government at a below market interest rate are measured and recognized as the difference between the amount expected to be received, less, when material, a discount to reduce the loan to fair value. The benefit amount is presented with the carrying value of the loans as debt in the Statements of Financial Position. The benefit amount is amortized over the repayment period of the loans using the effective interest method.

m) Finance costs

Finance costs comprise interest expense on borrowings, costs associated with securing debt instruments and unwinding of the discount on provisions.

n) Research and development

Research costs are expensed as incurred. Development costs are only capitalized when the product or process is clearly defined; the technical feasibility has been established; the future market for the product or process is clearly defined; and the Company is committed, and has the resources, to complete the project. During the six months ended May 31, 2021 and the year ended November 30, 2020, no development costs were deferred and accounted for as identified intangible assets.

o) Income tax

Income tax expense is comprised of current and deferred income taxes. Income tax is recognized in net income (loss) and other comprehensive income (loss) except to the extent that it relates to items recognized in equity on the consolidated statements of financial position. Current income tax is calculated using tax rates which are enacted or substantively enacted at the end of the reporting period. Deferred income taxes are recognized, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are determined using tax rates which are enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible balances can be utilized. All deferred tax assets are analyzed at each reporting period and reduced to the extent that it is no longer probable that the asset will be recovered.

p) Earnings (loss) per share

Earnings (loss) per share is computed by dividing the income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Under this method, the weighted average number of common shares used to calculate the dilutive effect in the Statements of Loss and Comprehensive Loss assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the period.

In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options and warrants would be anti-dilutive.

q) Operating segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other operating segments. All operating segments' results are reviewed regularly by senior management to make decisions about resources to be allocated to the operating segment and assess its performance. Operating segment results that are reported to senior management include items directly attributable to an operating segment as well as those that can be allocated on a reasonable basis. The Company has one reportable operating segment.

r) Standards adopted in the year

As at December 1, 2019, the Company adopted the following standards:

<u>IFRS 16 – Leases</u>

The Company has initially applied IFRS 16 Leases ("IFRS 16") from January 1, 2019 ("Initial Application") 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 right-of-use asset, where it relates to an operating lease, has been presented net of accumulated amortization and is disclosed under right-of-use assets. The lease liability has been disclosed as a separate line item, allocated between current and non-current liabilities. The Company has adopted IFRS 16 using the modified retrospective approach with the effect of initially applying this standard at the date of Initial Application. 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 the date of Initial Application.

(Expressed in Canadian Dollars)

The reconciliation of the lease liability as at December 1, 2019 is as follows:

	2020		
	Premises	**Vehicle**	**Total**
	$	**$**	**$**
Future aggregate minimum lease payments	49,044	13,000	62,044
Accrued lease payments	7,400	-	7,400
	56,444	13,000	69,444
Effect of including exercise price for purchase option	-	36,350	36,350
Effect of discounting at the incremental rate of borrowing	(5,234)	-	(5,234)
Effect of discounting at the implicit interest rate	-	(2,055)	(2,055)
Lease liability as at December 1, 2019	51,210	47,295	98,505

The incremental rate of borrowing and the implicit interest rate used in the determination of the lease liability were 8.45% and 3.92%, respectively.

s) New interpretations and amendments not yet adopted

A number of interpretations are not yet effective for the period ended May 31, 2021 and have not been applied in preparing these financial statements. The following new interpretations and amendments have been issued, but are not yet effective until financial years beginning on or after January 1, 2022, and may impact the Company in the future:

IAS 12 and IFRIC 23 – Income Taxes

IAS 12 currently provides guidance on current and deferred tax assets and liabilities however uncertainty may exist on how tax law applies to certain transactions. IFRIC 23 provides guidance on how to address this uncertainty related to tax treatments.

IAS 1 – Presentation of Financial Statements

IAS 1 has been amended to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period. An entity is required to apply this amendment for annual reporting periods beginning on or after January 1, 2023.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

IAS 8 amended the definition of material to reflect the changes outlined above under IAS 1.

IAS 16 – Property, Plant and Equipment

IAS 16 has been amended prohibiting a company from deducting from the cost of the property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognized such sales proceeds and related costs in profit (loss). An entity is required to apply these amendments for annual reporting periods beginning on or after January 1, 2022. The amendments are applied retrospectively only to items of property, plant and equipment that are available for use after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

4. 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/right of use assets/intangible assets

Property and equipment/intangible assets 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), d) and e). 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.

5. OPERATING SEGMENTS

Reportable Segments

The business is in the early stage 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 six months ended, May 31, 2021, 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 six months ended May 31, 2021, the revenues recognized were $37,883 and were earned from an industry partner relating to a laboratory services agreement. For the year ended November 30, 2020, revenue of

(Expressed in Canadian Dollars)

$42,468 was recognized for a short-term management services arrangement. The revenues provided cash flow for the Company's research and development activities.

For the six months ended May 31, 2021, the Company's total revenue was from one (year ended November 30, 2020 – 2) customer who was located in Canada.

6. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables as at May 31, 2021 and November 30, 2020 were as follows:

	May 31, 2021 $	**November 30, 2020 $**
Trade receivables	**-**	-
COVID19 wage subsidy	**-**	14,426
HST receivable	**63,521**	12,649
	63,521	27,075

On June 1, 2020 and November 30, 2020, the Company entered into industrial research assistance program contribution agreements (the "CAs") with the National Research Council of Canada (the "NRC") whereby the NRC contributed COVID 19 wage subsidy funding of $10,164 and $14,426, respectively. The CAs terminate five years after the project completion dates and the NRC has the right to conduct compliance audits during that time. $14,426 was received on December 24, 2020.

The Company's exposure to credit risk related to trade and other receivables is disclosed in Note 22.

7. PROPERTY AND EQUIPMENT

The following table summarizes the Company's property and equipment as at May 31, 2021 and November 30, 2020:

	Motor Vehicle $	**Computer Equipment $**	**Office Equipment $**	**Research Equipment $**	**Total $**
Cost:					
Balance at November 30, 2019	-	5,226	5,051	8,602	18,879
Additions	-	-	-	8,263	8,263
Balance at November 30, 2020	-	5,226	5,051	16,865	27,142
Additions	38,151	4,391	-	-	42,542
Balance at May 31, 2021	**38,151**	**9,617**	**5,051**	**16,865**	**69,684**
Accumulated depreciation:					
Balance at November 30, 2019	-	5,226	4,465	862	10,553
Charge	-	-	269	430	699
Balance at November 30, 2020	-	5,226	4,734	1,292	11,252
Charge	2,384	(299)	66	456	2,607
Balance at May 31, 2021	**2,384**	**4,927**	**4,800**	**1,748**	**13,859**
Carrying amounts:					
At November 30, 2020	-	-	317	15,573	15,890
At May 31, 2021	**35,767**	**4,690**	**251**	**15,117**	**55,825**

As at May 31, 2021, the Company had not identified any impairment indicators.

(Expressed in Canadian Dollars)

8. RIGHT OF USE ASSETS

The following table summarizes the Company's right of use assets as at May 31, 2021 and November 30, 2020:

	Motor Vehicle $	Office Lease $	Total $
Cost:			
Balance at December 1, 2019	72,411	57,592	130,003
Additions	-	-	-
Balance at November 30, 2020	72,411	57,592	130,003
Additions	-	-	-
Removed on expiry of lease	(72,411)	-	(72,411)
Balance at May 31, 2021	**-**	**57,592**	**57,592**
Accumulated depreciation:			
Balance at December 1, 2019	25,116	13,782	38,898
Charge	9,051	19,197	28,248
Balance at November 30, 2020	34,167	32,979	67,146
Charge	2,263	9,599	11,862
Removed on expiry of lease	(36,430)	-	(36,430)
Balance at May 31, 2021	**-**	**42,578**	**42,578**
Carrying amounts:			
At November 30, 2020	38,244	24,613	62,857
At May 31, 2021	**-**	**15,014**	**15,014**

The office lease was for the Company's research office located at the Western Sarnia-Lambton Research Park in Sarnia, Ontario. The Company's research equipment is located at the premises.

9. INTANGIBLE ASSETS

The following table summarizes the Company's intangible assets as at May 31, 2021 and November 30, 2020:

	Investor Relations Videos $	Patent $	Total $
Cost:			
Balance at November 30, 2019	45,255	76,858	122,113
Additions	-	-	-
Balance at November 30, 2020	45,255	76,858	122,113
Additions	-	-	-
Balance at May 31, 2021	**45,255**	**76,858**	**122,113**
Accumulated amortization:			
Balance at November 30, 2019	20,050	38,430	58,480
Amortization	9,052	19,215	28,267
Balance at November 30, 2020	29,102	57,645	86,747
Amortization	4,527	9,607	14,134
Balance at May 31, 2021	**33,629**	**67,252**	**100,881**

(Expressed in Canadian Dollars)

Carrying amounts:			
At November 30, 2020	16,153	19,213	35,366
At May 31, 2021	**11,626**	**9,606**	**21,232**

At May 31, 2021, the Company had not identified any impairment indicators.

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 (the "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. See Note 14.

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

(Expressed in Canadian Dollars)

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 May 31, 2021, the Company had incurred $466,010 in patent development costs.

10. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

The Company's trade payables and other current liabilities as at May 31, 2021 and November 30, 2020 were as follows:

	May 31, 2021 $	**November 30, 2020 $**
Accounts payable (3)	**324,502**	253,853
Accrued liabilities	**38,646**	193,031
Advances payable (1)	**20,000**	60,675
Due to related parties (Note 15) (1)	**44,246**	36,222
	427,394	543,781
Less: Current portion (2) (3)	**427,394**	391,472
Non-current portion (2) (3)	**-**	152,309

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

(2) Of the $152,309, $29,137 relates to an agreement amendment on September 1, 2020, where the Company agreed to settle the outstanding balance of $46,000 with monthly payments of $3,500 made until December 1, 2020 or January 1, 2021 and the remaining balance in monthly payments no later than May 1, 2022. As at May 31, 2021, the balance was $14,000 and was included in the $427,394 making up the current portion.

(3) Of the $152,309, $26,274 relates to an agreement with a professional services provider where the outstanding balance of US$70,866 as at September 3, 2020 will be repaid over a period of 20 months. As at May 31, 2021, the remaining unpaid balance of US$42,137 relating to the US$70,866 was included in the current portion. The balances as at May 31, 2021, of US$90,968 ($109,351) and November 30, 2020, of US$70,866 ($91,877) were included in accounts payable.

The Company's exposure to foreign exchange and liquidity risk related to trade payables and other current liabilities is disclosed in Note 22.

11. PROJECT CONTRIBUTIONS PAYABLE

On September 21, 2016, the Company entered into an Ontario Centres of Excellence Funding Agreement (the "OCEFA") with a private company in Ontario ("GSA") and the University of Western Ontario ("UWO") whereby the parties engaged in the project titled, "*Hydrothermal Upgrading of Non-Food Corn Oil into High Value Alternative Fuels*" (the "Project"). The Project was for a period of two years, commencing on October 1, 2016 and ending on September 30, 2018 with a $280,000 cash contribution being required from both the Company and GSA of which the Company's share was $93,760. The Company paid its portion of the cash contribution in quarterly instalments of $11,720. The balance outstanding as at November 30, 2020 was $nil.

On December 6, 2016, the UWO submitted a grant application to the Natural Sciences and Engineering Research Council of Canada ("NSERC") requesting a three-year, $448,000 collaborative research and development ("CRD") grant for the Project, with a $280,000 cash commitment being required from the Company and GSA.

On June 6, 2017, the Company received from GSA $136,250, being the final payment required for NSERC's funding participation in the Project and this amount was retained by the Company. On November 1, 2019, pursuant to the UWO having obtained an NSERC CRD grant extending the Project and requiring the Company to provide matching funds in contribution to the grant, the Company and the UWO entered into an amending agreement to the OCEFA whereby they agreed to continue their research collaboration under the same terms as the OCEFA and the term was extended to December 30, 2020. Between November 2019 to November 2020, the Company paid UWO $48,500 from the retained NSERC's funding participation in the Project. The balance recognized and outstanding as at May 31, 2021 was $12,138 (November 30, 2020 - $87,750).

(Expressed in Canadian Dollars)

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 follows: $13,000 as previously invoiced and $12,602 from December 1, 2020 to September 1, 2021. As at May 31, 2021, the Company's commitment under this payment schedule was $62,148 of which $12,138 will come from the retained NSERC's funding participation in the Project.

The Company's exposure to liquidity risk related to project contributions payable is disclosed in Note 22.

12. DEBT

As at May 31, 2021 and November 30, 2020, the Company's debt instruments were as follows:

	May 31, 2021 $	November 30, 2020 $
Working capital loan – BDC	**58,829**	64,935
Accrued interest - working capital loan – BDC	**397**	3,563
Canada Emergency Business Account ("CEBA")	**40,000**	40,000
ACT promissory notes and working capital advances	**847,986**	130,000
Accrued interest - ACT promissory notes	**13,474**	1,842
Convertible notes	**388,724**	393,898
Accrued interest – convertible notes	**138,984**	121,418
Term loan	**29,377**	-
Total debt	**1,517,771**	755,656
Less current portion:		
Working capital loan – BDC	**19,980**	34,965
Accrued interest - working capital loan – BDC	**397**	3,563
ACT promissory notes and working capital advances	**847,986**	130,000
Accrued interest - ACT promissory notes	**13,474**	1,842
Term loan	**10,119**	-
Total current portion	**891,956**	170,370
Total non-current portion	**625,815**	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 dated September 8, 2020. The Amending Letter outlined the new repayment amounts and repayment dates together with a new maturity date of May 8, 2024. The working capital loan will be repaid by 32 monthly principal payments of $1,665 with a final payment of $554 on May 8, 2024. As at May 31, 2021, the BDC's floating base rate was 4.55% (November 30, 2020 - 4.55%) and the interest rate was 7.99% (November 30, 2020 - 7.99%).

CEBA

On April 20, 2020, the Company received, through TD Bank Canada Trust, a $40,000 loan. 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.

<u>ACT promissory notes and working capital advances</u>

Between August 7, 2020 and March 5, 2021, the Company issued eight promissory notes to ACT for a total of $500,000 of which was advanced and outstanding as at May 31, 2021 (November 30, 2020 - $130,000). Of the $500,000, $370,000 was advanced during the period December 1, 2020 and March 5, 2021. The advances were made on the following conditions:

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

On the closing of the Transaction (Note 1), the Company became a legal subsidiary of ACT and therefore the debt under the promissory notes was between a parent and a wholly owned subsidiary. Since the closing, the Company's activities were financed by ACT and there were no conditions attached to these working capital advances. Between April 27, 2021 and May 31, 2021, ACT advanced $410,000 to the Company for working capital purposes of which $62,014 was repaid on May 31, 2021.

In August 2020, ACT paid the $11,300 retainer for the Company's audit for the year ended November 30, 2019. This amount is included in trade payables at May 31, 2021 and November 30, 2020.

<u>Convertible notes</u>

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 (May 31, 2021 - $73,724; November 30, 2020 - $78,898) from the Company. The CNs bear interest at 8.5% 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 15.

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 (the "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 Company completes the Transaction and the First Milestone ("FM") is achieved, on the FM achievement date, each CN will automatically convert into the number of special warrants as determined by the specified formula under the Amendment. 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.

(Expressed in Canadian Dollars)

On January 18, 2022, the FM was achieved which resulted in the outstanding balance on the convertible notes being converted into common shares. The convertible notes holders received 1,032,207 common shares in settlement of the $558,722 outstanding balance on the notes as of January 18, 2022. (Note 24).

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 22.

Scheduled principal and accrued interest payments

As at May 31, 2021, the scheduled principal and accrued interest until maturity were as follows:

	Working Capital Loan – BDC	**CEBA**	**ACT Promissory Notes and Working Capital Advances**	**Term Loan**	**Convertible Notes**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
2022	20,377	-	861,460	10,119	-	891,956
2023	19,980	-	-	9,821	527,708	557,509
2024	18,869	-	-	9,437	-	28,306
2025	-	40,000	-	-	-	40,000

(Expressed in Canadian Dollars)

Debt continuity

The net change in debt during the six months ended May 31, 2021 and year ended November 30, 2020, was as follows:

	May 31, 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 – ACT promissory notes	**370,000**	130,000
Proceeds received – ACT working capital advances	**410,000**	-
Repayments – working capital loan - BDC	**(6,106)**	(4,995)
Repayments – ACT working capital advances	**(62,014)**	-
Repayments – term loan	**(2,377)**	-
Repayment - accrued interest – working capital loan - BDC	**(3,166)**	-
Non-cash changes:		
Term loan advance to purchase vehicle	**31,754**	-
Accrued interest – convertible notes	**19,796**	36,941
Accrued interest – working capital loan - BDC	**-**	3,563
Accrued interest – ACT promissory notes	**11,632**	1,842
Changes in foreign exchange rate	**(7,404)**	(1,970)
Ending balance	**1,517,771**	755,656

13. LEASE LIABILITY

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	May 31, 2021 $	**November 30, 2020 $**
Undiscounted minimum lease payments:		
Less than one year	12,950	41,834
Two to three years	-	3,700
	12,950	45,534
Effect of discounting	(340)	(1,681)
Present value of minimum lease payments	12,610	43,853
Purchase price option	-	36,350
Total lease liability	12,610	80,203
Less: current portion	12,610	76,542
Non-current portion	-	3,661

(Expressed in Canadian Dollars)

The net change in the lease liability is as follows:

	Six months ended May 31, 2021 $	**Year ended November 30, 2020 $**
Balance at beginning of period	80,203	98,505
Cash flows:		
Principal payments	(31,243)	(18,302)
Non-cash items:		
Purchase option price expired at the end of lease	(36,350)	-
Balance at end of period	12,610	80,203

During the six months ended May 31, 2021, interest expense of $1,341 (year ended November 30, 2020, - $4,664) was recognized and included in finance costs (Note 18). The lease payments made during the six months ended May31, 2021 were $32,584 (year ended November 30, 2020, - $22,966)

The Company's exposure to liquidity risk related to lease liability is disclosed in Note 22.

14. SHARE CAPITAL

<u>Shares</u>

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 Company 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. On the closing of the Transaction, the USA was terminated.

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

As at May 31, 2021, and November 30, 2020, the Company has issued share capital of:

- 1,219,907 Class A common shares; and
- 178,698 Class B common shares.

As at May 31, 2021, all the issued and outstanding shares of the Company were held by ACT.

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 9) 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 six months ended May 31, 2021, an expense of $8,305 (year ended November 30, 2020 - $6,921) has been recognized with the credit going to contributed surplus.

On January 11, 2021, the Company entered into new CAs with the consultants whereby they were engaged to provide the same services. As compensation for providing these services, the Company will issue 4,000 Class A common shares to one consultant and 400 Class A common shares to the other consultant, with the shares being granted on the one-year anniversary of the commencement date. The term of the CAs is for a period of 12 months commencing on February 1, 2021, unless sooner terminated. The CAs can be terminated by either party giving 30 days written notice to the other and they can be formally renewed if permitted by the Institute that employs the consultants.

<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 May 31, 2021, and November 30, 2020, there were no stock options outstanding.

<u>Warrants</u>

As at May 31, 2021, and November 30, 2020, there were no warrants outstanding.

15. 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.

(Expressed in Canadian Dollars)

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 six months ended May 31, 2021 and the year ended November 30, 2020 compensation of key management personnel was as follows:

	Six months ended May 31, 2021 $	Year ended November 30, 2020 $
Salary and related costs	**31,530**	47,225
Professional fees	**8,000**	-

As at May 31, 2021 and November 30, 2020 due to related parties was comprised of the following:

	May 31, 2021 $	November 30, 2020 $
Due to key management personnel	**44,246**	36,222

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

As at May 31, 2021, for the CNs, the Company had principal of US$4,200 (November 30, 2021 - US$4,200) and interest payable of US$4,549 (November 30, 2021 - US$4,275) outstanding to one of the key management personnel. Accrued interest on this CN for the six months ended May 31, 2021, was $332 (year ended November 30, 2020 - $708).

16. 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 May 31, 2021, $14,000 (November 30, 2020 – $39,000) was included in accounts payable and the final payment was made in August 26, 2021.

OCEFA

As outlined in Note 11, 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 31, 2021 and the monthly payment schedule was amended. As at May 31, 2021, the Company's commitment under this payment schedule was $62,148 of which $12,138 will come from the retained NSERC's funding participation in the Project leaving the Company with a commitment of $50,010 that must be paid before December 1, 2021. Subsequently, the Company's commitment under this payment schedule was completed and as at the date of these financial statements, no further payments are required.

(Expressed in Canadian Dollars)

17. REVENUE

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

	Six months ended May 31, 2021 $	Year ended November 30, 2020 $
Cleantech	**37,883**	-
Rental management	**-**	42,468
	37,883	42,468

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 with an expected completion date of November 30, 2019. The LSA will remain in force and effect until the completion date unless sooner terminated.

The total projected cost of the project services is $126,279 with payments being made by CEI upon completion of the following milestones:

- Milestone 1 – Agreement execution (40%, being $50,512);
- Milestone 2 – Retrofit and commissioning of HTU unit complete (30%, being $37,883);
- Milestone 3 – Runs complete and sample shipped (15%, being $18,942); and
- Milestone 4 – Delivery of final report (15%, being $18,942).

As at November 30, 2020, CEI had paid for Milestones 1 and 2 and only Milestone 1 was complete. Revenue is recognized on the completion of the milestone and when collection is probable.

In January 2021, the LSA was amended and restated whereby the completion date was extended to December 15, 2021 and the milestones were revised as follows: Milestone 1 (40%), Milestone 2 (30 %), Milestone 3 (10%), Milestone 4 (5%) and Milestone 5 (15%). On January 31, 2021, CEI confirmed the completion of Milestone 2 and the Company recognized revenue of $37,883.

18. FINANCE COSTS

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

	Six months ended May 31, 2021 $	Year ended November 30, 2020 $
Bank charges and interest	**2,144**	4,724
Lease finance charges (Note 13)	**1,341**	4,664
Interest on debt:		
Working capital loan – BDC (Note 12)	**738**	8,231
Convertible notes (Note 12)	**19,796**	36,941
CEBA (Note 12)	**518**	628
Term loan	**521**	-
ACT promissory notes (Note 12)	**11,632**	1,842
Other finance costs	**-**	637
Total finance costs	**36,690**	57,667

(Expressed in Canadian Dollars)

19. GENERAL AND ADMINISTRATIVE

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

	Six months ended May 31, 2021 $	Year ended November 30, 2020 $
Advertising and promotion	**6,553**	8,049
Automobile	**3,834**	16,895
Office and general	**5,996**	9,857
Other	**3,256**	-
Professional fees	**191,163**	167,885
Travel	**2,687**	4,075
Salary and related costs	**10,787**	15,781
Total general and administrative	**224,276**	222,542

20. RESEARCH AND DEVELOPMENT

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

	Six months ended May 31, 2021 $	Year ended November 30, 2020 $
Payments to BIC – project development costs	**30,050**	-
Professional fees – patent development costs	**55,249**	76,165
Subcontractor costs	**-**	4,350
Salary and related costs	**106,412**	51,857
Consulting fees (Note 14)	**8,305**	6,921
Purchase Price Payable settlement (Note 9)	**-**	2,265
Investment tax credits received	**-**	(25,051)
Total research and development	**200,016**	116,507

The Company received in May 2020 investment tax credits of $18,241 and $6,810 relating to the years ended November 30, 2018 and 2019, respectively. These amounts were recognised in the year ended November 30, 2020, as the amounts were received during this period.

(Expressed in Canadian Dollars)

21. INCOME TAXES

The following provides a reconciliation of loss before income taxes to total income taxes recognized in the Statements of Loss and Comprehensive Loss:

	Six months ended May 31, 2021 $	**Year ended November 30, 2020 $**
Loss before income taxes	**(432,615)**	(428,385)
Statutory rate	**27.00%**	27.00%
Expected income tax recovery	**(116,806)**	(115,664)
Deductible and non-deductible items	**(1,779)**	22,530
Unrecognized benefit of non-capital losses	**118,585**	93,134
Total income taxes	**-**	-

As at May 31, 2021 and November 30, 2020, the nature of the Company's temporary differences was as follows:

	May 31, 2021 $	**November 30, 2020 $**
Tax loss carry forwards	**1,612,000**	1,173,000
Property and equipment and intangible assets	**(71,000)**	(100,000)
Investment tax credit	**(11,000)**	(11,000)
Finance costs	**(18,000)**	19,000
Valuation allowance	**(1,512,000)**	(1,081,000)
Total deductible temporary differences not recognized	**-**	-

As at November 30, 2020, the Company has accumulated non-capital losses for the Canadian income tax purposes totalling approximately $1,612,000 (November 30, 2020 - $1,173,000). The losses expire in the following periods:

	Year of Origin	**Year of Expiry**	**Amount $**
	2013	2033	56,000
	2014	2034	47,000
	2015	2035	75,000
	2016	2036	-
	2017	2037	150,000
	2018	2038	282,000
	2019	2039	209,000
	2020	2040	354,000
	2021	2041	439,000
Total tax loss carry forwards			1,612,000

(Expressed in Canadian Dollars)

22. 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 six months ended May 31, 2021 and the year ended November 30, 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. US dollar financial instruments subject to foreign exchange risk are summarized below. The Company has assessed the risk and decided not to hedge the risk.

(US$)	**May 31, 2021 $**	**November 30, 2020 $**
Cash and cash equivalents	**(2,949)**	-
Trade payables	**87,226**	90,201
Due to related parties	**1,500**	1,500
Convertible notes	**60,797**	60,797
Accrued interest – convertible notes	**36,429**	33,555
Net US dollar exposure	**183,003**	186,053

As at May 31, 2021, with other variables unchanged, a $0.10 change in the Canadian dollar against the US dollar would result in a $18,300 pre-tax loss (November 30, 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 May 31, 2021 was $13,609 (November 30, 2020 - $9).

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. For the six months ended May 31, 2021, the Company impaired $nil in trade receivables (November 30, 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.

(Expressed in Canadian Dollars)

The table below provides an analysis of the expected maturities of the Company's outstanding obligations as at May 31, 2021 and November 30, 2020:

	Amount	Due prior to 2022	2023	2024	2025+
	$	$	$	$	$
Trade payables and other current liabilities	427,394	427,394	-	-	-
Project contributions payable	12,138	12,138	-	-	-
Debt (Note 12) (1) (2)	1,517,771	891,956	557,509	28,306	40,000
Lease liability	12,610	12,610	-	-	-
Total expected maturities	1,969,913	1,344,098	557,509	28,306	40,000

	Amount	Due prior to 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 (Note 12) (1) (2)	755,656	170,370	535,296	9,990	40,000
Lease liability	80,203	76,542	3,661	-	-
Total expected maturities	1,467,390	726,135	594,368	9,990	136,897

(1) On January 18, 2022, the FM was achieved meaning that the balance on the convertible notes was converted into common shares. Included in the $1,517,771 (November 30, 2020; $755,656) was $527,708 (November 30, 2020; $515,316) related to convertible notes and ultimately was converted into common shares.

(2) Included in the $1,517,771 (November 30, 2020; $755,656) was $861,460 (November 30, 2020; $131,842) related to outstanding net advances from ACT and accrued interest. Following the closing of the Transaction), the Company became a legal subsidiary of ACT and therefore this debt is between a parent and a wholly owned subsidiary.

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.

Capital management

The overall capitalization of the Company as at May 31, 2021 and November 30, 2020 was as follows:

	May 31, 2021	November 30, 2020
	$	$
Total debt (excluding accrued interest)	**1,377,526**	709,036
Shareholders' deficiency	**(1,800,712)**	(1,376,402)
Total (negative) capitalization	**(423,186)**	(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

(Expressed in Canadian Dollars)

- Safeguarding the Company's ability to continue as a going concern, such that it provides returns for shareholders and benefits for other stakeholders.

Following the closing of the Transaction, included in total debt of $1,377,526 (November 30, 2020 - $709,036) was $847,986 (November 30, 2020 - $130,000) related to outstanding net advances from ACT. Following the closing of the Transaction, the Company became a legal subsidiary of ACT and therefore this debt is between a parent and a wholly owned subsidiary. On January 18, 2022, on the achievement of the FM, the convertible notes were converted into common shares. Included in the $1,377,526 (November 30, 2020 - $709,036) was $527,708 (November 30, 2020; $515,316) related to convertible notes which were ultimately converted into common shares in January 2022.

23. SUPPLEMENTAL CASH FLOW INFORMATION

For the six months ended May 31, 2021 and the year ended November 30, 2020, the net change in non-cash working capital balances consists of the following:

	Six months ended May 31, 2021 $	**Year ended November 30, 2020 $**
Decrease (increase) in current assets:		
Trade and other receivables	**14,426**	(7,463)
Other current assets	**-**	11,519
Increase (decrease) in current liabilities:		
Trade payables and other current liabilities	**(134,606)**	169,399
Contract liabilities	**(37,883)**	-
Advances payable	**-**	9,500
Due to related parties	**(32,523)**	6,025
Project contributions payable	**(75,612)**	(44,000)
Net change in non-cash working capital balances	**(266,198)**	144,980

24. SUBSEQUENT EVENTS

First Milestone achievement

On January 18, 2022, the FM as set under the SEA (Note 1) was achieved as a result of the successful review and independent validation of the Company’s patented chemical conversion technology by Doctor Paul Charpentier, an expert in environmentally-friendly and alternative energy applications. With the achievement of the FM, the 26,666,656 SWs of ACT previously issued to the special warrants trustee were distributed as follows:

(i) Class A special warrants

The 13,333,328 ASWs on distribution were automatically converted on a one-for-one basis into common shares of ACT for no additional consideration. The convertible note holders received 1,032,207 common shares in settlement of the $558,722 outstanding balance on the convertible notes and the former Company security holders received 12,301,121 common shares.

(ii) Class B special warrants

The 13,333,328 BSWs were issued to the former Company security holders in accordance with the terms of the SEA. The BSWs are convertible into common shares for no additional consideration on a one-for-one basis when the SM under the SEA, is achieved.

Lease on Company's research office located at the Western Sarnia-Lambton Research Park in Sarnia, Ontario

On September 1, 2021, the first amendment agreement to the lease dated March 1, 2019 was made whereby the landlord leased additional outdoor storage space (the "Storage Space") to the Company for a monthly rent of $910. On February 22, 2022, the Company and the landlord entered into a second amendment agreement (the "Second Amendment") extending the term on the Company's research office until March 1, 2023 and to September 1, 2022 for the Storage Space. Under the Second Amendment, the monthly rent will be $2,843 starting March 1, 2022 until September 1, 2022 and $1,905 from September 1, 2022 to March 1, 2023.

Extension of term of the CSA

On March 15, 2022, the Company and BIC agreed to extend the end-date of the CSA from March 31, 2022, to January 31, 2023. No other terms of the CSA were amended or changed.