Zinc8 Energy Solutions Inc.

Condensed Interim Financial Statements
For the Three Months Ended March 31, 2021 and 2020

(Unaudited - expressed in Canadian Dollars)

Zinc8 Energy Solutions Inc.

NOTICE OF NO AUDITOR REVIEW OF

CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the Company and all information contained in the report have been prepared by and are the responsibility of the Company's management.

The Audit Committee of the Board of Directors has reviewed the condensed interim financial statements and related financial reporting matters.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

Zinc8 Energy Solutions Inc.
Condensed Interim Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)

	Note	March 31, 2021	December 31, 2020
		$	$
Assets			
Current Assets			
Cash		16,618,153	1,576,581
Prepaid and deposits		173,382	97,824
Amounts receivable		72,614	46,485
		16,864,149	1,720,890
Non-Current Assets			
Equipment	**5**	525,914	510,589
Intangible assets	**4**	4,950,134	4,950,134
		5,476,048	5,460,723
Total Assets		22,340,197	7,181,613
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities		1,244,461	1,253,641
Loans payable	**13**	-	60,000
Lease liability – short term		95,357	78,785
		1,339,818	1,392,426
Lease liability – long term	**8**	29,769	61,000
Total Liabilities		1,369,587	1,453,426
Shareholders' Equity (deficiency)			
Share capital	**6**	37,769,563	21,437,511
Subscriptions received		-	15,500
Contributed surplus	**6**	2,876,217	2,098,703
Deficit		(19,675,170)	(17,823,527)
		20,970,610	5,728,187
Total Liabilities and Shareholders' Equity		22,340,197	7,181,613

Nature of operations (Note 1)
Contingencies (Note 10)
Subsequent events (Note 15)

Approved and authorized by the Board on May 31, 2021

"Ron MacDonald"	Director	*"Charn Deol"*	Director
Ron MacDonald		Charn Deol	

The accompanying notes are an integral part of these condensed interim financial statements

Zinc8 Energy Solutions Inc.
Condensed Interim Statements of Loss and Comprehensive Loss
For the Three Months Ended March 31, 2021 and 2020
(Unaudited - expressed in Canadian Dollars)

	Note	2021	2020
		$	**$**
Revenue			
Grant Revenue		-	1,109,706
Expenses			
Amortization	**5**	47,574	9,969
General and administrative		68,867	92,827
Interest		26,821	63,109
Filing and listing fees		83,041	33,606
Management fees	7	137,158	96,000
Marketing		258,110	249,015
Payroll	**7**	66,941	59,529
Professional fees		43,256	22,511
Research and development		1,084,793	525,726
Rent		31,551	53,307
Share-based compensation	6	8,544	963,547
Travel		3,987	19,685
		1,860,643	2,188,831
Loss before other items		(1,860,643)	(1,079,125)
Other Items:			
Disposal of asset		9,000	-
Gain on debt settlement		-	3,736,152
Net and Comprehensive income/(loss) for the period		**(1,851,643)**	**2,657,027**
Basic and diluted loss per share		(0.01)	0.04
Weighted average shares outstanding		127,466,872	63,276,187

Zinc8 Energy Solutions Inc.
Condensed Interim Statements of Changes in Equity
For the Three Months Ended March 31, 2021 and 2020
(Unaudited - expressed in Canadian Dollars)

	Common shares	Share Capital	Contributed Surplus	Subscriptions received in advance	Deficit	Total
	#	$	$	$	$	$
Balance, December 31, 2019	**47,123,529**	**13,906,838**	**975,902**	**-**	**(15,779,705)**	**(896,965)**
Shares issued pursuant to:						
Private Placement	27,879,513	3,066,746	-	-	-	3,066,746
Subscriptions received in advance	-	(21,000)	-	-	-	(21,000)
Share Issue costs	-	(186,893)	-	-	-	(186,893)
Brokers warrants	-	(128,469)	128,469	-	-	-
Warrants exercised	1,576,199	261,420	-	-	-	261,420
Share-based compensation	-	-	963,547	-	-	963,547
Net income for the period	-	-	-	-	2,657,027	2,657,027
Balance, March 31, 2020	**76,579,241**	**16,898,642**	**2,067,918**	**-**	**(13,122,678)**	**5,843,882**
Balance, December 31, 2020	**105,222,567**	**21,437,511**	**2,098,703**	**15,500**	**(17,823,527)**	**5,728,187**
Shares issued pursuant to:						
Private Placement	28,750,000	14,635,406	889,594	-	-	15,525,000
Share Issue costs	-	(1,014,230)	-	-	-	(1,014,230)
Warrants exercised	15,390,690	2,537,383	(35,030)	(15,500)	-	2,486,853
Options exercised	400,983	173,493	(85,594)	-	-	87,899
Share-based compensation	-	-	8,544	-	-	8,544
Net income for the period	-	-	-	-	(1,851,643)	(1,851,643)
Balance, March 31, 2021	**149,764,240**	**37,769,563**	**2,876,217**	**-**	**(19,675,170)**	**20,970,610**

Zinc8 Energy Solutions Inc.
Condensed Interim Statements of Cash Flows
For the Three Months Ended March 31, 2021 and 2020
(Unaudited - expressed in Canadian Dollars)

	2021	2020
	$	$
Cash provided by (used in):		
Operating activities		
Net income (loss) for the period	(1,851,643)	2,657,027
Items not affecting cash:		
Amortization	47,574	9,969
Accrued interest	-	61,464
Gain on debt settlement	-	(3,736,152)
Share-based compensation	8,544	963,547
Changes in non-cash working capital items:		
Prepaid expense	(75,558)	54,197
Amounts receivable	(26,129)	23,010
Accounts payable and accrued liabilities	(9,180)	(134,061)
Net cash used in operating activities	(1,906,392)	(100,999)
Investing activity		
Purchase of equipment	(62,899)	(32,126)
Net cash from investing activity	(62,899)	(32,126)
Financing activities		
Proceeds from Private placement	15,525,000	3,045,746
Share issue costs	(1,014,230)	(186,893)
Warrant exercises	2,486,853	261,420
Option exercise	87,899	-
Lease payments	(14,659)	-
Advances payable	-	(173,671)
Loan repayment	(60,000)	(260,000)
Net cash from financing activities	17,010,863	2,686,602
Change in cash for the period	15,041,572	2,553,477
Cash, beginning of period	1,576,581	86,499
Cash, end of period	16,618,153	2,639,976
Supplemental information	**$**	**$**
Interest paid	26,821	-
Taxes paid	-	-

The accompanying notes are an integral part of these condensed interim financial statements

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Zinc8 Energy Solutions Inc. (Formerly, MGX Renewables Inc.) ("Zinc8" or the "Company") was incorporated on December 8, 2011 in Canada under the legislation of the Province of British Columbia. Zinc8's head office is located at Unit 1 – 8765 Ash Street, Vancouver, BC, V6P 6T3, Canada. Zinc8 is a development-stage company and in the process of developing zinc-air batteries. The Company's shares trade on the Canadian Stock Exchange ("CSE").

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus ("COVID-19"). The Company continues to operate and move its business activity forward at this time. While the impact of Covid-19 is expected to be temporary, the current circumstances are dynamic and the impacts of Covid-19 on business operations cannot be reasonable estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2021.

At the date of the statements, the Company has not yet realized profitable operations and it has relied on non-operational sources of financing to fund operations. The ability of the Company to achieve its objectives, meet its ongoing obligations and recover its investment in its technology and assets will depend on management's ability to successfully execute its business plan, achieve profitable operations and obtain additional financing, if or when required. There is no assurance that these initiatives will be successful.

These condensed interim 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. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at March 31, 2021, the Company had an accumulated deficit of $19,675,170 (December 31, 2020 - $17,823,527) and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flow or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing and loans from a shareholder of the Company to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended December 31, 2020.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share-based payments and recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances

4. INTANGIBLE ASSETS

Intangible assets consist of intellectual property comprising the zinc-air regenerative fuel cell systems and zinc fuel cells (the "Zinc Technology") purchased from a third party on January 1, 2016. The development of the Zinc Technology was in process and no amortization has been recorded as at March 31, 2021.

(Unaudited - expressed in Canadian Dollars)

5. EQUIPMENT

	Lab Equipment $	Equipment $	Right of use asset $	Leasehold improvements $	Software $	Total $
Cost:						
Balance, December 31, 2020	**392,440**	**35,043**	**165,093**	**31,878**	**46,235**	**670,689**
Additions	20,233	39,895	-	-	2,771	62,899
Balance, March 31, 2021	**412,673**	**74,938**	**165,093**	**31,878**	**49,006**	**733,588**
Accumulated Amortization:						
Balance, December 31, 2020	**80,587**	**6,099**	**41,950**	**7,927**	**23,537**	**160,100**
Amortization	17,834	4,204	18,079	3,985	3,472	47,574
Balance, March 31, 2021	**98,421**	**10,303**	**60,029**	**11,912**	**27,009**	**207,674**
Net Book Value:						
December 31, 2020	**311,853**	**28,944**	**123,143**	**23,951**	**22,698**	**510,589**
March 31, 2021	**314,252**	**64,635**	**105,064**	**19,966**	**21,997**	**525,914**

6. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

On February 24, 2021, the Company closed a private placement offering of 28,750,000 common shares at a price of $0.54 per share for gross proceeds of $15,525,000. The Company incurred cash issue costs of $1,014,230 and issue 1,725,000 compensation warrants with each compensation warrant exercisable at a price of $0.54 per warrant until February 24, 2023. The Company fair valued the warrants at $889,594 using the Black-Scholes option pricing model based on the following assumptions: risk free rate – 0.23%; expected dividend - nil; expected life – 2 years; expected volatility – 138%.

b) Options

The Company has adopted a Stock Option Plan, which is a rolling stock option plan under which options may be granted equal in number to 10% of the issued and outstanding capital of the company at the time of grant of the stock option. No single participant may be granted options to purchase a number of Company shares equaling more than 5% of the issued shares of the Company in any 12-month period. The Board may determine the term of the options, but the term shall in no event be greater than five years from the date of issuance. Terms of vesting of the options, eligibility of directors, officers, employees, management company employees and consultants to receive options and the number of options issued to each participant shall be determined at the discretion of the Board of Directors.

(Unaudited - expressed in Canadian Dollars)

The balance of options outstanding as at March 31, 2021 and December 31, 2020 and the changes for the periods then ended is as follows:

	Number of Options #	Weighted Average Exercise Price $	Weighted Average Life Remaining (years)
Balance, December 31, 2020	**6,621,323**	**0.26**	**3.85**
Exercised	(400,983)	0.22	-
Balance, March 31, 2021	**6,220,340**	**0.26**	**3.61**
Unvested	(66,666)	0.20	2.33
Exercisable, March 31, 2021	**6,153,674**	**0.26**	**3.61**

As at March 31, 2021 and December 31, 2020, the following options were outstanding:

Expiry Date	Exercise Price $	Vested	Unvested	Total
September 12, 2024	0.21	3,265,954	-	3,265,954
February 18, 2025	0.32	2,754,386	-	2,754,386
July 28, 2023	0.20	133,334	66,666	200,000
		6,153,674	66,666	6,220,340

c) Warrants

The balance of warrants outstanding as at March 31, 2021 and December 31, 2020 and the changes for the periods then ended is as follows:

	Number of Warrants #	Weighted Average Exercise Price $	Weighted Average Life Remaining (years)
Balance, December 31, 2020	**26,904,417**	**0.21**	**1.27**
Exercised	(15,390,690)	0.16	-
Issued	1,725,000	0.54	-
Balance, March 31, 2021	**13,238,727**	**0.31**	**1.29**

(Unaudited - expressed in Canadian Dollars)

As at March 31, 2021 the following share purchase warrants were outstanding and exercisable:

Expiry Date	Number Outstanding	Exercise Price $
September 11, 2021	2,258,332	0.12
February 10, 2022	308,332	0.155
May 5, 2022	800,000	0.50
September 4, 2022	8,147,063	0.30
February 24, 2023	1,725,000	0.54
	13,238,727	

7. RELATED PARTY TRANSACTIONS

Key management includes the CFO, CEO, VP of Engineering and the Board of Directors. Compensation paid to key management during the three months ended March 31, 2021 and 2020 was as follows:

	2021 $	2020 $
Consulting	128,500	-
Management fees	-	96,000
Payroll expense	55,000	33,000
Share-based compensation	-	491,031
	184,000	**620,031**

As at December 31, 2020, the Company had pre-payment of $33,900 (2020 - $22,600) and owed $nil included in accounts payable and accrued liabilities (2020 - $100,000) to a company controlled by a CEO of the Company.

A company related by common directors charged marketing fees of $25,000 (2020 - $136,450) and rent of $3,000 (2020 - $7,000) during the three months ended March 31, 2021. The Company had a deposit of $25,000 (2020 - $50,000) and owed $nil included in accounts payable and accrued liabilities (2020 - $52,500) to the same company as at March 31, 2021.

As at March 31, 2021, the Company had $1,899(2020 - $nil) owing to other related parties included in accounts payable and accrued liabilities.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

On June 30, 2018 the Company entered into a promissory note agreement with MGX Minerals Inc. ("MGX"), a former parent company prior to a spin-out, (the "Promissory Note"). The Promissory Note bore interest at 12%, was unsecured and due on December 31, 2020. Additional loans received from MGX subsequent to the Promissory Note had the same terms as the Promissory Note.

	$
Balance, December 31, 2019	**5,174,688**
Interest	61,464
Gain on debt settlement	(3,736,152)
Repayment	(1,500,000)
Balance, December 31, 2020	**-**

(Unaudited - expressed in Canadian Dollars)

On March 6, 2020, the Company settled the amount of $5,236,152 owing on the Promissory Note to MGX for $1,500,000. The full cash payments of $1,500,000 were made to MGX and the Company recorded a gain on debt settlement of $3,736,152 during the year-ended December 31, 2020.

8. LEASE LIABILITIES

During the year ended December 31, 2020 the Company entered into leases for an office space and certain pieces of office equipment. The office lease was entered into on June 1, 2020 and has a two-year term with monthly lease payments of $12,441. The Company also entered into leases for an office copier and office chairs with the lease terms commencing on April 1, 2020 and July 1, 2020 respectively. The copier has a 60 month term with monthly payment of $107 while the office chair lease has a 24 month term with monthly payment of $1,142. The Company recognized its right-of-use assets and lease liabilities for these leases based on the present value of future minimum lease payments. The present value of minimum lease payments for the copier and office chairs were calculated using the interest rate implicit in the leases and the present value of minimum lease payments lease payments for office lease was calculated using the incremental borrowing rate of 8%.

The Company's future minimum lease payments as at March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021 $	**December 31, 2020 $**
Less than 1 year	164,284	164,284
1 to 5 years	32,483	73,554
5+ Years	-	-
Total minimum lease payments	196,767	237,868
Less: imputed interest	(71,644)	(98,083)
Total lease obligation	125,126	139,785
Current portion of lease obligations	95,357	(78,785)
Non-current portion of lease obligations	29,769	61,000

Lease obligations	$
At January 1, 2020	-
Additions	165,093
Payments	(25,308)
At December 31, 2020	139,785
Payments	(14,659)
At March 31, 2021	125,126

9. FINANCIAL INSTRUMENTS

(a) Fair values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at March 31, 2021, the fair values of cash, amounts receivable, accounts payable and accrued liabilities, and loans payable approximate their carrying value due to the short-term maturity of these instruments. Lease liabilities are measured at amortized costs using effective interest rate. Cash is carried at level 1 fair value measurement.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at March 31, 2021, the Company had working capital of $15,524,331.

(c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST receivable due from the Federal Government of Canada. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(d) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

(e) Foreign currency exchange rate risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes cash, loan payable, lease liabilities, and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required.

In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and expects to raise additional amounts as needed. The Company will continue to assess new business and seek to acquire an interest in additional business if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and all are held in major Canadian financial institutions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

11. CONTINGENCIES

On September 5, 2019, Market One Media Group Inc. (“Market One”) filed a claim against the Company for unpaid invoices of $208,950 relating to a media advertising and promotion services agreement. The Company’s position is that it has not received any of the services discussed in the contract. Market One has been attempting to schedule a summary trial hearing but has not been able to obtain a date yet. No settlement has been made and the eventual outcome is not determinable. The full amount of $208,950 has been recorded as accounts payable and accrued liabilities at March 31, 2021.

On January 10, 2020, Dig Media filed a claim against the Company for unpaid invoices of $60,900 plus interest of $20,367 relating to media and promotion services. It is the Company’s position that it has not received any of the services. The arbitration proceeding is on hold to allow the parties to settle this matter. If not successful, the case will be referred to a mediator/arbitrator. No settlement has been made and the eventual outcome is not determinable. The full amount of $60,900 and interest of $20,367 has been recorded as accounts payable and accrued liabilities at March 31, 2021.

On February 25, 2021, Miller Thomson LLP filed a claim against the Company for unpaid invoices relating to legal services in the amount of $69,718 plus interest of $9,984 for a total claim of $79,702. No settlement has been made and the eventual outcome is not determinable. The full amount of $69,718 and interest of $9,983 has been recorded as accounts payable and accrued liabilities at March 31, 2021.

On March 25, 2021, Michael Reimann, a former director of the Company, filed a claim against the Company for breach of contract and seeking payment of $25,969. No settlement has been made and the eventual outcome is not determinable. The full amount of $25,969 has been recorded as accounts payable and accrued liabilities at March 31, 2021.

12. LOANS PAYABLE

During the three months ended March 31, 2021, the Company repaid $60,000 in loans payable and as at March 31, 2021, the Company had $nil (2020 - $60,000) in loans payable.

13. A COOPERATION AGREEMENT

The Company entered into a Cooperation agreement (the "Agreement") dated December 24, 2019 with The Power Authority of the State of New York (the "Authority") for the installation of a 100kW/1MWh Zinc-Air Battery Energy Storage System in New York State.

Under the Agreement with the Authority, the Authority agreed to collaborate with the Company and contribute to a research and development project through its participation in aspects of design and fabrication of a zinc air energy storage system, then demonstration of the system and the Company agreed to collaborate with the Authority to pursue the research and development project.

The Authority agreed to contribute the following monetary contributions to the Company for the research and development of the Product:

- First Contribution - $835,000 USD (CAD$ 1,109,632 received in 2020), to be paid within 30 days following the Effective Date of this Agreement.

- Second Contribution - $0 USD, to be paid after 6 months following the Effective Date of this Agreement, after receipt and approval of the first interim fiscal report for the first 6-month period, but not before actual qualified expenses and the Company's project expenses have equaled or exceeded the minimum required expenditures.

Minimum Required Qualified Expenses: $355,000 USD
Minimum Required the Company's Project Expenses: $0

- Third Contribution - $0 USD, to be paid after 12 months following the Effective Date of this Agreement, after receipt and approval of the second interim fiscal report for the second 6-month period, but not before actual qualified expenses and the Company's project expenses have equaled or exceeded the minimum required expenditures.

Minimum Required Qualified Expenses: $835,000 USD
Minimum Required the Company's Project Expenses: 80% of $2,950,000 USD

- Fourth Contribution - $160,000 USD, to be paid after 18 months following the Effective Date of this Agreement, after receipt and approval of the third interim fiscal report for the third 6-month period, but not before actual qualified expenses and the Company's project expenses have equaled or exceeded the minimum required expenditures.

Minimum Required Qualified Expenses: $995,000 USD
Minimum Required the Company's Project Expenses: 80% of $4,100,000 USD

- Fifth Contribution - $380,000 USD, to be paid after 24 months following the Effective Date of this Agreement, after receipt and approval of the fourth interim fiscal report for the fourth 6-month period, but not before actual qualified expenses and the Company's project expenses have been equaled or exceeded the minimum required expenditures, whichever is later.

Minimum Required Qualified Expenses: $1,375,000 USD Minimum
Required the Company's Project Expenses: 80% of $5,400,000 USD

- Sixth Contribution - $20,000 USD, to be paid after 30 months following the Effective Date of this Agreement, after receipt and approval of the fifth interim fiscal report for the fifth 6-month period, or after actual qualified expenses and the Company's project expenditures have been equaled or exceeded the required expenditure, whichever is later.

Minimum Required Qualified Expenses: $1,395,000 USD
Minimum Required the Company's Project Expenses: 80% of $6,450,000 USD

- Final Contribution – After receipt and approval of the final fiscal report, a final contribution of $155,000 will be paid for actual qualified expenses and the Company's project expenditures have equaled or exceeded the required expenditures.

Minimum Required Qualified Expenses: $1,550,000 USD
Minimum Required the Company's Project Expenses: 80% of $6,450,000 USD

The term of this Agreement (the "Term") shall begin on the Effective Date and shall be valid for an initial period of 10 years as of the Effective Date, with automatic renewals of one (1) year periods each unless either Party provides written notification to the other. The Authority, within its sole discretion and for any reason, may terminate this Agreement at any time upon 30 days' notice to the Company. Upon such termination, the Parties will conduct a final payment schedule, which will include any and all final payments due to each side.

14. SUBSEQUENT EVENTS

On April 21, 2021, the Company granted 7,275,000 stock options to directors, officers, employees and consultants of the Company. Each option is exercisable for a period of 5 years at a price of $0.62 per option.