A copy of this amended and restated preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of Alberta and Saskatchewan but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities. This non-offering prospectus does not constitute a public offering of securities.

AMENDED AND RESTATED PRELIMINARY PROSPECTUS
(AMENDING AND RESTATING THE PRELIMINARY PROSPECTUS DATED MARCH 29, 2021)

Non-Offering Prospectus June 25, 2021

DELTA CLEANTECH INC.

No securities are being offered pursuant to this Prospectus.

This non-offering prospectus (the "**Prospectus**") of Delta CleanTech Inc. (the "**Company**", "**Delta**", "**us**" or "**we**"), is being filed with the securities regulatory authorities in the Provinces of Alberta (the "**Principal Regulator**") and Saskatchewan for the purposes of becoming a reporting issuer pursuant to applicable securities legislation in the Provinces of Alberta and Saskatchewan. Upon the final receipt of this Prospectus by the Principal Regulator, the Company will become a reporting issuer in Alberta and Saskatchewan. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

There is no market through which the securities of the Company may be sold. This may affect the pricing of the Company's securities in the secondary markets; the transparency and availability of trading prices; the liquidity of the Company's securities and the extent of issuer regulations. See "Risk Factors".

An application has been filed by the Company to have its common shares (the "**Common Shares**") listed for trading on the Canadian Securities Exchange (the "**CSE**") under the symbol "DELT". Listing on the CSE (the "**Listing**") is subject to the Company fulfilling all of the listing requirements of the CSE including meeting all minimum requirements. The CSE has not conditionally approved the Company's listing application and there is no assurance that it will do so. As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America.

An investment in the securities of the Company is subject to a number of risks. Investors should carefully consider the risk factors described under "Risk Factors" before purchasing any securities of the Company.

No underwriter or selling agent has been involved in the preparation of this Prospectus or performed any review or independent due diligence investigation of the contents of this prospectus.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.

No person has been authorized to provide any information or to make any representation not contained in this Prospectus and, if provided or made, such information or representation should not be relied upon. The information contained in this Prospectus is accurate only as of the date of this Prospectus.

Unless otherwise noted all currency amounts in this Prospectus are stated in Canadian dollars.

Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or that resides outside of Canada, even if the party has appointed an agent for service of process.

TABLE OF CONTENTS

GLOSSARY

"**ABCA**" mean *Business Corporations Act* (Alberta)

"**Advance Notice Provisions**" has the meaning set out under the heading "Directors and Officers – Advance Notice Provisions".

"**Articles**" has the meaning set out under the heading "Corporate Structure – Name, Address and Incorporation".

"**Asset Purchase Agreement**" has the meaning set out under the heading "Prospectus Summary – Description of the Business – The Asset Purchase".

"**Audit Committee**" means the Audit Committee of the Company constituted in accordance with NI 52-110.

"**Board of Directors**" or "**Board**" means the board of directors of the Company.

"**Business**" means the business of HTC which was acquired under the Asset Purchase, and which now constitutes the entire business of the Company.

"**CEO**" means Chief Executive Officer.

"**CFO**" means Chief Financial Officer.

"**Clean Energy Assets**" has the meaning set out under the heading "Prospectus Summary – Description of the Business".

"CO_2" means carbon dioxide.

"**Committee**" means a committee of the Board to which responsibility of the Option Plan and RSU Plan have been delegated, or if no such committee is appointed, the Board itself.

"**Common Shares**" has the meaning set out under the heading "Prospectus Summary – Description of the Business – The Asset Purchase".

"**Company**" has the meaning set out under the heading "Prospectus Summary – Description of the Business".

"**Consideration Shares**" has the meaning set out in the heading "Prospectus Summary – Description of the Business – The Asset Purchase".

"**CSE**" means the Canadian Securities Exchange.

"**CSE Escrow Agreement**" means the escrow agreement to be entered into prior to Listing, among the Company, the Escrow Agent and certain security holders of the Company pursuant to NP 46-201.

"**CSE Escrow Securities**" means the Common Shares and Options that are held in escrow pursuant to the CSE Escrow Agreement.

"**Escrow Agent**" means Odyssey Trust Company.

"**Escrow Holder**" has the meaning set out under the heading "Escrowed Securities".

"**Financial Statements**" has the meaning set out under the heading "General Matters – Financial Statement Presentation in this Prospectus".

“**Grant Date**” means for an Option the date on which the Option is granted or the case of an RSU, the date the RSU is granted to the RSU Participant under the RSU Plan.

“**HTC**” means HTC Extraction Systems, a reporting issuer listed on the TSX Venture Exchange under the symbol “HTC”.

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board.

“**IP**” means intellectual property.

“**Liquidity Event**” has the meaning set out under the heading “Prospectus Summary – Description of the Business – The Asset Purchase”.

“**Listing**” means the proposed listing of the Common Shares of the Company on the CSE.

“**Listing Date**” means the date of Listing.

“**Management**” means the management of the Company.

“**MD&A**” means Management’s Discussion and Analysis included in this Prospectus.

“**Named Executive Officers**” or “**NEOs**” has the meaning set out under the heading “Executive Compensation”.

“**NI 41-101**” means National Instrument 41-101 – *General Prospectus Requirements*.

“**NI 45-102**” means National Instrument 45-102 – *Resale of Securities*.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*.

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

“**Notice Date**” has the meaning set out under the heading “Management – Advance Notice Provisions”.

“**NP 46-201**” means National Policy 46-201 – *Escrow for Initial Public Offerings*.

“**Option**” has the meaning set out under the heading “Executive Compensation – Principal Elements of Compensation”.

“**Option Plan**” has the meaning set out under the heading “Executive Compensation – Principal Elements of Compensation”.

“**Participant**” has the meaning set out under the heading “Executive Compensation – Principal Elements of Compensation”.

“**Principal Regulator**” means the securities regulatory authorities in the Province of Alberta.

“**Private Placement**” has the meaning set out under the heading “Prospectus Summary – Description of the Business – Private Placement Financing”.

“**Prospectus**” means this amended and restated preliminary prospectus of the Company.

“**Purchase Price**” has the meaning set out under the heading “Prospectus Summary – Description of the Business – The Asset Purchase”.

“**Related Entity**” means a person that controls or is controlled by the Company or that is controlled by the same person that controls the Company, if any

“**Related Person**” means: (i) a director or executive officer of the Company or of a Related Entity of the Company; (ii) an associate of a director of executive officer of the Company or of a Related Entity of the Company; or (iii) a permitted assign of a director of executive officer of the Company or of a Related Entity of the Company.

“**Restricted Share Unit**” or “**RSU**” has the meaning set out under the heading “Executive Compensation – Principal Elements of Compensation”.

“**RSU Agreement**” has the meaning set out under the heading “Executive Compensation – Principal Elements of Compensation”.

“**RSU Participant**” means an eligible employee, director, or consultant of the Company or a subsidiary (or in the case of a consultant, also of a related entity) to whom RSUs are granted under the RSU Plan.

“**RSU Plan**” has the meaning set out under the heading “Executive Compensation – Principal Elements of Compensation”.

“**Shareholder**” means a holder of Common Shares.

“**Transfer Agent**” means Odyssey Trust Company.

“**Units**” has the meaning set out under the heading “Prospectus Summary – Description of the Business – Private Placement Financing”.

“**U.S.**” or “**United States**” means United States of America.

“**US Participant**” has the meaning set out under the heading “Executive Compensation – Principal Elements of Compensation”.

“**Warrants**” has the meaning set out under the heading “Prospectus Summary – Description of the Business – Private Placement Financing”.

GENERAL MATTERS

Unless otherwise noted or the context indicates otherwise, the terms "**we**", "**us**", "**our**", "**Delta**" or the "**Company**" refer to Delta CleanTech Inc., and the "Business" refers to the business of HTC which was acquired pursuant to the Asset Purchase and which now constitutes the entire business of the Company.

Certain capitalized and other terms and phrases used in this Prospectus are defined in the "Glossary".

An investor should rely only on the information contained in this Prospectus. The Company has not authorized anyone to provide investors with additional or different information. The information contained on our website at *http://www.deltacleantech.ca i*s not intended to be included in or incorporated by reference into this Prospectus and prospective investors should not rely on such information. Any graphs, tables or other information demonstrating the historical performance of the Company or of any other entity contained in this Prospectus are intended only to illustrate past performance and are not necessarily indicative of our future performance or the future performance of such entities. The information contained in this Prospectus is accurate only as of the date of this Prospectus or the date indicated.

This Prospectus includes a summary description of certain material agreements of the Company. See "Material Contracts". The summary description discloses attributes material to an investor but is not complete and is qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and available on SEDAR. Investors are encouraged to read the full text of such material agreements.

Financial Statement Presentation in this Prospectus

This Prospectus contains: (i) the audited carve-out combined financial statements of the Business for the years ended December 31, 2020 and December 31, 2019; (ii) the audited financial statements of the Company for the period from incorporation (December 22, 2020) until December 31, 2020; and (iii) the unaudited interim condensed consolidated financial statements of the Company for the 3 months ended March 31, 2021 (collectively, the "**Financial Statements**"), all prepared in accordance with IFRS.

Forward-Looking Information

This Prospectus contains forward looking statements that relate to the Company's current expectations and views of future events. The forward looking statements are contained principally in the sections entitled "Prospectus Summary", "Our Business", "Use of Available Funds", "Financial Information and Management's Discussion and Analysis", and "Risk Factors".

In some cases, these forward looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward looking statements. Statements containing forward looking information are not historical facts. The Company has based these forward looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy, and financial needs.

This forward looking information includes, among other things, statements relating to: the Listing of the Company on the CSE and matters related thereto; the intentions, plans and future actions of the Company; ability of the Company to position itself as a technology leader in the clean technology sector; ability to meet business development objectives; ability to expand with regional offices in the United Kingdom, Houston and the United Arab Emirates; the Company's market position; the ability to compete and future financial or operating performance of the Company; the Company's ability to procure contracts with target commercial customers; the timing and amount of funding required to execute the Company's business plans; the Company's capital expenditures; the Company's ability to deliver products and services that meet customer needs; the Company's ability to target secondary industries as source of revenue; anticipated demand for services in CO_2 capture and purification, solvent and ethanol purification, hydrogen production and carbon credit certification and trading; the Company's ability to provide a strong business profile; ability to secure contracts for projects that are already in the early stages of development; the effect on the Company of any changes to existing or new legislation or policy or government regulation; the anticipated demand for company's to implement ESG policies; increased carbon taxes; the length of time required to obtain permits, certifications and approvals; the availability of labour; ability to acquire and retain engineering talent; estimated budgets; currency fluctuations; requirements for additional capital; limitations on insurance coverage; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; use of allocated funds; our proposed use of available funds; our expectations regarding revenues, expenses and anticipated cash needs.

In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward looking information. Forward looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions, and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward looking statements. Given these risks, uncertainties, and assumptions, prospective investors should not place undue reliance on these forward looking statements. Whether actual results, performance, or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions, and other factors, including those listed under "Risk Factors", which include:

- operational risks;
- the market price of the Common Shares may not be high enough to create positive return for current investors;
- no prior market for the Common Shares;
- high level of price and volume volatility in the capital markets;
- no dividends for the foreseeable future;
- history of losses;
- reliance on Management and key employees;
- management of the Company's growth;
- risks associated with foreign operations;
- risks associated with acquisitions;
- exposure to information systems and cyber security threats;
- lack of sufficient insurance;
- tax risk;
- changes in laws, regulations, and guidelines relating to our business, including tax (including carbon taxes) and accounting requirements;
- conflict of interests of our directors and officers;
- competition in our industry;
- reliance on secondary industries;
- uncertainty and adverse changes in the economy;
- increased expenses as a result of being a public company and having public company disclosure obligations;
- limited public company experience of Management;
- dilution as a result of future sale of Common Shares;
- failure to maintain Listing requirements;
- adoption of new business models;
- delays due to shortage of raw materials;
- rapid technological change in our industry;
- defective products and services;
- data breaches and inadequacy of consumer protection and data privacy policies;
- changes to the regulatory regime(s) the Company operates in;
- litigation;
- export requirements;
- reliance on business partners;
- retention and acquisition of skilled personnel;
- disease outbreaks;
- failure to protect and maintain and the consequential loss of intellectual property rights;
- failure to adhere to financial reporting obligations and other public company requirements;
- changes in accounting standards and subjective assumptions, estimates and judgments by Management related to complex accounting matters; interest rate risk due to fluctuations earned on the Company's cash and marketable securities; and

- credit risk of financial if a counterparty fails to meet its obligations.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward looking statements prove incorrect, actual results might vary materially from those anticipated in the forward looking statements.

Information contained in forward looking statements in this Prospectus is provided as of the date of this Prospectus, and we disclaim any obligation to update any forward looking statements, whether as a result of new information or future events or results, except to the extent required by applicable securities laws. Accordingly, potential investors should not place undue reliance on forward looking statements or the information contained in those statements.

All of the forward-looking information contained in this Prospectus is expressly qualified by the foregoing cautionary statements. Investors should read this entire Prospectus and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment.

Market and Industry Data

Market and industry data presented throughout this Prospectus was obtained from third party sources, industry reports and publications, websites and other publicly available information as well as industry and other data prepared by us or on our behalf on the basis of our knowledge of the markets in which we operate, including information provided by suppliers, customers and other industry participants. We believe that the market and economic data presented throughout this Prospectus is accurate and, with respect to data prepared by us or on our behalf, which our estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and economic data presented throughout this Prospectus are not guaranteed and we make no representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although we believe it to be reliable, we have not independently verified any of the data from third party sources referred to in this Prospectus, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and economic data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

Trademarks, Trade Names and Intellectual Property

This Prospectus includes certain trademarks which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks and trade names referred to in this Prospectus may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

A comprehensive list of the Company's intellectual property is attached hereto as Schedule G.

Currency Presentation

In this Prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars.

PROSPECTUS SUMMARY

This summary highlights principal features of the Company and certain information contained elsewhere in this Prospectus. You should read this entire Prospectus carefully, especially the "Risk Factors" section of this Prospectus and our financial statements and related notes appearing elsewhere in this Prospectus. Certain capitalized terms and phrases used in this Prospectus are defined in the "Glossary".

Description of the Business

Delta CleanTech Inc. (the "**Company**") was incorporated under the ABCA on December 22, 2020. The sole business of the Company from the date of its incorporation until executing the Asset Purchase Agreement (hereafter defined) was to evaluate and negotiate the acquisition of the existing clean energy business and assets (the **"Clean Energy Assets"**) from HTC, subject to applicable corporate and securities laws. Until the completion of the Asset Purchase Agreement, the Company did not have a business, business operations or any material assets other than cash. The entire business of the Company is that associated with the Clean Energy Assets.

The mandate of the Company is to position itself as a leading provider in the clean energy technology sector.

The Asset Purchase

The Company completed the purchase (the "**Asset Purchase**") of HTC's Clean Energy Assets for an aggregate purchase price of $4,000,000 ("**Purchase Price**") pursuant to an asset purchase agreement between HTC and the Company dated January 27, 2021 (the "**Asset Purchase Agreement**"). The Clean Energy Assets consist of all of the intellectual property and certain contractual agreements for the operation of HTC's CO_2 capture systems and reclaimer systems.

The Purchase Price was paid by the issuance common share of the Company ("**Common Shares**"). HTC received 20,000,000 Common Shares (the **"Consideration Shares**") of the Company at a price of $0.20 per Common Share. The Consideration Shares are subject to a pooling arrangement with a release schedule over a period of 24 months whereby 10% of the Consideration Shares will be released upon the listing of the Common Shares on a recognized stock exchange in Canada ("**Liquidity Event**"), 10% of the Consideration Shares are released every three months following the date of the Liquidity Event and the final 20% of the Consideration Shares are released 24 months following the date of the Liquidity Event. The Asset Purchase was conditional upon, among other things, the closing of the Private Placement (as described below). No finder's fees were payable in connection with the Asset Purchase. The Company anticipates that the Listing, if completed, will constitute a Liquidity Event.

Private Placement

On January 27, 2021, immediately following the closing of the Asset Purchase, the Company completed the first tranche of a non-brokered private placement financing (the "**Private Placement**"). The first tranche of the Private Placement consisted of 36,200,000 units of Delta (the "**Units**") at a price of $0.20 per Unit for gross proceeds of $7,240,000. Each Unit was comprised of one Common Share and one-half of a common share purchase warrant (a "**Warrant**"). Each whole Warrant is exercisable to purchase one additional Common Share at an exercise price if $0.50 for a period of 48 months after its issuance.

On January 29, 2021, the Company completed a second tranche of the Private Placement consisting of 2,150,000 Units for gross proceeds of $430,000.

On April 16, 2021, the Company completed a third tranche of the Private Placement consisting of 173,000 Units for gross proceeds of $34,600.

The Common Shares, and Common Shares issuable upon exercise of the Warrants, issued under the Private Placement are subject to a pooling arrangement with a release schedule whereby 20% of the Delta Shares will be released upon the Liquidity Event and 20% of the Delta Shares are released every three months following the date of the Liquidity Event.

Available Funds and Principal Purposes

As of the date of this Prospectus, the Company has available funds of approximately $5,720,792, as follows:

Sources of Available Funds	
Cash	$5,720,792
Total	**$5,720,792**

The principal purposes for the Company's available funds over the next 12 months will be as follows:

Principal Purposes	
General and administrative costs(1)	$1,004,000
Cost of the Listing(2)	$300,000
Sales and marketing(3)	$1,000,000
Total	**$2,304,000**
Unallocated Funds(4)	**$3,416,792**

Notes:

(1) Includes audit, legal and other professional fees ($300,000), salaries and wages ($565,000), rent ($10,000), general office expenses ($90,000), banking and financial service fees ($20,000) insurance ($9,000) and transfer agent fees ($10,000). Excludes costs associated with the Listing.

(2) Includes legal and audit fees, as well as fees payable to the CSE and securities regulators.

(3) Includes costs associated with establishing new offices in the United Kingdom, Houston and Abu Dhabi and hiring new staff in connection with these locations.

(4) The Company is not able to reliably determine the use of all available funds, however it is expected that unallocated funds will be used in connection with unplanned acquisitions and for general working capital purposes as required.

Sales and Revenue Model

The Company is an engineering and consulting business that provides services to industry clients. The Company does not manufacture any products and does not maintain any inventory. As a result, the Company does not have any costs associated with production or capital expenditures. The Company's revenue is derived from engineering and process design for a customer site where the Company's technologies are implemented; and technology licensing royalties that are required for the use of the technologies being provided.

The business development objectives of the Company include establishing five additional regional sales offices and training five additional sales engineers. Potential locations for regional sales offices have been identified, and the Company is in discussions with potential industry vendors, in the United Kingdom, Houston and Abu Dhabi. These additional sales locations will be in addition to sales offices in Australia and China, which employ sales and other staff, and which report to the headquartered sales office in Calgary, Alberta.

Target commercial customers are generally CO_2 industrial gas emitters, and include:

- emitters who are subject to carbon taxes;
- emitters who are subject to environmental, social and governance ("**ESG**") requirements by its shareholders/investors and which need a carbon mitigation plan to meet their stated investment guidelines.;
- companies that need CO_2 capture for their own commercial uses;
- petrochemical facilities that are experiencing problems with their solvent/glycols that require a cleanup solution to maximize efficiency of plant operations;
- customers who use or produce hydrogen gas, including hydrogen production plants that wish to reduce its emission profile; and
- those seeking carbon credits.

Delta will collect information from potential customers on their specific CO_2 reduction requirements, the availability of utilities such as cooling water at their sites, access to energy and power, and the specific intended use of the CO_2. Based on this collected information, the Company then custom designs an optimized CO_2 capture plant to meet the customer's needs.

The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where a reallocation of funds may be necessary. Use of funds will be subject to the discretion of Management. Until we use the unallocated funds, we will hold them in cash and/or invest them in short-term, interest-bearing, investment-grade securities. See "Available Funds and Principal Purposes" and "Risk Factors" for further details.

Directors and Officers of the Company

The Board consists of four directors**:** Lionel Kambeitz, Jeffrey Allison, Wayne Bernakevitch and Garth Fredrickson. Management of the Company is Lionel Kambeitz, Chairman and CEO, Jeffrey Allison, President, and Jacelyn Case, CFO and Corporate Secretary, see “Management”.

Risk Factors: An investment in the securities of the Company is subject to a number of risk factors that should be carefully considered by prospective investors. These risks include, but are not limited to:

- operational risks;
- the market price of the Common Shares may not be high enough to create positive return for current investors;
- no prior market for the Common Shares;
- high level of price and volume volatility in the capital markets;
- no dividends for the foreseeable future;
- history of losses;
- reliance on Management and key employees;
- management of the Company’s growth;
- risks associated with foreign operations;
- risks associated with acquisitions;
- exposure to information systems and cyber security threats;
- lack of sufficient insurance;
- tax risk;
- changes in laws, regulations, and guidelines relating to our business, including tax (including carbon taxes) and accounting requirements;
- conflict of interests of our directors and officers;
- competition in our industry;
- reliance on secondary industries;
- uncertainty and adverse changes in the economy;
- increased expenses as a result of being a public company and having public company disclosure obligations;
- limited public company experience of Management;
- dilution as a result of future sale of Common Shares;
- failure to maintain Listing requirements;
- adoption of new business models;
- delays due to shortage of raw materials;
- rapid technological change in our industry;
- defective products and services;
- data breaches and inadequacy of consumer protection and data privacy policies;
- changes to the regulatory regime(s) the Company operates in;
- litigation;
- export requirements;
- reliance on business partners;
- retention and acquisition of skilled personnel;
- disease outbreaks;
- failure to protect and maintain and the consequential loss of intellectual property rights;
- failure to adhere to financial reporting obligations and other public company requirements;
- changes in accounting standards and subjective assumptions, estimates and judgments by Management related to complex accounting matters; interest rate risk due to fluctuations earned on the Company’s cash and marketable securities; and
- credit risk of financial if a counterparty fails to meet its obligations

See “Forward-Looking Information” and “Financial Information and Management’s Discussion and Analysis” for additional information concerning our strategies, assumptions and market outlook in relation to these assessments.

See “Risk Factors” and the other information included in this Prospectus for a discussion of the risks that an investor should carefully consider before deciding to invest in Common Shares.

Summary of Financial Information

The following table sets forth selected financial information for the Business as at and for the years ended December 31, 2019 and December 31, 2020, as well as financial information for the Company as at December 31, 2020, for the period from incorporation of the Company to December 31, 2020, and for the three month period ended March 31, 2021. This selected financial information should be read in conjunction with the Financial Statements attached hereto.

	Financial Information for the Business		**Financial Information for the Company**	
	For the year ended December 31, 2020	**For the year ended December 31, 2019**	**For the period from incorporation to December 31, 2020**	**For the three month period ended March 31, 2021**
Revenue	$152,291	$329,620	-	25,000
Loss from operations	($797,156)	($618,319)	-	($724,558)
Net Income (Loss)	($838,156)	($615,819)	-	($754,169)
Current Assets	$46,548	$46,277	$10	$6,922,871
Total Assets	$558,783	$713,651	$10	$10,817,194
Total Liabilities	$1,066,013	$347,055	-	245,269
Equity	($507,232)	$366,596	$10	$10,817,194

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated as Delta CleanTech Inc. under the ABCA on December 22, 2020 for the purpose of acquiring from HTC the existing Clean Energy Assets.

Effective January 26, 2021 the Company amended its articles ("**Articles**") to (i) create a new class of an unlimited number of preferred shares, (ii) re-designate the Class A shares to Common Shares, (iii) delete and cancel in their entirety Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares and Class J Shares, of which none were issued and outstanding, and to (iv) delete restrictions on the transfer of its shares.

The Company's head office and registered office is located at 2308 Palisade Drive S.W., Calgary, Alberta, T2V 3V1**.**

The Company has one subsidiary, CO2 Technologies Pty Ltd. which is a corporation existing under the laws of New Zealand. CO2 Technologies Pty Ltd. has no assets or operations at this time.

OUR BUSINESS

Description of the Business

Business of the Company Prior to Closing of the Asset Purchase

The Company was incorporated under the ABCA on December 22, 2020**.** The sole business of the Company from the date of its incorporation until executing the Asset Purchase Agreement was to evaluate and negotiate the acquisition of the Clean Energy Assets from HTC, subject to applicable corporate and securities laws. Until the completion of the Asset Purchase Agreement, the Company did not have a business, business operations or any material assets other than cash.

The Asset Purchase

The Company completed the purchase (the "**Asset Purchase**") of HTC's Clean Energy Assets for an aggregate purchase price of $4,000,000 ("**Purchase Price**") pursuant to an asset purchase agreement between HTC and the Company dated January 27, 2021 (the "**Asset Purchase Agreement**"). The Clean Energy Assets consist of all of the intellectual property and certain contractual agreements for the operation of HTC's CO2 capture systems and reclaimer systems.

The Purchase Price was paid by the issuance common share of the Company ("**Common Shares**"). HTC received 20,000,000 Common Shares (the "Consideration Shares") of the Company at a price of $0.20 per Common Share. The Consideration Shares are subject to a pooling arrangement with a release schedule over a period of 24 months whereby 10% of the Consideration Shares will be released upon the listing of the Common Shares on a recognized stock exchange in Canada ("**Liquidity Event**"), 10% of the Consideration Shares are released every three months following the date of the Liquidity Event and the final 20% of the Consideration Shares are released 24 months following the date of the Liquidity Event. The Asset Purchase was conditional upon, among other things, the closing of the Private Placement (as described below). No finder's fees were payable in connection with the Asset Purchase. The Company anticipates that the Listing, if completed, will constitute a Liquidity Event.

Private Placement Financing

On January 27, 2021, immediately following the closing of the Asset Purchase, the Company completed the first tranche of a non-brokered private placement financing (the "**Private Placement**"). The first tranche of the Private Placement consisted of 36,200,000 units of Delta (the "**Units**") at a price of $0.20 per Unit for gross proceeds of $7,240,000. Each Unit was comprised of one Common Share and one-half of a common share purchase warrant (a "**Warrant**"). Each whole Warrant is exercisable to purchase one additional Common Share at an exercise price if $0.50 for a period of 48 months after its issuance.

On January 29, 2021, the Company completed a second tranche of the Private Placement consisting of 2,150,000 Units for gross proceeds of $430,000.

On April 16, 2021, the Company completed a third tranche of the Private Placement consisting of 173,000 Units for gross proceeds of $34,600.

The Common Shares, and Common Shares issuable upon exercise of the Warrants, issued under the Private Placement are subject to a pooling arrangement with a release schedule whereby 20% of the Delta Shares will be released upon the Liquidity Event and 20% of the Delta Shares are released every three months following the date of the Liquidity Event.

Business of the Company Following the Closing of the Asset Purchase

Following the closing of the Asset Purchase, the business of the Company was the Business that consisted of the Clean Energy Assets and the associated business of HTC.

The Company is an engineering and consulting business that provides services to industry clients. The Company does not manufacture any products and does not maintain any inventory. As a result, the Company does not have any costs associated with production or capital expenditures. The Company's revenue is derived from engineering and process design for a customer site where the Company's technologies are implemented; and technology licensing royalties that are required for the use of the technologies being provided.

The business development objectives of the Company include establishing five additional regional sales offices and training five additional sales engineers. Potential locations for regional sales offices have been identified, and the Company is in discussions with potential industry vendors, in the United Kingdom, Houston and Abu Dhabi. These additional sales locations will be in addition to sales offices in Australia and China, which employ sales and other staff, and which report to the headquartered sales office in Calgary, Alberta.

Target commercial customers are generally CO_2 industrial gas emitters, and include:

- emitters who are subject to carbon taxes;
- emitters who are subject to environmental, social and governance ("**ESG**") requirements by its shareholders/investors and which need a carbon mitigation plan to meet their stated investment guidelines.;
- companies that need CO_2 capture for their own commercial uses;
- petrochemical facilities that are experiencing problems with their solvent/glycols that require a cleanup solution to maximize efficiency of plant operations;
- customers who use or produce hydrogen gas, including hydrogen production plants that wish to reduce its emission profile; and
- those seeking carbon credits.

Delta will collect information from potential customers on their specific CO_2 reduction requirements, the availability of utilities such as cooling water at their sites, access to energy and power, and the specific intended use of the CO_2. Based on this collected information, the Company then custom designs an optimized CO_2 capture plant to meet the customer's needs.

Delta provides products and services related to clean energy industries. The Company consists of the four pillars of its clean technologies and business, as historically established by HTC:

1. CO_2 capture;

2. solvent and ethanol purification;

3. hydrogen production; and

4. carbon credit certification and trading.

The Company will market its consulting and engineering services to CO_2 industrial gas emitters and other target customers to provide one or more of these pillars within their engineering consulting packages. Not all customers will require all pillars to be built into the consulting and engineering packages provided by the Company, however most customers will utilize one or more of these services, and in many cases pillars are complimentary to achieving the Company's customers' objectives of reducing CO_2 emissions and reducing operating costs associated with such emissions.

The mandate of the Company is to position itself as a leading technology provider in the energy clean technology sector, and its reputation for efficient and cost-effective solutions will be foremost in its ability to attract customers. As a result of an increase in environmental, social and governance ("ESG") policies and mandates, and the increased political importance of such mandates, as well as the increase in the need for efficiencies by CO2 emitters to meet regulatory burdens, the Company expects to significantly increase its exposure to potential customers through the addition of sales and marketing staff in Texas, the United Arab Emirates and China, as well as to increase or supplement the existing marketing staff in Canada. The Company receives fees for its initial engineering assessment from its suppliers, which is sufficient to maintain the ongoing financial requirements of the Company including its general administrative and corporate expenses; however the completion of its customer's projects will result in significantly greater revenues resulting from design and licensing fees, in particular from the licensing of the Company's proprietary and patented technologies.

Environmental and Social, and Governance Policies

In response to growing concerns regarding climate change, institutional investors, multinational corporations and corporate emitters of CO_2 are increasingly making investment and business decisions based on ESG framework and considerations. The Company believes that it can position its products and technologies in response to the increasing demand for ESG-based corporate solutions.

Carbon Taxes

The Company seeks to benefit from the increased use and implementation of carbon taxes, both in Canada and globally. Certain jurisdictions have set carbon taxes as high $50 per tonne, with some estimates that carbon taxes could rise to over $170 per tonne. The Company sees a business opportunity to assist emitters of CO_2 to reduce their carbon footprint and to avoid long-term financial consequences from excessive emissions.

In December 2015, Canada and 195 other countries that are members of the United Nations Framework Convention on Climate Change met in Paris, France and signed the Paris Agreement on climate change. The stated objective of the Paris Agreement is to hold "the increase in global average temperature to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius."

The countries which agreed to the Paris Agreement committed to meeting every five years to review their individual progress on greenhouse gas ("**GHG**") emissions reductions and to consider amendments to non-binding individual country targets. Canada is required to report and monitor its GHG emissions, though the implementation of such reporting and monitoring has yet to be determined. The Paris Agreement also contemplates that the parties thereto will develop a new market-based mechanism related to carbon trading, which is expected to be based largely on lessons learned from the Kyoto Protocol.

It is expected that mandatory emissions reduction requirements may have a material adverse effect on CO2 emitters that would be the majority of the Company's customer base, and that such CO2 emitters would seek services scuh as those offered by the Company to assist with compliance with new and existing legislation.

Over the last several years, the Government of Canada has undertaken a number of initiatives to achieve domestic GHG reductions. These measures include regulations, codes and standards, targeted investments, incentives, tax measures and programs that directly reduce GHG emissions. On October 3, 2016 the Government of Canada announced a pan-Canadian approach to the pricing of GHG emissions. The federal fuel charge regime took effect in Saskatchewan, Manitoba, Ontario, and New Brunswick on April 1, 2019 and in the Yukon and Nunavut on July 1, 2019. The federal carbon-pricing regime took effect in Alberta on January 1, 2020.

In the September 23, 2020 speech from the Throne, the Government of Canada indicated that it intends to make a number of investments that will help it achieve net-zero emissions by 2050, including investments intended to, among other things develop a clean power fund that will, in part, help regions transition to cleaner sources of power generation and support continued investment in the development and implementation of renewable and clean energy technologies. Specific program details have not yet been announced. On November 19, 2020, the federal government introduced the Canadian *Net-Zero Emissions Accountability Act* in Parliament. If passed, this Act will bind the Government of Canada to a process intended to help Canada achieve net-zero emissions by 2050.

The increased regulation, targets for the reduction of emissions and financial motivation for CO_2 emitters to reduce their emissions and to meet the increasingly robust federal and provincial environmental regulations is a significant driver that is expected to increase the requirement for the Company's engineering and consulting services on a near-term and sustainable long-term basis.

CO_2 Utilization for Commercial Products

The rapid evolution of new technologies which utilize CO_2, such as those developed by the XPRIZE competition winners, creates an increased demand for CO_2 capture and purification systems. In response to these commercial developments, it is the Company's belief that it will see a significant increase in Company sales and revenue related to the low-cost design CO_2 capture technology offered by the Company, as emitters are increasingly seeking to recover the cost of CO_2 capture infrastructure by selling such recaptured CO2 to commercial and industrial markets that utilize CO_2 as an input.

The Four Pillars

The Company is an engineering and consulting business that provides services to industry clients. The Company does not manufacture any products and does not maintain any inventory. As a result, the Company does not have any costs associated with production or capital expenditures. The Company's revenue is derived from engineering and process design for a customer site where the Company's technologies are implemented; and technology licensing royalties that are required for the use of the technologies being provided.

The Company will market its consulting and engineering services to CO_2 industrial gas emitters and other target customers to provide one or more of these pillars within their engineering consulting packages. Not all customers will require all pillars to be built into the consulting and engineering packages provided by the Company, however most customers will utilize one or more of these services, and in many cases pillars are complimentary to achieving the Company's customers' objectives of reducing CO_2 emissions and reducing operating costs associated with such emissions.

CO_2 Capture: Over the last 16 years, the Business, as it existed with HTC, developed cost-effective CO_2 capture solutions for CO_2 enhanced heavy oil production, food grade CO_2 markets and industrial CO_2 applications. The related technology was acquired by the Company as part of the Asset Purchase. Trademarked as Delta's LCDesign®, the primary CO_2 capture system has been engineered on a skid using oil field fabrication techniques to reduce capital and operating costs for CO_2 production while feasibility of a project is determined and prior to the construction of a full-sized fixed CO_2 producing facility. The LCDesign® unit will capture CO_2 from power plants and other flue gas sources such as hydrogen reformers, cement plants, refineries, or diesel generators.

The Company's low-cost design CO_2 capture technology, LCDesign®, is based on the bulk removal of CO_2 from high volume flue gas by the use of chemical absorbents. CO_2 in the flue gas stream is absorbed in an aqueous chemical solvent in the absorber column. The CO_2-rich solvent is then passed to an amine stripper column where the CO_2 is removed and the solvent is regenerated by supplying the required heat in a reboiler. The reboiler can be a direct fired heater or indirect heater that uses steam, glycol, or thermal fluid. The design is modified or adjusted based on the flue gas composition, operating conditions, the cleanup target and the CO_2 production capacity. As part of the LCDesign®, Delta will recommend to the customer the solvent chemicals that optimize the CO_2 capture process for the specific plant location. The DeltaSolve® solvents and the additives have been used for many decades within the industry in the field of post-combustion CO_2 capture and acid gas processing and can be procured from local chemical suppliers.

The LCDesign® technology also includes the PDOengine® (Process Design Optimization Engine). This computer modeling software allows Delta to accurately predict the plants production performance and capital costing prior to plant construction.

The LCDesign® is proven commercial technology and is ready for commercial operation and the Company considers the technology to be fully developed, subject to incremental upgrades.

Solvent and Ethanol Purification: The Company will continue to utilize its patented Delta Reclaimer® purification technology, which was acquired as part of the Asset Purchase, to service the CO_2 capture and other large chemical production facilities that seek to reclaim, recycle and reuse the extracted solvents and alcohols, rather than have these contaminated fluids disposed underground. The Company's technology utilizes multi-level thermal distillation technology and is marketed as having the potential to save companies some of the cost of buying new solvents and disposing of used solvents.

To keep the solvent clean and to maintain its high absorption efficiency, an integrated Delta Reclaimer® system is provided online to continuously treat a small slipstream of the solvent in circulation. The recovered solvent is returned to the system and a very small but concentrated volume of waste is sent for disposal. Thermal reclamation has been demonstrated to handle many impurities including ionic and non-ionic contaminants, in addition to the removal of any other non-volatile or solid impurities.

The Company holds the following patents for the engirneering design and process by the Delta Reclaimer® system:

Country	Patent Number	IP Office
China	CN 104 284 881B	Chinese State IP Office
Europe	EP 283 103 3B1	European Patent Office
Australia	AU 201 323 929 2B2	IP Australia
Canada	CA 286 889 5C	Canadian IP Office
USA	US 999 451 2B2	US Patent

Hydrogen Production: The Clean Energy Assets business division of HTC acquired by the Company as part of the Asset Purchase, began intellectual property development with hydrogen modelling, design, and simulation processes and staging platforms for reactor and catalyst designs in 2003. The ability to cost effectively configure catalysts, adapt reactor designs, and capture CO_2 to accommodate multi-feed stocks, optimizes the deployment of methane hydrogen reforming systems manufactured by original equipment manufacturers which have proven to date to be the most cost-effective method of producing hydrogen. Prior to the Asset Purchase, HTC had developed, and was in the early stages of commercializing, technologies to produce hydrogen from crude ethanol and other bio-sources such as grains and cellulous. HTC was effectively manufacturing bio-hydrogen that does not require hydrocarbon as a feed stock. The Company intends to continue development of this technology with the objective of creating a patentable product for commercialization.

Carbon credit certification and trading: Carbon Rx was a carbon trading platform on the Chicago Climate Exchange between 2003 and 2010, when the exchange ceased operations. The trading system had the following three parts. The trading platform was a marketplace for executing trades among registered account holders on the exchange. The clearing and settlement platform processed all transaction information. The registry was the official database for carbon financial instruments owned by registry account holders. Carbon Rx facilitated the trading of carbon credits as a registry account holder and aggregated and sold carbon credits from municipal landfills and agricultural no-till farming industry. At this time Carbon Rx is not operation and there are no immediate plans to resume the operation of Carbon Rx, however it is intended that the trading and sale of carbon credits will become an integral part of its customers' overall carbon program and the Company expects to integrate carbon trading at the time that demand for it is created among its customers' projects. The intellectual property related to Carbon Rx was acquired by the Company as part of the Asset Purchase.

Two Year History

On January 27, 2021, Delta completed the purchase of HTC's Clean Energy Assets for an aggregate purchase price of $4,000,000. The Clean Energy Assets consist of all of the intellectual property and certain contractual agreements for the operation of HTC's CO_2 capture systems and reclaimer systems. The purpose of the Asset Purchase was to provide a separate business profile for the Clean Energy Assets separate and apart from HTC's other operating assets.

The Business, as it existed in HTC, focused on securing projects that demonstrate the commercial value of what are now Delta's proprietary technologies, such as the Delta low-cost design CO_2 capture technology, LCDesign®. The Company expects to generate its revenues from (i) process, design and engineering fees and (ii) royalty fees as a percentage of capital expenditure from the implementation of its projects. The Company believes that this simplistic revenue model has potential to be profitable due to its low over-head costs.

In December 2018, the LCDesign® technology was selected to provide CO_2 extraction system required for utilization by the finalists of the XPRIZE competition at the Alberta Carbon Conversion Technology Centre ("**ACCTC**") test facility. As part of this project, the Business, as it existed in HTC, engineered, fabricated and commissioned a CO_2 capture plant. In September 2020, this CO_2 capture plant became fully operational and is successful in delivering captured and purified CO_2. The ACCTC site is now used by Delta for walkthrough demonstrations of the Company's low-cost design CO_2 capture technology, LCDesign®. These walkthrough demonstrations also showcase the Delta Reclaimer, as well as the various commercial uses for captured and purified CO_2.

Delta is also participating in at least ten other CO_2 capture projects world-wide that are in various stages of development. The demand for Delta's carbon capture technology has increased in recent years in response to three factors: (i) emergence of corporate environmental, social and governance ("**ESG**") policies, (ii) the implementation of carbon taxes and (iii) CO_2 utilization for commercial products.

Impact of COVID-19

The Company has not seen a material impact on its business as a result of COVID-19, and the pandemic does not seem to have a material impact on large projects, other than meeting electronically instead of in person. There potentially could be supply related impacts (such as the Company's inability to obtain parts and other supplies required to complete a project), but the Company has not experienced these negative effects to date.

FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Financial Statements and MD&A are included as schedules to this Prospectus:

- **Schedule A:** Audited carve-out combined financial statements of the Business for the years ended December 31, 2019 and December 31, 2020.
- **Schedule B:** MD&A for the Business for the years ended December 31, 2019 and December 31, 2020.
- **Schedule C:** Audited financial statements of the Company for the period from incorporation (December 22, 2020) until December 31, 2020.
- **Schedule D:** MD&A for the Company for the period from incorporation (December 22, 2020) until December 31, 2020.
- **Schedule E:** Unaudited interim condensed consolidated financial statements of the Company for the 3 month period ended March 31, 2021.
- **Schedule F:** MD&A for the Company for the 3 month period ended March 31, 2021.
- **Schedule G:** Mandate of the Board of Directors.
- **Schedule D:** Audit Committee Charter.
- **Schedule E:** Intellectual Property.

The Financial Statements and the financial data derived therefrom and included in this Prospectus have been prepared in accordance with IFRS.

The MD&A included herein should be read in conjunction with the Financial Statements and the disclosure contained in this Prospectus. The discussions of results are as of the dates stated in the applicable MD&A.

SUMMARY OF FINANCIAL INFORMATION

The following table sets forth selected financial information for the Business as at and for the years ended December 31, 2019 and December 31, 2020, as well as financial information for the Company as at December 31, 2020, for the period from incorporation of the Company to December 31, 2020, and for the three month period ended March 31, 2021. This selected financial information should be read in conjunction with the Financial Statements attached hereto.

	Financial Information for the Business		**Financial Information for the Company**	
	For the year ended December 31, 2020	**For the year ended December 31, 2019**	**For the period from incorporation to December 31, 2020**	**For the three month period ended March 31, 2021**
Revenue	$152,291	$329,620	-	$25,000
Loss from operations	($797,156)	($618,319)	-	($724,558)
Net Income (Loss)	($838,156)	($615,819)	-	($754,169)
Current Assets	$46,548	$46,277	$10	$6,922,871[1]
Total Assets	$558,783	$713,651	$10	$10,817,194[1]
Total Liabilities	$1,066,013	$347,055	-	245,269
Equity	($507,232)	$366,596	$10	$10,817,194

Notes:

(1) Includes net cash proceeds of $7,424,550 from the Private Placement Financing, s*ee "Our Business – Private Placement Financing".*

USE OF AVAILABLE FUNDS

Available Funds and Principal Purposes

This is a non-offering prospectus. The Company is not raising any funds in conjunction with this Prospectus and, accordingly, there are no proceeds to be raised by the Company pursuant to this Prospectus.

As of the date of this Prospectus, the Company has available funds of approximately $5,720,792, as follows:

Sources of Available Funds	
Cash	$5,720,792
Total	**$5,720,792**

The principal purposes for the Company's available funds over the next 12 months will be as follows:

Principal Purposes	
General and administrative costs(1)	$1,004,000
Cost of the Listing(2)	$300,000
Sales and marketing(3)	$1,000,000
Total	**$2,304,000**
Unallocated Funds(4)	**$3,416,792**

Notes:

(1) Includes audit, legal and other professional fees ($300,000), salaries and wages ($565,000), rent ($10,000), general office expenses ($90,000), banking and financial service fees ($20,000) insurance ($9,000) and transfer agent fees ($10,000). Excludes costs associated with the Listing.

(2) Includes legal and audit fees, as well as fees payable to the CSE and securities regulators.

(3) Includes costs associated with establishing new offices in the United Kingdom, Houston and Abu Dhabi and hiring new staff in connection with these locations.

(4) The Company is not able to reliably determine the use of all available funds, however it is expected that unallocated funds will be used in connection with unplanned acquisitions and for general working capital purposes as required.

It is anticipated that the available funds will be sufficient to achieve the Company's objectives over the next 12 months. The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of funds will be subject to the discretion of Management. Until we use the unallocated funds, we will hold them in cash and/or invest them in short-term, interest-bearing, investment-grade securities.

Business Objectives and Milestones

The primary business objective for the Company over the next 12 months is to establish three additional regional sales offices, including in the United Kingdom, the United Arab Emirates and Texas, and to hire & train three sales engineers to service those new locations with the objective of establishing the Delta brand as a world-leading technology brand in its market. The Company has allocated approximately $1,000,000 over the next 12 months to achieve this business objective.

DESCRIPTION OF SHARE CAPITAL

The following describes material terms of our share capital. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of our Articles.

Common Shares

The Company's authorized share structure consists of an unlimited number of Common Shares.

As of the date hereof 58,523,100 Common Shares are issued and outstanding. Each Common Share entitles the holder to receive notice of and attend all meetings of the Shareholders. Each Common Share carries the right to one vote. The holders of Common Shares are entitled to receive any dividends declared by the Company in respect of the Common Shares at such time and in such amount as may be determined by the Board, in its discretion. In the event of the liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, holders of Common Shares are also entitled to participate, rateably, in the distribution of the assets of the Company, subject to the rights of the holders of any other class of shares ranking in priority to the Common Shares.

Warrants

As of the date hereof, there are outstanding 20,660,250 Warrants. Table below provides a summary of the outstanding Warrants.

Date of Issuance	Number Warrants Issued	Exercise Price	Expiry Date
January 27, 2021	18,100,000	$0.50	January 27, 2025[(1)]
January 27, 2021	1,398,750	$0.50	January 27, 2025[(1)(2)]
January 29, 2021	1,075,000	$0.50	January 29, 2025[(1)]
April 16, 2021	86,500	$0.50	April 29, 2025[(1)]

Note:

(1) Upon the completion of the Listing, which will constitute a Liquidity Event, the Expiry Date of the Warrants will be 24 months from the date of Listing and such Liquidity Event. – *See Description of the Business – Private Placement Financing.*

(2) Issued to finders pursuant to the Private Placements.

Options

The Board has approved a stock option plan (the "**Option Plan**"). For more information, see "Executive Compensation – Incentive Plan Awards".

As of the date of this Prospectus, under the Option Plan, there are 5,800,000 options ("**Options**") outstanding. Each Option is exercisable for one Common Share at a price of $0.20 for a period of 4 years.

Restricted Share Units

The Board has approved a restricted share unit plan (the "**RSU Plan**"). For more information, see "Executive Compensation – Incentive Plan Awards".

As of the date of this Prospectus, under the RSU Plan, there are 5,800,000 RSUs ("**RSUs**") outstanding. 25% of each RSU issuance will vest to their holders semi-annually for a period of two years.

DIVIDEND POLICY

We currently intend to retain any future earnings to fund the development and growth of our business and do not currently anticipate paying dividends on the Common Shares. Any determination to pay dividends in the future will be at the discretion of our Board and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that our Board may deem relevant.

DESCRIPTION OF MATERIAL INDEBTEDNESS

Description of Material Indebtedness

Other than as disclosed herein, as of the date of the Prospectus, to the knowledge of the directors and officers of the Company there is no material indebtedness of the Company.

CONSOLIDATED CAPITALIZATION

The following table sets forth our consolidated capitalization as of the date hereof. This table is presented and should be read in conjunction with the Financial Statements included elsewhere in this Prospectus and with the information set forth under "Summary of Financial Information", "Financial Statements and Management's Discussion and Analysis", and "Description of Share Capital".

The following table sets out the fully-diluted share capital of the Company:

Designation of Security	Authorized	Number Outstanding
Common Shares	Unlimited	58,523,100
Warrants exercisable for Common Shares	N/A	20,660,250
Options	N/A	5,800,000

Designation of Security	Authorized	Number Outstanding
RSUs	N/A	5,800,000
	Total	**90,783,350**

PRIOR SALES

The following table summarizes issuances of our Common Shares, or securities convertible into Common Shares, during the 12-month period preceding the date of this Prospectus.

Date of Issuance	Type of Security	Number of Securities Issued	Issuance/Exercise Price per Security
December 22, 2021	Common Shares	100(1)	$0.10
January 27, 2021	Common Shares	20,000,000 (2)	$0.20
January 27, 2021	Common Shares	36,200,000 (3)	$0.20
January 27, 2021	Warrants	18,100,000 (3)	$0.50
January 27, 2021	Warrants	1,398,750 (4)	$0.50
January 29, 2021	Common Shares	2,150,000 (3)	$0.20
January 29, 2021	Warrants	1,075,000 (3)	$0.50
February 19, 2021	Options	5,800,000	$0.20
February 19, 2021	Restricted Share Units	5,800,000	-
April 16, 2021	Common Shares	173,000(3)	$0.20
April 16, 2021	Warrants	86,500(3)	$0.50

Notes:

(1) Issued to HTC on incorporation.

(2) Issued to HTC as consideration in the Asset Purchase Agreement.

(3) Issued as part of the units sold pursuant to the Private Placement**.**

(4) Issued to finders under the Private Placement.

ESCROWED SECURITIES

In the event that the Common Shares become listed on the CSE, the Company anticipates that it will be classified as an "emerging issuer", as defined under NP 46-201 upon such listing. Each of the persons named below (collectively, the "**Escrow Holders**") would fall within the definition of "principal" of an emerging issuer under NP 46-201. In accordance with applicable securities rules, the Escrow Holders will execute an escrow agreement with the Company and the Escrow Agent substantially in the form attached as an Appendix to NP 46-201 (Form 46-201F1) (the "**CSE Escrow Agreement**") in respect of an aggregate of 1,500,00 Common Shares, and 750,000 Common Shares upon the exercise of Warrants (collectively, the "**Escrow Securities**"), prior to the filing of a final prospectus and a listing on the CSE.

10% of such securities held in escrow will be released from escrow on the date the Common Shares are listed on the CSE, and 15% every 6 months thereafter, subject to acceleration provisions provided for in NP 46-201.

Common Shares held by the following persons will be subject to escrow pursuant to the CSE Escrow Agreement:

Name of the Securityholder	Designation of Securities	Number of Securities to be held in escrow	Percentage on a non-diluted basis	Percentage on a fully diluted basis
Lionel Kambeitz	Common Shares Warrants	1,500,000 750,000	**2.57**% **3.65**%	**2.85**% **0.95**%

The Escrow Agreement provides that the 2,250,000 Escrow Securities are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with other than in accordance with the terms of the Escrow Agreement. In the event of the bankruptcy of an escrow Shareholder, in accordance with the Escrow Agreement, the Escrow Securities held by such escrow Shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the Escrow Securities, which shares will remain in escrow subject to the CSE Escrow Agreement. In the event of the death of an escrow Shareholder, in accordance with the Escrow Agreement, the Escrow Securities held by the escrow Shareholder will be released from escrow.

Contractual Restrictions

In addition to the Escrow Securities, securities acquired by purchasers under the Private Placement and by HTC under the Asset Purchase Agreement are subject to the, pursuant to which there are 46,853,000 Common Shares and an additional 16,545,500 Common Shares upon the exercise of Warrants are released on the following basis:

Private Placement

In respect of the 38,523,000 Common Shares, and 19,261,500 Common Shares issuable upon the exercise of Warrants ("**Warrant Shares**"), issued pursuant to the Private Placement, 7,704,600 Common Shares and 3,852,300 Warrant shares will be released upon the Listing, with the same amount released every three months following the Listing.

Asset Purchase

In respect of the 20,000,000 Common Shares issued pursuant to the Asset Purchase, 2,000,000 Common Shares will be released upon the Listing, with the same amount released every three months following the Listing and the final 4,000,000 Common Shares released on the date which is 24 months following the date of the Listing.

PRINCIPAL SHAREHOLDERS

The following table sets out the shareholders who, to the Company's knowledge, beneficially own, control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of our voting securities.

Name of Shareholder	Number of Common Shares Owned
HTC Purenergy Inc.	20,000,000

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out, for each of our directors and executive officers, the person's name, province or state and country of residence, position with us, principal occupation, age and, if a Director, the date on which the person became a Director. Our directors are expected to hold office until our next annual general meeting of Shareholders. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of Shareholders. As a group, the directors and executive officers beneficially own, or control or direct, directly or indirectly, a total of 1,500,000 Common Shares, representing 2.57% of the Common Shares outstanding, and all such Common Shares are owned indirectly by Lionel Kambeitz.

Name and Province or State and Country of Residence	Age	Position with the Company	Director/Officer Since	Principal Occupation
Lionel Kambeitz (1) *Saskatchewan, Canada*	68	Chairman, Director and CEO	December 22, 2020	Chairman and CEO of HTC Purenergy Inc
Jeffrey Allison *Saskatchewan, Canada*	64	Director, President	December 22, 2020	Sr. Vice-President, CFO & Corporate Secretary of HTC Purenergy Inc.
Jacelyn Case Saskatchewan, Canada	42	CFO, Corporate Secretary	December 22, 2020	Accounting Manager of HTC Purenergy Inc., Pinnacle Industrial Services
Wayne Bernakevitch(1) (2) *Saskatchewan, Canada*	72	Director	December 22, 2020	Senior Counsel, McDougall Gauley LLP
Garth Fredrickson (1) (2) *Saskatchewan, Canada*	65	Director	December 22, 2020	President of Friona Development and Consulting Ltd.

Notes:
(1) Member of our Audit Committee.
(2) Independent Director.

Biographies of Directors and Executive Officers

The following are brief profiles of our executive officers and directors, including a description of each individual's principal occupation within the past five years:

Lionel Kambeitz, Chief Executive Officer and Director

Lionel Kambeitz is a recognized business development professional. Mr. Kambeitz currently serves as Chairman and CEO of Delta CleanTech Inc. and has played a founding role in many other Canadian and United States based private companies, as well as Canadian based public companies. Mr. Kambeitz has executive experience in a variety of industries including energy, agriculture, and ESG startups.

Jeffrey Allison, President and Director

Jeffrey Allison has been a senior executive at HTC for 15 years working with the Delta CleanTech business unit prior to the spin-out transaction. Mr. Allison has over 30 years of experience in corporate finance, financial management, business development and project planning. Mr. Allison previously worked for a major Canadian Bank in the oil and gas financing business line in Western Canada. Mr. Allison is a graduate of the University of Calgary.

Jacelyn Case, Chief Financial Officer

Jacelyn Case has her CPA, CMA designation and over 15 years' experience in financial management and financial reporting. Ms. Case is responsible for the financial management of Delta CleanTech including all budgeting and forecasting, development and maintenance of financial reporting for regulatory and bank requirements, and management of day to day operations.

Wayne Bernakevitch, Independent Director

Wayne Bernakevitch is a senior partner with the law firm of McDougall Gauley LLP, the largest law firm in Saskatchewan. With over 25 years of experience, Mr. Bernakevitch specializes in Corporate, Commercial and Business Law. Mr. Bernakevitch is the former President of the Regina District Chamber of Commerce.

Garth Fredrickson, Independent Director

Garth Fredrickson is a Saskatchewan based commercial property and business developer. Mr. Fredrickson previously served for two years as the Chairman of the University of Regina Board of Governors. He is a community builder and sits on numerous boards in Saskatchewan.

Cease Trade Orders

Save and except as set forth below, none of the Company's directors or executive officers is, as at the date of this Prospectus, or has been within the ten years before the date of this Prospectus, a director, chief executive officer or chief financial officer of any company (including the Company) that was subject to one of the following orders, that was in effect for a period of more than 30 consecutive days:

- a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was issued while the director, chief executive officer or chief financial officer was acting in the capacity as director, chief executive officer or chief financial officer; or

- a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

On May 4, 2021, the Financial and Consumer Affairs Authority of Saskatchewan (the "**FCAA**") issued a Management Cease Trade Order (the "**HTC MCTO**") in respect of HTC Purenergy Inc. ("**HTC**") as a result of HTC not having filed annual audited financial statements for the year ended December 31, 2020 and Management's Discussion and Analysis in respect thereof. The HTC MCTO remains in force and has not yet been revoked. At the time the HTC MCTO was issued, and as of the date of this Prospectus: Lionel Kambeitz is the chairman, chief executive officer and Director of HTC; Jeff Allison is the senior vice president and a director of HTC; and Wayne Bernakevitch and Jeff Allison are both directors of HTC.

Corporate Bankruptcies

Other than as disclosed below, none of our directors or executive officers has, within the ten years prior to the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets, been a director or executive officer of any company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets.

On July 31, 2017 Kingsland Energy Corp. ("**KLE**"), a reporting issuer listed on the TSX Venture Exchange (the "**TSX**") of which Mr. Kambeitz was the Chairman and acting CEO, Mr. Allison was the CFO, and Mr. Bernakevitch was a director filed a notice of its intention to make a proposal to its creditors under the Bankruptcy Act, and on August 30, 2017 KLE filed such proposal ("**Proposal**"). On September 21, 2017 a meeting of creditors was held, at which meeting the Proposal was accepted by 100% of the votes of disinterested creditors who proved their claims, representing 100% of the value of disinterested creditors' proven claims. On October 24, 2017, the court approved the Proposal and on March 12, 2018 KLE received the TSX's approval in respect of the Proposal. On March 14, 2018 the transactions contemplated under the Proposal closed with the issuance of common shares of KLE issued to its creditors.

Penalties or Sanctions

No director or executive officer of the Company or Shareholder holding sufficient securities of the Company to affect materially the control of the Company has:

- been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To the best of our knowledge, there are no known existing or potential conflicts of interest among us and our directors, officers, or other members of Management as a result of their outside business interests except that certain of our directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of Management who are appointed by the Board and who are charged with the day to day Management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision-making.

The Company's corporate governance practices are summarized below:

Board of Directors

Under NI 58-101, a director is considered to be independent if he or she is independent within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Pursuant to NI 52-110, an independent director is a director who is free from any direct or indirect relationship which could, in the view of our Board, be reasonably expected to interfere with a director's independent judgment. Based on information provided by each director concerning his or her background, employment and affiliations, our Board has determined that of the two directors on our Board at Listing, Mr. Kambeitz and Mr. Allison will not be considered independent as a result of their respective relationships with us. Certain members of our Board are also members of the board of directors of other public companies. Our Board has not adopted a director interlock policy, but is keeping informed of other public directorships held by its members.

Directorships

The following table sets out the directors and officers of the Company that are directors, officers or promoters of other reporting issuers:

Name	Name of Reporting Issuer	Position	Date
Lionel Kambeitz	HTC Purenergy Inc.	Executive Chairman, CEO	1996-Present
	Kingsland Energy Corp.	Chairman, CEO	1995-Present
Jeffrey Allison	HTC Purenergy Inc.	Director, SR VP, CFO, Secretary	2004-Present
	Kingsland Energy Corp.	Director, CFO	2006-Present
Wayne Bernakevitch	HTC Purenergy Inc.	Director	2011-Present
	Kingsland Energy Corp.	Director	2018 - Present
Garth Fredrickson	HTC Purenergy Inc.	Director	2012 - Present

Orientation and Continuing Education

The CEO and/or the CFO are responsible for providing an orientation for new directors. Director orientation and ongoing training includes presentations by senior Management to familiarize directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers and its internal and independent auditors. On occasions where it is considered advisable, the Board provides individual directors with information regarding topics of general interest, such as fiduciary duties and continuous disclosure obligations. The Board ensures that each Director is up to date with current information regarding the business of the Company, the role the director is expected to fulfill and basic procedures and operations of the Board. The Board members are given access to Management and other employees and advisors, who can answer any questions that may arise. Regular technical presentations are made to the directors to keep them informed of the Company's operations.

Ethical Business Conduct

We have adopted a written code of ethics (the "**Code of Ethics**") that applies to all of our officers, directors, employees, contractors and agents acting on behalf of the Company. The objective of the Code of Ethics is to provide guidelines for maintaining our and our subsidiaries integrity, trust and respect. The Code of Ethics addresses compliance with laws, rules and regulations, conflicts of interest, confidentiality, commitment, preferential treatment, financial information, internal controls and disclosure, protection and proper use of our assets, communications, fair dealing, fair competition, due diligence, illegal payments, equal employment opportunities and harassment, privacy, use of Company computers and the internet, political and charitable activities and reporting any violations of law, regulation or the Code of Ethics. Any person subject to the Code of Ethics should report all violations of law, regulation or of the Code of Ethics of which they become aware to any one of the Company's senior executives. Our Board has ultimate responsibility for monitoring compliance with the Code of Ethics. The Code of Ethics will be filed with the Canadian securities regulatory authorities on SEDAR at www.sedar.com.

Nomination of Directors

The Board does not have a nominating committee. The Board will consider its size each year when it passes a resolution determining the number of directors to be appointed at each annual general meeting of Shareholders. The Board has determined that the configuration of four directors is the appropriate number of directors, taking into account the number required to carry out duties effectively while maintaining a diversity of views and experience. The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members, the Chairman and CEO. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

Compensation

There are no current plans for the Company to pay any cash compensation to directors for services rendered in their capacity as directors. This matter will be reconsidered by the Board upon completion of Listing.

It is also expected that the Company will grant Options and/or RSUs to directors in recognition of the time and effort that such directors devote to the Company. The timing, amounts, exercise price of these future option based and share based awards are not yet determined.

Other Board Committees

Other than the Audit Committee and Committee, the Company will have no other standing committees upon Listing. Following the Listing, the Board will consider addition of other committees as appropriate.

Assessments

The Board does not conduct any formal evaluation of the performance and effectiveness of the members of the Board, the Board as a whole or any committee of the Board, however, the Board considers the effectiveness and contribution of the Board, its members and the Audit Committee on an ongoing basis. The directors and the independent directors are free to discuss specific situations from time to time among themselves and/or with the CEO and, if need be, steps are taken to remedy the situation, which steps may include a request for resignation. Furthermore, Management and directors will communicate with Shareholders on an ongoing basis, and Shareholders will be regularly consulted on the effectiveness of Board members and the Board as a whole. The majority of the Board also serve as directors for other public companies and will utilize that experience when assessing the Board, its members and committees.

AUDIT COMMITTEE

The Audit Committee will meet with the CEO and CFO of the Company and the independent auditors to review and inquire into matters affecting financial reporting matters, the system of internal accounting and financial controls and procedures and the audit procedures and audit plans. The Audit Committee will recommend to the Board the independent registered public accounting firm to be appointed. In addition, the Audit Committee will review and recommend to the Board for approval the annual financial statements, the annual report and certain other documents required by regulatory authorities.

The Board has not developed a written position description for the Chairman of the Audit Committee but considers the Chairman to be responsible for setting the tone for the committee work, ensuring that members have the information needed to do their jobs, overseeing the logistics of the Audit Committee's operations, reporting to the Board on the Audit Committee's decisions and recommendations, setting the agenda and running and maintaining minutes of the meetings of the Audit Committee.

The Audit Committee's Charter

A copy of the Company's Audit Committee Charter is attached here to as Schedule F hereto.

Composition of the Audit Committee

The Audit Committee is composed of the following members:

Name	Independence[(1)]	Financially Literacy
Lionel Kambeitz [(2)]	Not Independent	Financially Literate
Garth Fredrickson [(3)]	Independent	Financially Literate
Wayne Bernakevitch	Independent	Financially Literate

Notes:
(1) The Company is a "venture issuer" for the purposes of NI 52-110. As such, the Company is exempt from the requirement to have the Audit Committee comprised entirely of independent members.
(2) Lionel Kambeitz is not independent by virtue of serving as CEO of the Company.
(3) Chair of the Audit Committee.

Relevant Education and Experience

All members of the Audit Committee have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements, and have an understanding of internal controls. All members of the Audit Committee intend to maintain their currency by periodically taking continuing education courses.

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his/her responsibilities as an Audit Committee member is set out in their biographies which can be found under the heading "Directors and Executive Officers – Biographies of Directors and Executive Officers".

Reliance on Certain Exemptions

Since the Company is a "venture issuer" pursuant to applicable Canadian securities legislation, it is relying upon the exemption provided for at section 6.1 of NI 52-110 in respect of the composition of the Audit Committee.

At no time since the commencement of the Company's most recently completed financial period has the Company relied on the exemption in:

a) Section 2.4 of NI 52-110 (De Minimis Non-audit Services);
b) Subsection 6.1.1(4) of NI 52-110 (Circumstances Affecting the Business or Operations of the Venture Issuer);
c) Subsection 6.1.1(5) of NI 52-110 (Events Outside Control of Member);
d) Subsection 6.1.1(6) of NI 52-110 (Death, Incapacity or Resignation);
e) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee Charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors. The Audit Committee will be responsible for the pre-approval of all audit services and permissible non-audit services to be provided to the Company by the external auditors, subject to any exceptions provided in NI 52-110.

Details of the composition and function of the remaining standing committees to be formed following the Listing will be discussed at the first meeting of the directors following the Listing.

EXECUTIVE COMPENSATION

Prior to obtaining a receipt for the Prospectus, the Company is not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**") has been omitted pursuant to Section 1.3(8) of Form 51-102F6V.

The following discussion describes the significant elements of the compensation of our Named Executive Officers.

"Named Executive Officers" or "**NEOs**" means each of the following individuals: (i) each CEO; (ii) each CFO; (iii) the most highly compensated executive officer other than CEO and CFO at the end of the most recently completed financial year whose total compensation was more than $150,000; (iv) each individual who would be a named executive officer under (iii) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

The following are our Named Executive Officers:

- Lionel Kambeitz, CEO;
- Jeffrey Allison, President; and
- Jacelyn Case, CFO and Corporate Secretary.

As of the date of the Prospectus, and other than as disclosed below, the anticipated base compensation for each of the Company's NEOs, for the 12 month period following the date of this Prospectus is as follows. At this time it is not known whether any perquisites or additional benefits will be granted or paid to any of the NEOs, and only their base salary is known. It is not expected that any perquisites or benefits will exceed 10% of the respective base compensation.

Name	Base Compensation
Lionel Kambeitz	$120,000
Jeff Allison	$68,750

Name	Base Compensation
Jacelyn Case	$66,000

Incentive Plan Awards

The Company intends to grant Restricted Share Units and Options upon completion of the Listing. See below “Share Compensation Plan” for more detail on the Company’s Share Compensation Plan.

The Company will likely grant future option based and share based awards by granting stock Options or RSUs to its directors, officers, employees, consultants pursuant to its Share Compensation Plan. The timing, amounts, exercise price of these future option based and share based awards are not yet determined. See “Forward Looking Statements”.

Stock Option Plans

In proposing the Option Plan, the Board considered its goal of encouraging key personnel to remain with the Company and to attract new employees, officers, directors and consultants (the “**Option Participants**”). Accordingly, the Option Plan is intended to supplement the RSU Plan, (each a “**Securities Based Compensation Arrangement**” and together with the RSU Plan, the “**Securities Based Compensation Arrangements**”), provided that the aggregate issuances under all the Securities Based Compensation Arrangements do not exceed 20% of the issued and outstanding Common Shares on a non-diluted basis on each date of grant.

As of the date of this Prospectus, there are 5,800,000 Options outstanding under the Option Plan, representing 9.94% of the outstanding Common Shares and 70,000 Options remain available for grant under the Option Plan (after taking into account the outstanding RSUs), representing 0.12% of the outstanding Common Shares. The Options outstanding as of the date of this Prospectus, have a term as set out in each Option agreement.

The purpose of the Option Plan is to provide the Company with the advantages of the incentive inherent in equity ownership on the part of Option Participants who are responsible for the continued success of the Company; to create in those Option Participants a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage Option Participants to remain with the Company and any subsidiaries; and to attract new employees, directors, officers and consultants.

The Committee will determine the directors, officers, employees, or consultants that Options shall be granted.

The Board will have the authority to grant Options to Option Participants, and will determine the terms and conditions applicable to the exercise of those Options including the number of Common Shares issuable under each Option, the exercise price, the expiry date, vesting conditions, if any, the nature and duration of the restrictions, if any, to be imposed on the sale or other disposition of Common Shares acquired on exercise of the Option, and the events, if any, that give rise to a termination or expiry of the Option Participant’s rights under the Option, and the period in which such termination or expiry can occur.

An Option may only be granted to a consultant under the Option Plan if the number of Common Shares reserved for issuance under that Option, when combined with the number of Common Shares reserved for issuance under all Options granted within the one-year period before the Grant Date by the Company to consultants, does not exceed, in aggregate, 2% of the outstanding Common Shares on the Grant Date.

Furthermore, the total number of Options that may be reserved for issuance to Related Persons (as a group) under the Option Plan and any other Security Based Compensation Arrangements, in aggregate, will not exceed, at any time, or within any 12-month period, 10% of the issued and outstanding Common Shares, on a fully diluted basis, as at the date of grant of any Options under this Option Plan.

The total number of Options that may be reserved for issuance and granted to any person under the Option Plan and all other Securities Based Compensation Arrangements, in aggregate, will not exceed at any time, or within a 12-month period, 5% of the issued and outstanding Common Shares, on a fully diluted basis, as at the date of grant of any Options under the Option Plan.

The Option Plan will be administered by the Board, and the Board may delegate its powers, rights and obligations to a committee.

The Board may terminate the Option Plan at any time in its absolute discretion, without Shareholder approval.

Restricted Share Unit Plan

In proposing the RSU Plan, the Board considered its goal of attracting, retaining and encouraging key personnel. Accordingly, the RSU Plan is intended to supplement the Option Plan, provided that the aggregate issuances under all the Securities Based Compensation Arrangements do not exceed 20% of the issued and outstanding Common Shares on a non-diluted basis immediately prior to the proposed grant of the applicable RSUs.

As of the date of this Prospectus, there are 5,800,000 RSUs outstanding under the RSU Plan, representing 9.94% of the outstanding Common Shares and 70,000 RSUs remain available for grant (after taking into account the outstanding Options), representing 0.12% of the outstanding Common Shares. The RSUs outstanding as of the date of this Prospectus, have a term of two (2) years of which one quarter (1/4) of the RSUs will vest every six months from the date of grant. None of the issued and outstanding RSUs may vest or be paid out unless Shareholders have approved the RSU Plan.

The purpose of the proposed RSU Plan is to provide a financial incentive for employees, consultants and directors of the Company, to devote their best efforts towards the long-term success of the Company's business, by aligning RSU Participants' financial interests with those of the Company and its Shareholders, to assist the Company in attracting and retaining individuals with top-level talent, passion, ability, and an overall commitment to the business of the Company, and to ensure that the total compensation provided to RSU Participants is at competitive levels.

The Board may grant RSUs to RSU Participants at such times as the Board in its sole and absolute discretion may determine.

The Committee will determine the time vesting conditions for each RSU grant, which will be set out in the RSU Participant's award agreement. Vested RSUs will be payable in cash or Common Shares, or a combination of both cash and Common Shares, issued by the Company at the sole discretion of the Committee. Absent exceptional circumstances, the Company expects that all RSUs will be settled in Common Shares issued by the Company. Where the payout is to be settled in cash, the Company will provide the RSU Participant with a cash payment determined by multiplying the number of RSUs being redeemed for cash, by the fair market value of one Common Share on the vesting date, less any applicable taxes and other source deductions required to be withheld by the Company.

Unless permitted by the CSE or the Company has received disinterested Shareholder approval to do so, the total number of Common Shares issuable to Related Persons (as a group), including under this RSU Plan and all other Security Based Compensation Arrangements, shall not exceed at any time, or within any 12-month period, 20% of the issued and outstanding Common Shares, on a fully diluted basis, as at the date of grant of any RSU.

Furthermore, unless permitted by the CSE or the Company has received disinterested Shareholder approval to do so, the total number of Common Shares issuable to any one person, including under this RSU Plan and all other Security Based Compensation Arrangements, shall not exceed at any time, or within any 12-month period, 5% of the issued and outstanding Common Shares, on a fully diluted basis, as at the date of grant of any RSU.

A grant of RSUs will not entitle any RSU Participant to rights as a Shareholder of the Company prior to receipt of Common Shares. No holder of RSUs is entitled to receive, and no adjustment shall be made for, any dividends, distributions or any other rights declared for Shareholders of the Company for which the record date is prior to the date on which the RSU Participant becomes record owners of such Common Shares.

The RSU Plan will be administered by the Board (or by the Committee upon delegation by the Board).

The Board may terminate, discontinue, or amend the RSU Plan at any time without the consent of a RSU Participant, such termination, discontinuance or amendment may not adversely affect such RSU Participant's rights under any RSU granted.

Pension Plans

The Company does not have defined benefit or defined contribution plans.

Oversight and Description of Director and NEO Compensation

The formal policies or practices of the Company to determine the compensation for the Company directors and executive officers are not known. It is anticipated that following Listing, the Company will establish such formal policies or practices.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of our directors, executive officers, employees, former directors, former executive officers or former employees or any of our subsidiaries, and none of their respective associates, is or has within 30 days before the date of this Prospectus or at any time since the beginning of the most recently completed financial year been indebted to us or any of our subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided to us or any of our subsidiaries.

RISK FACTORS

Description of Risk Factors

The following are certain risk factors relating to the business carried on by the Company which prospective investors should carefully consider before deciding whether to purchase Company Shares. The Company will face a number of challenges in the development of its technology and in building its customer base. Due to the nature of the Company, the Company's business and present stage of the business, the Company may be subject to significant risks. Readers should carefully consider all such risks, including those set out in the discussion below.

The fact that the Business has earned minimal revenues raises substantial doubt about the Company's ability to continue as a going concern.

The Company currently has, and the Business has historically had, minimal revenue and only a small number of customers, none of which have yet completed a project which includes the technologies or designs of the Company or the Business. The Company is largely dependent on the success of marketing its engineering and design process services, and there is no certainty that such marketing will result in greater engagement or revenues from its existing customers or other CO_2 emitters. If a significant number of CO_2 emitters do not use the Company's engineering and process services, and complete and begin operations of their facilities including the adoption for such facilities of the Company's technologies and engineering designs, the Company's business, financial condition, and results of operations may be materially harmed. The Company's technologies and designs may never achieve market acceptance, the Company may not gain any new customers and it is possible that none of its customers will complete and begin operating a project incorporating the Company's design or technologies, which would result in minimal revenue from such project's initial engineering designs only and would not provide for any licensing or royalties.

General Business Risks

Operational Risks

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

Resale of Shares

There can be no assurance that the publicly-traded market price of the Company Shares will be high enough to create a positive return for the existing investors. Further, there can be no assurance that the Common Shares will be sufficiently liquid so as to permit investors to sell their position in the Company without adversely affecting the stock price. In such event, the probability of resale of the Company Shares would be diminished.

As well, the continued operation of the Company will be dependent upon its ability to procure additional financing in the short term and to generate operating revenues in the longer term. There can be no assurance that any such financing can be obtained or that revenues can be generated. If the Company is unable to obtain such additional financing or generate such revenues, investors may be unable to sell their Common Shares and any investment in the Company may be lost.

No prior market for Common Shares

There is currently no public market for the Common Shares and there is no guarantee that Listing will be completed even following the proposed Listing. If Listing is not completed, or if an active public market does not develop or is not maintained, investors might have difficulty selling their Company Shares.

Market for Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Common in creating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility. An active public market for the Company Shares might not develop or be sustained after the completion, if obtained, of the Listing. If an active public market for the Common Shares does not develop, the liquidity of a Shareholder’s investment may be limited and the share price may decline.

Dividends

The Company does not anticipate declaring any cash dividends to holders of Common Shares in the foreseeable future. Consequently, investors may need to rely on sales of their Common Shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase Common Shares.

History of Losses

The Business incurred net losses from the inception of the Business. The Company cannot assure that it can become profitable or avoid net losses in the future or that there will not be any earnings or revenue declines for any future quarterly or other periods. The Company expects that its operating expenses will increase as it grows its business, including expending substantial resources for business development and marketing. In particular, the Company anticipates expanding to markets outside of Canada, in particular through the addition of sales staff in the United States, the United Arab Emirates and China. As a result, any decrease or delay in generating revenues could result in material operating losses.

Reliance on Management and Key Employees

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

Management of Growth

The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company’s current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Risk Associated with Foreign Operations in Other Countries

Delta’s revenue will be achieved from world-wide operations from locations mentioned above where sales offices and sales engineers are working. However, the Company may expand to markets outside of North America and become subject to risks normally associated with conducting business in other countries. The Company cannot predict government positions on such things as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Company's business.

Risks Associated with Acquisitions

As part of the Company's overall business strategy, after the completion of the Listing, the Company may pursue select strategic acquisitions that would provide additional product or service offerings, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Insurance Coverage

The Company requires insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury and property damage. Although the Company believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected.

Tax Risk

The Company will be considered to have been carrying on business in Canada for purposes of the *Income Tax Act*. There is risk that foreign governments may look to increase their tax revenues, levy additional taxes or change their tax policies in such ways which could negatively affect the Company. While the Company does not foresee any adverse tax affects, there is no guarantee that governments will not impose such additional adverse tax policies in the future.

Elimination of Carbon Tax

The existence of the carbon tax is one the factors contributing to the demand for company products and services. In the event that the carbon tax is eliminated from the current environmental policy and legislative regime, there is a risk of reduced revenue. While the company does not anticipate a move away from the carbon tax regime, there is no guarantee that Governments, which periodically see changes in leadership, will not eliminate carbon tax regimes.

Conflicts of Interest

Because directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other companies, the directors and officers of the Company may have a conflict of interest in conducting their duties. The Company and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Executive officers and directors may have rights to indemnification including directors' and officers' liability insurance that will survive consummation of their agreements.

Competitive Markets

The Company faces competition and new competitors will continue to emerge throughout the world. Services and products offered by the Company's competitors may take a larger share of the market than anticipated, which could cause revenue generated from the Company's products and services to fall below expectations. It is expected that competition in these markets will intensify.

If competitors of the Company develop and market more successful products or services, offer competitive products or services at lower price points, or if the Company does not produce consistently high-quality and well-received products and services, revenues, margins, and profitability of the Company will decline.

The Company's ability to compete effectively will depend on, among other things, the Company's pricing of services and equipment, quality of customer service, development of new and enhanced products and services in response to customer demands and changing technology, reach and quality of sales and distribution channels and capital resources. Competition could lead to a reduction in the rate at which the Company adds new customers, a decrease in the size of the Company's market share and a decline in its customers. Examples include but are not limited to competition from other companies in the clean energy and renewable energy markets.

In addition, the Company could face increased competition should there be an award of additional licences in jurisdictions in which the Company operates in.

Reliance on Secondary Industries

The Company's business model focuses largely on the sale of CO_2 capture technology to companies in other industries. As a result, there is an inherent reliance on secondary industries for generation of sales revenue. There is a risk that these secondary industries, (such as the food and beverage industry), will move away from developing products requiring purified CO_2, which may negatively impact Company profitability.

Uncertainty and adverse changes in the economy

Adverse changes in the economy could negatively impact the Company's business. Future economic distress may result in a decrease in demand for the Company's products, which could have a material adverse impact on the Company's operating results and financial condition. Uncertainty and adverse changes in the economy could also increase costs associated with developing and publishing products, increase the cost and decrease the availability of sources of financing, and increase the Company's exposure to material losses from bad debts, any of which could have a material adverse impact on the financial condition and operating results of the Company.

We will incur increased expenses as a result of being a public company and our current resources may not be sufficient to fulfill our public company obligations.

We expect to incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact our performance and could cause our results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the CSE substantially increases our expenses, including our legal and accounting costs, and makes some activities more time consuming and costly. Reporting obligations as a public company and our anticipated growth may place a strain on our financial and management systems, processes and controls, as well as on our personnel.

We also expect these laws, rules and regulations to make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as officers. As a result of the foregoing, we expect a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact our financial performance and could cause our results of operations and financial condition to suffer.

We are responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of our inherent limitations and the fact that we are a new public company and are implementing new financial control and management systems, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may result in a decline in the market price of our Common Shares and harm our ability to raise capital in the future.

If our management is unable to certify the effectiveness of our internal controls or if material weaknesses in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence, which could harm our business and cause a decline in the price of our Common Shares. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause a decline in the market price of our Common Shares and harm our ability to raise capital. Failure to accurately report our financial performance on a timely basis could also jeopardize our listing on the CSE or any other stock exchange on which our Common Shares may be listed. Delisting of our Common Shares on any exchange would reduce the liquidity of the market for our Common Shares, which would reduce the price of and increase the volatility of the market price of our Common Shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely effected, which could also cause investors to lose confidence in our reported financial information, which in turn could result in a reduction in the trading price of the Common Shares.

Our senior management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day to day management of our business.

The individuals who now constitute our senior management team have relatively limited experience managing a publicly traded company and limited experience complying with the increasingly complex laws pertaining to public companies compared to senior management of other publicly traded companies. Our senior management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from our senior management and could divert their attention away from the day to day management of our business.

Dilution and future sale of Common Shares

We may issue additional Common Shares in the future, which may dilute a Shareholder's holding in the Company. Our articles will permit the issuance of an unlimited number of Common Shares, and Shareholders will have no pre-emptive rights in connection with such further issuances. The Directors of the Company have the discretion to determine if an issuance of Common Shares is warranted, the price at which such issuance is effected and the other terms of issue of Common Shares. Also, we may issue additional Common Shares upon the exercise of options to acquire Common Shares under the Option Plan, which will result in further dilution to the shareholders. Potential future acquisitions may also divert Management's attention and result in further dilution to the shareholders.

Failure to Maintain Listing

The Company intends to list its Common Shares on the CSE upon Listing. The Company must meet continuing listing standards to maintain the listing of the Common Shares on the CSE. In the event that the Company fails to comply with such listing standards and the CSE delists the Common Shares, the Company and its shareholders could face significant material adverse consequences, including, but not limited to: (i) a limited availability of market quotations for the Common Shares, (ii) reduced liquidity for the Common Shares, (iii) a limited amount of news and analyst coverage of the Company, (iv) a decrease in the Company's ability to issue additional equity securities or obtain additional equity or debt financing in the future. As a public company, the Company is subject to evolving corporate governance and public disclosure requirements under applicable laws, which may from time to time increase both the Company's compliance costs and the risk of non-compliance, all of which could have an adverse effect on the Company.

Ownership of Our Common Shares

A significant portion of the Company's issued and outstanding Common Shares is held by our existing executive officers, directors, promoters and holders of 5% or more of our outstanding Common Shares, whose interests may differ from yours.

For example, these shareholders may support proposals and actions with which you may disagree or which are not in your interests or which adversely impact the value of your investment. These shareholders may be able to exercise a significant level of control over all matters requiring Shareholder approval, including the election of directors, amendment of our certificate of incorporation and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control in us or changes in management and could also make the approval of certain transactions difficult or impossible without the support of these Shareholder, which in turn could reduce the price of our Common Shares.

Risks Related to Operations

The Company operates in evolving markets, which makes it difficult to evaluate the Company's business and future prospects.

The Company's clean energy products are sold in rapidly evolving markets. The Company's clean energy technologies are in early stages of customer adoption. Accordingly, the Company's business and future prospects may be difficult to evaluate. The Company cannot accurately predict the extent to which demand for its products and services will increase, if at all. The challenges, risks and uncertainties frequently encountered by companies in rapidly evolving markets could impact the Company's ability to do the following:

- generate sufficient revenue to maintain profitability;
- acquire and maintain market share;
- achieve or manage growth in operations;
- develop and renew contracts;
- attract and retain additional engineers and other highly-qualified personnel;
- successfully develop and commercially market new products;
- adapt to new or changing policies and spending priorities of governments and government agencies; and
- access additional capital when required and on reasonable terms.

If the Company fails to address these and other challenges, risks and uncertainties successfully, its business, results of operations and financial condition would be materially harmed.

The Company's adoption of new business models could fail to produce desired financial returns.

Forecasting the Company's revenues and profitability for these new business models is inherently uncertain and volatile. The Company's actual revenues and profits for these business models may be significantly greater or less than the Company's forecasts. Additionally, these new business models could fail for one or more of the Company's products and/or services, resulting in the loss of Company's investment in the development and infrastructure needed to support these new business models, and the opportunity cost of diverting management and financial resources away from more successful businesses.

If critical components or raw materials used to manufacture the Company's products become scarce or unavailable, then the Company may incur delays in manufacturing and delivery of its products, which could damage its business.

The Company's customers which implement engineering solutions based on the Company's design obtain hardware components, various subsystems and systems from a wide range of suppliers through its engineering, procurement, and construction partners. The Company, as a process design engineering company, deals with a number of Engineering, procurement, and construction fabrication companies that produce its products on site for its customers. The Company receives engineering fees and license royalties from the customers that buy our products which are built from engineering and design specifications for the particular application by the engineering, procurement, and construction contractor.

In addition, certain raw materials and components used in the manufacture of the Company's products are periodically subject to supply shortages which can increase the risk of price increases and periodic delays in delivery. Similarly, the market for components is subject to cyclical reductions in supply. If the Company's engineering, procurement and construction partners are unable to obtain components from third-party suppliers in the quantities and of the quality that it requires, on a timely basis and at acceptable prices, then the Company's customer's may not be able to complete their projects on a timely or cost-effective basis, which could cause customers to terminate their contracts with the Company, increase the Company's costs and seriously harm its business, results of operations and financial condition. Moreover, if any of the required suppliers become financially unstable, then it may have to find new suppliers. It may take several months to locate alternative suppliers, if required, or to redesign the Company's products to accommodate components from different suppliers. The Company may experience significant delays in manufacturing and shipping its products to customers and incur additional development, manufacturing and other costs to establish alternative sources of supply if the Company loses any of these sources or is required to redesign its products. The Company cannot predict if it will be able to obtain replacement components within the time frames that it requires at an affordable cost, if at all.

The markets in which the Company competes are characterized by rapid technological change, which requires the Company to develop new products and product enhancements, and could render the Company's existing products obsolete.

Continuing technological changes in the market for the Company's products could make its products less competitive or obsolete, either generally or for particular applications. The Company's future success will depend upon its ability to develop and introduce a variety of new capabilities and enhancements to its existing product and service offerings, as well as introduce a variety of new product offerings, to address the changing needs of the markets in which it offers products. Delays in introducing new products and enhancements, the failure to choose correctly among technical alternatives or the failure to offer innovative products or enhancements at competitive prices may cause existing and potential customers to purchase the Company's competitors' products.

If the Company is unable to devote adequate resources to develop new products or cannot otherwise successfully develop new products or enhancements that meet customer requirements on a timely basis, its products could lose market share, its revenue and profits could decline, and the Company could experience operating losses.

If the Company releases defective products or services, its operating results could suffer.

Products and services designed by the Company involve extremely complex software programs and technologies. While the Company has quality controls in place to detect defects in its products and services before they are released. Nonetheless, these quality controls are subject to human error, overriding, and reasonable resource constraints. Therefore, these quality controls and preventative measures may not be effective in detecting defects in the Company's products and services before they have been released into the marketplace. In such an event, the Company could be required to or may find it necessary to voluntarily suspend the availability of the product or service, which could significantly harm its business and operating results.

The Company's business could be adversely affected if its consumer protection and data privacy practices are not seen as adequate or there are breaches of its security measures or unintended disclosures of its consumer data.

The rate of privacy law-making is accelerating globally and interpretation and application of consumer protection and data privacy laws in Canada, the United States, Europe and elsewhere are often uncertain, contradictory and in flux. As business practices are being challenged by regulators, private litigants, and consumer protection agencies around the world, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with the Company's data and/or consumer protection practices. If so, this could result in increased litigation government or court imposed fines, judgments or orders requiring that the Company change its practices, which could have an adverse effect on its business and reputation. Complying with these various laws could cause the Company to incur substantial costs or require it to change its business practices in a manner adverse to its business.

There are risks associated with the regulatory regime and permitting requirements of our Business.

Delta is not subject to any specific regulatory restrictions. Its customers must obtain customary building and environmental permits that may be specific to any plant being built in a specific location.

The Company's products and services are complex and could have unknown defects or errors, which may give rise to claims against the Company, diminish its brand or divert its resources from other purposes.

The Company's products are process designed engineered by Delta; and Delta is responsible for the process design, which includes the amount of CO_2 captured and its purity. The EPC contractor is responsible for the physical plant equipment, fabrication and its operation, and therefore Delta is not responsible for plant warranty. If the plant does not meet production guidelines, then Delta may be responsible for some damages if the production cannot be rectified in a reasonable period of time. Delta is provided a normal commissioning period whereby it works with the EPC contractor to ensure that the plant meets the design operating specifications. Delta retains special insurance to mitigate in the event it is not able to meet these design specifications. The existence of any defects, errors, or failures in the Company's products or the misuse of the Company's products could also lead to product liability claims or lawsuits against it. A defect, error or failure in one of the Company's products could result in injury, death or property damage and significantly damage the Company's reputation and support for its general.

Although the Company maintains insurance policies, it cannot provide assurance that this insurance will be adequate to protect the Company from all material judgments and expenses related to potential future claims or that these levels of insurance will be available in the future at economical prices or at all. A successful product liability claim could result in substantial cost to us. Even if the Company is fully insured as it relates to a claim, the claim could nevertheless diminish the Company's brand and divert management's attention and resources, which could have a negative impact on the Company's business, financial condition and results of operations.

The Company could be prohibited from shipping its products to certain countries if it is unable to obtain Canadian government authorization regarding the export of its products, or if current or future export laws limit or otherwise restrict the Company's business.

The Company must comply with Canadian federal and provincial laws regulating the export of its products. In some cases, explicit authorization from the Canadian government may be needed to export its products. The export regulations and the governing policies applicable to the Company's business are subject to change. The Company cannot provide assurance that such export authorizations will be available for its products in the future. Compliance with these laws has not significantly limited the Company's operations or sales in the recent past, but could significantly limit them in the future. Non-compliance with applicable export regulations could potentially expose the Company to fines, penalties and sanctions. If the Company cannot obtain required government approvals under applicable regulations, the Company may not be able to sell its products in certain international jurisdictions, which could adversely affect the Company's financial condition and results of operations.

From time to time the Company may become involved in legal proceedings, which could adversely affect the Company.

The Company may, from time to time in the future, become subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy, and disruptive to normal business operations. In addition, the outcome of any legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict and could have a material adverse effect on the Company's business, operating results, or financial condition.

Reliance on business partners

The Company relies on various business partners, including third-party service providers, vendors, licensing partners, development partners, and licensees, among others, in some areas of the Company's business. In some cases, these third parties are given access to sensitive and proprietary information in order to provide services and support to the Company's teams. These third parties may misappropriate the Company's information and engage in unauthorized use of it. The failure of these third parties to provide adequate services and technologies, or the failure of the third parties to adequately maintain or update their services and technologies, could result in a disruption to the Company's business operations. Further, disruptions in the financial markets and economic downturns may adversely affect the Company's business partners and they may not be able to continue honoring their obligations to the Company. Alternative arrangements and services may not be available to the Company on commercially reasonable terms or the Company may experience business interruptions upon a transition to an alternative partner or vendor. If the Company loses one or more significant business partners, the Company's business could be harmed.

Retention and Acquisition of Skilled Personnel

The loss of any member of the Company's management team, could have a material adverse effect on its business and results of operations. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. The expansion of marketing and sales of its products will require the Company to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and the Company may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and in many cases, take a significant amount of time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Company moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

Managing Growth

To manage growth and changes in strategy effectively, the Company must: (i) maintain adequate systems to meet customer demand; (ii) expand sales and marketing, distribution capabilities, and administrative functions; (iii) expand the skills and capabilities of its current management team; and (iv) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, the Company expects to invest its earnings and capital to support its growth, but may incur additional unexpected costs. If the Company incurs unexpected costs, it may not be able to expand quickly enough to capitalize on potential market opportunities.

Disease Outbreaks May Negatively Impact the Company

A local, regional, national or international outbreak of a contagious disease, including the novel coronavirus COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness, could cause staff shortages, supply shortages and increased government regulation all of which may negatively impact the business, financial condition and results of operations of the Company. A pandemic could cause temporary or long-term disruptions in the Company's supply chains and/or delays in the delivery of the Company's products. Further, such risks could also adversely affect the Company's customers' financial condition, resulting in reduced spending for the products the Company sells. Moreover, an epidemic, pandemic, outbreak or other public health crisis, such as COVID-19, could cause employees to avoid the Company's properties, which could adversely affect the Company's ability to adequately staff and manage its businesses. "Shelter-in-place" or other such orders by governmental entities could also disrupt the Company's operations, if employees who cannot perform their responsibilities from home, are not able to report to work. Risks related to an epidemic, pandemic or other health crisis, such as COVID-19, could also lead to the complete or partial closure of one or more of the Company's facilities or operations of its sourcing partners. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Company's business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. These and other potential impacts of an epidemic, pandemic or other health crisis, such as COVID-19, could therefore materially and adversely affect the Company's business, financial condition and results of operations.

Risks Related to Intellectual Property

If the Company fails to protect, or incur significant costs in defending, its intellectual property and other proprietary rights, the Company's business, financial condition, and results of operations could be materially harmed.

The Company's success depends, in large part, on its ability to protect its intellectual property and other proprietary rights. The Company relies primarily on patents, trademarks, copyrights, trade secrets and unfair competition laws, as well as license agreements and other contractual provisions, to protect the Company's intellectual property and other proprietary rights. However, a portion of the Company's technology is not patented, and the Company may be unable or may not seek to obtain patent protection for this technology. Moreover, existing Canadian legal standards relating to the validity, enforceability and scope of protection of intellectual property rights offer only limited protection, may not provide the Company with any competitive advantages, and may be challenged by third parties. The laws of countries other than Canada may be even less protective of intellectual property rights. Accordingly, despite its efforts, the Company may be unable to prevent third parties from infringing upon or misappropriating its intellectual property or otherwise gaining access to the Company's technology. Unauthorized third parties may try to copy or reverse engineer the Company's products or portions of its products or otherwise obtain and use the Company's intellectual property. Moreover, many of the Company's employees have access to the Company's trade secrets and other intellectual property. If one or more of these employees leave to work for one of the Company's competitors, then they may disseminate this proprietary information, which may as a result damage the Company's competitive position. If the Company fails to protect its intellectual property and other proprietary rights, then the Company's business, results of operations or financial condition could be materially harmed.

From time to time, the Company may have to initiate lawsuits to protect its intellectual property and other proprietary rights. Pursuing these claims is time consuming and expensive and could adversely impact the Company's results of operations.

In addition, affirmatively defending the Company's intellectual property rights and investigating whether the Company is pursuing a product or service development that may violate the rights of others may entail significant expense. Any of the Company's intellectual property rights may be challenged by others or invalidated through administrative processes or litigation. If the Company resorts to legal proceedings to enforce its intellectual property rights or to determine the validity and scope of the intellectual property or other proprietary rights of others, then the proceedings could result in significant expense to the Company and divert the attention and efforts of the Company's management and technical employees, even if the Company prevails.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements

The Canadian Intellectual Property Office ("**CIPO**") and various foreign national or international patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. Periodic maintenance fees on any issued patent are due to be paid to CIPO and various foreign national or international patent agencies in several stages over the lifetime of the patent. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of patent rights include, but are not limited to, failure to timely file national and regional stage patent applications based on our international patent application, failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. If we fail to maintain the patents and patent applications covering our product candidates, our competitors might be able to enter the market, which would have a material adverse effect on our business.

While a patent may be granted by a national patent office, there is no guarantee that the granted patent is valid. Options exist to challenge the validity of the patent which, depending upon the jurisdiction, may include re-examination, opposition proceedings before the patent office, and/or invalidation proceedings before the relevant court. Patent validity may also be the subject of a counterclaim to an allegation of patent infringement.

Pending patent applications may be challenged by third parties in protest or similar proceedings. Third parties can typically submit prior art material to patentability for review by the patent examiner. Regarding Patent Cooperation Treaty applications, a positive opinion regarding patentability issued by the International Searching Authority does not guarantee allowance of a national application derived from the Patent Cooperation Treaty application. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and the patent's scope can be modified after issuance. It is also possible that the scope of claims granted may vary from jurisdiction to jurisdiction.

The grant of a patent does not have any bearing on whether the invention described in the patent application would infringe the rights of earlier filed patents. It is possible to both obtain patent protection for an invention and yet still infringe the rights of an earlier granted patent.

The Company may be sued by third parties for alleged infringement of their proprietary rights, which could be costly, time-consuming and limit the Company's ability to use certain technologies in the future.

The Company may become subject to claims that its technologies infringe upon the intellectual property or other proprietary rights of third parties. Any claims, with or without merit, could be time-consuming and expensive, and could divert the Company's management's attention away from the execution of its business plan. Moreover, any settlement or adverse judgment resulting from these claims could require the Company to pay substantial amounts or obtain a license to continue to use the disputed technology, or otherwise restrict or prohibit the Company's use of the technology. The Company cannot assure that it would be able to obtain a license from the third party asserting the claim on commercially reasonable terms, if at all, that the Company would be able to develop alternative technology on a timely basis, if at all, or that the Company would be able to obtain a license to use a suitable alternative technology to permit the Company to continue offering, and the Company's customers to continue using, the Company's affected product. An adverse determination also could prevent the Company from offering its products to others. Infringement claims asserted against the Company may have a material adverse effect on its business, results of operations or financial condition.

We may not be able to protect our intellectual property rights throughout the world

Filing, prosecuting, and defending patents on all of our product candidates throughout the world would be prohibitively expensive. Therefore, we have filed applications and/or obtained patents only in key markets including the United States and Canada. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and their products may compete with ours.

Risks Related to Financial Reporting

We may experience adverse impacts on our reported results of operations as a result of adopting new accounting standards or interpretations.

Our implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect our reported financial position or operating results or cause unanticipated fluctuations in our reported operating results in future periods.

Failure to adhere to our financial reporting obligations and other public company requirements could adversely impact the market price of our Common Shares.

Upon receiving a final receipt for this Prospectus, we will become subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Common Shares are then-listed, including National Instrument 52-109—*Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations will place significant demands on our Management, administrative, operational and accounting resources. If we are unable to accomplish any such necessary objectives in a timely and effective manner, our ability to comply with our financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements. If we cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the trading price of the Common Shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition.

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with generally accepted accounting principles.

LEGAL PROCEEDINGS

To the best of Company's knowledge, there are no material legal proceedings by or against the Company or affecting any of its interests as of the date of this Prospectus, nor are we aware that any such proceedings are contemplated. Furthermore, there are no: (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during its most recently completed fiscal year; (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision in the Company; or (c) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during its most recently completed fiscal year.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this Prospectus, there are no material interests, direct or indirect, of any of our directors or executive officers, any Shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of our outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect us or any of our subsidiaries.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Manning Elliott LLP, Chartered Professional Accountants, located at Vancouver, British Columbia, is our auditor and has confirmed that it is independent of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The transfer agent and registrar for the Common Shares will be Odyssey Trust Company at its principal office in Calgary, Alberta.

INTEREST OF EXPERTS

No person or company whose profession or business who is named as having prepared or certified a report, valuation, statement, or opinion described or included in the Prospectus, or whose profession or business gives authority to a report, valuation, statement, or opinion described or included in the Prospectus, holds any registered or beneficial interest, direct or indirect, in any of our securities or other property of the Company or one of our associates or affiliates and no such person or company, or a director, officer or employee of such person or company, is expected to be elected, appointed, or employed as one of our directors, officers, or employees or as a director, officer, or employee of any of our associates or affiliates and no such person is one of our promoters or the promoter of one of our associates or affiliates.

Manning Elliott LLP is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

PROMOTER

Lionel Kambeitz, the Chief Executive Officer of the Company, may be considered a promoter of the Company within the meaning of Canadian securities legislation. Mr. Kambeitz owns, controls or directs 1,500,000 Common Shares (represents 2.5% of the Common Shares) and 750,000 Warrants.

MATERIAL CONTRACTS

This Prospectus includes a summary description of certain of our material agreements. The summary description discloses all attributes material to an investor in the Common Shares but is not complete and is qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and available on the system for electronic document analysis and retrieval ("**SEDAR**"), at www.sedar.com, under our profile. Investors are encouraged to read the full text of such material agreements.

The following are our only material contracts that will be in effect on Listing (other than certain agreements entered into in the ordinary course of business):

- The CSE Escrow Agreement to be entered into between the Company and the Escrow Agent.

Copies of the foregoing documents will be available following Listing on SEDAR at www.sedar.com.

SCHEDULE A

AUDITED CARVE-OUT COMBINED FINANCIAL STATEMENTS OF THE BUSINESS FOR THE YEARS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2020

Delta CleanTech Business

Audited Carve-out Combined Financial Statements

December 31, 2020 and 2019

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Directors and Shareholders of Delta CleanTech Inc.

Opinion

We have audited the accompanying carve-out combined financial statements of Delta CleanTech (the "Business") which comprise the carve-out combined statements of financial position as at December 31, 2020 and 2019, and the carve-out combined statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying carve-out combined financial statements present fairly, in all material respects, the financial position of the Business as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Business in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other 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 Matters

The financial statements of Delta CleanTech for the period from organization on November 29, 1996 to December 31, 2017 were not audited.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Business' ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Business' Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Business' 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 the Business or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Business' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 the Business' 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 the Business' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Business to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Business to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
May ●, 2021

Delta CleanTech

Carve-Out Combined Statements of Financial Position
As at December 31
In Canadian Dollars

	Note	2020	2019
ASSETS			
Current Assets			
Cash		$ 223	$ 5,387
Accounts receivable	15	23,231	39,720
Sales tax recoverable		1,617	1,170
Prepaids	4	21,477	-
Total current assets		46,548	46,277
Investments (FVTOCI)	8	67,909	103,579
Property, plant and equipment	5	8,607	11,663
Product development	6	214,053	289,062
Patents	9	96,752	104,850
Intangible assets	10	124,914	158,220
TOTAL ASSETS		$ 558,783	$ 713,651
LIABILTIES			
Current liabilities			
Accounts payable	15	$ 50,986	$ 24,863
Related party loan	11	1,015,027	322,192
TOTAL LIABILITIES		1,066,013	347,055
EQUITY (DEFICIENCY)			
Retained earnings (deficit)		(261,611)	576,547
Accumulated other comprehensive loss	8	(245,621)	(209,951)
TOTAL EQUITY (DEFICIENCY)		(507,232)	366,596
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)		$ 558,783	$ 713,651

Nature of operations and going concern (Note 1)

Subsequent events (Note 18)

The accompanying notes are an integral part of these carve-out combined financial statements

Signed "Lionel Kambeitz"
LIONEL KAMBEITZ
CHAIRMAN & CEO

Signed "Jeffrey Allison"
JEFFREY ALLISON
SR. VICE-PRESIDENT & CFO

Delta CleanTech

Carve-Out Combined Statements of Loss and Comprehensive Loss
For the years ending December 31
in Canadian Dollars

	Note	2020	2019
REVENUE			
Engineering, process design and consulting		$ 152,291	$ 329,620
EXPENSES			
Operating wages and consulting		597,624	582,972
General & administrative		225,351	230,288
Amortization		126,472	133,845
Interest on lease liabilities		-	834
		949,447	947,939
LOSS FROM OPERATIONS		(797,156)	(618,319)
OTHER INCOME (EXPENSES)			
Gain on investment		-	2,500
Impairment of investment	7	(41,000)	-
NET LOSS FOR THE YEAR		$ (838,156)	$ (615,819)
Other comprehensive loss for the year			
Decrease in fair value of investment	8	(35,670)	(83,998)
COMPREHENSIVE LOSS FOR THE YEAR		$ (873,826)	$ (699,817)

The accompanying notes are an integral part of these carve-out combined financial statements

Delta CleanTech

Carve-out Combined Statements of Changes in Equity (Deficiency)
At December 31, 2020 and 2019
In Canadian Dollars

	Retained Earnings (Deficit)	Other Comprehensive Loss	Total Equity (Deficiency)
Balance at December 31, 2019	**$ 576,547**	**$ (209,951)**	**$ 366,596**
Loss for the year	(838,156)	-	(838,156)
Other comprehensive loss	-	(35,670)	(35,670)
Balance at December 31, 2020	**$ (261,609)**	**$ (245,621)**	**$ (507,232)**

	Retained Earnings	Other Comprehensive Loss	Total Equity
Balance at December 31, 2018	**$ 1,192,366**	**$ (125,953)**	**$1,066,413**
Loss for the year	(615,819)	-	(615,819)
Other comprehensive loss	-	(83,998)	(83,998)
Balance at December 31, 2019	**$ 576,547**	**$ (209,951)**	**$ 366,596**

The accompanying notes are an integral part of these carve-out combined financial statements

Delta CleanTech

Carve-Out Combined Statement of Cash Flows
For the years ended December 31
in Canadian Dollars

	Note	2020	2019
Cash flows from operating activities:			
Net loss		$ (838,156)	$ (615,819)
Items not affecting cash:			
Amortization expense		126,472	133,845
Impairment from equity investment		41,000	-
Change in working capital and other	14	20,688	31,094
Cash used in operating activities		(649,996)	(450,880)
Cash flows from investing activities:			
Purchase of patents	9	(7,003)	(10,775)
Cash received from recovery of investment	7	-	437,965
Cash paid for investment	7	(41,000)	-
Cash provided (used) in investing activities		(48,003)	427,189
Cash flows from financing activities:			
Decrease in lease liability		-	(56,673)
Change in related party loan	11	692,835	85,750
Cash provided in financing activities		692,835	29,077
Change in cash		(5,164)	5,387
Cash - beginning of the year		5,387	-
Cash - end of the year		**$ 223**	**$ 5,387**

The accompanying notes are an integral part of these carve-out combined financial statements

1. Nature and continuance of operations

These Delta CleanTech ("Delta" or "Business") audited carve-out combined financial statements ("Financial Statements") are segmented statements consisting of the clean energy tech business and assets of HTC Purenergy Inc. dba HTC Extraction Systems ("HTC" or "Corporation"). HTC is incorporated under the *Business Corporations Act* (Alberta) and is located at #002-2305 Victoria Avenue, Regina, Saskatchewan, Canada, and are prepared to reconstruct what is currently defined as the Delta CleanTech segment.

The principal activity of the Clean Energy Division will consist of the historic four pillars of HTC's clean technologies and business: 1) CO2 capture 2) hydrogen production 3) solvent and ethanol purification and 4) carbon credit certification and trading.

This will be accomplished by bundling HTC's patented process design IP, as well as its CO2 capture and related solvent IP together under one single entity, whose focused mandate will be on positioning itself as a leading technology provider in the clean energy technology sector.

On January 27, 2021 HTC completed the sale of the Business (the "Transaction") to its newly incorporated subsidiary, Delta CleanTech Inc. for an aggregate purchase price of $4,000,000 (the "Purchase Price") pursuant to an asset purchase agreement dated January 27, 2021 between HTC and Delta CleanTech Inc. (See Note 18). The assets purchased consist of all of the intellectual property and certain contractual agreements for the operation of HTC's CO2 capture systems and reclaimer systems, which was the "Delta" business unit of HTC.

The Business incurred a comprehensive loss of $873,826 during the year ended December 31, 2020 and has a working capital deficiency of $1,019,465. These factors form a material uncertainty that may cast significant doubt upon the Business' ability to continue as a going concern. The Business' ability to continue its operations and to realize its assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Business will require additional financing in order to meet its current financial obligations and to continue its operations.

These Financial Statements do not give effect to any adjustments which would be necessary should the Business be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the financial statements.

These carve-out combined financial statements have been prepared for the purpose of the Transaction and reflect the financial position, operations and cash flows of Delta derived from the accounting record of HTC. The statements were prepared as if the Business had been operating independently during the period presented (Note 2(b)).

On March 11, 2020 the world health organization declared the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", as a global pandemic. This has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Business as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Business anticipates this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Business' business and financial condition.

2. Basis of Presentation

a) Statement of Compliance with International Financial Reporting Standards ("IFRS")

These Financial Statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

On May ●, 2021 these Financial Statements were approved by the Board of Directors and authorized for issuance.

The Business has 21% interest (2019 - 18%) in Assist Energy Solutions Corp. ("Assist") and accounts for this using FVTPL (Note 7).

In management's opinion, the Financial Statements include all adjustments necessary to fairly present such information.

b) Basis of Measurement

The purpose of these carve-out combined financial statements is to provide general purpose historical financial information of the Business for the inclusion in the non-offering prospectus in connection with the Transaction. Therefore, these carve-out combined financial statements present the historical financial information of those operations making up the Business, and allocations of income and shared expenses of HTC that are attributable to the Business.

These carve-out combined financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value. In addition, these carve-out combined financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The following basis of preparation for the carve-out combined statements of financial position, income (loss) and comprehensive income (loss), changes in owner's equity (deficiency) and cash flows of the Business have been applied:

- All assets and liabilities directly attributable to the Business have been included in these carve-out combined financial statements;
- All income and expenses directly attributable to the Business have been included in these carve-out combined financial statements; and
- Common expenses have been allocated on a pro-rata basis to the Business based on the level of activities during the applicable periods.

Management cautions readers of these carve-out combined financial statements that these carve-out combined financial statements do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Business been a separate entity. Further, the allocation of income and expenses in these carve-out statements of income (loss) and comprehensive income (loss) does not necessarily reflect the nature and level of the Business' future income and operating expenses.

c) Combined financial statements

These audited carve-out combined financial statements include the operations of the Business and present the historical financial position, financial performance, changes in HTC's net investment and cash flows on a carve-out combined basis. To give effect to the continuity of HTC's interest in the assets and liabilities of the Business, all assets and liabilities have been recorded in these carve-out combined financial statements at HTC's book values and have been included from the date they were acquired by HTC.

d) Functional Currency

The financial statements of each company within the consolidated group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the business is the Canadian dollar. These consolidated financial statements are presented in Canadian dollars, which is the Business' presentation currency.

2. Basis of Presentation (continued)

e) Use of Estimates and Judgment

The preparation of the Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. Judgment is used mainly in determining whether a balance or transaction should be recognized in the Financial Statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Investments classification
As part of the evaluation of whether the Business has significant influence over any investee, management must exercise judgment based on current information. Determination of whether or not an investment should be classified and accordingly accounted for as a subsidiary, significant influence or equity investment has a material impact on the financial statements. Management takes into account all facts and circumstances in concluding the classification of an investment.

Fair value measurement of financial instruments
When the fair value of financial assets recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow method. The inputs to these models are taken from observable markets where possible.

Asset Impairment
The carrying amounts of the Business' non-financial assets, other than inventories which are reviewed regularly, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and compared to the carrying amount of the cash generating unit ("CGU") to which the asset belongs. There was no impairment in the 2020 and 2019 year

The Business' most significant estimates and assumptions involve values associated with determining the recoverable amounts of product development costs, property, plant and equipment, patents and intangible assets. These estimates and assumptions include those with respect to future cash inflows and outflows, discount rates, asset lives, and the determination of CGUs.

Management is required to use judgment in determining the grouping of assets to identify their CGU for the purposes of testing for impairment. CGUs are based on an assessment of the unit's ability to generate independent cash inflows. The determination of these CGUs was based on management's judgment in regard several factors such as shared infrastructure, and exposure to market risk and materiality.

Estimated useful lives and amortization of property, plant and equipment, product development, patents and intangibles
Amortization of property, plant and equipment, product development, patents and intangibles are dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Expected credit losses
Management determines expected credit losses by evaluating individual receivable balances and considering customers' financial condition and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the consolidated statement of financial position date.

2. Basis of Presentation (continued)

Income Taxes

Income tax laws and regulations are subject to change. Deferred tax liabilities that arise from temporary differences between recorded amounts on the statement of financial position and their respective tax basis will be payable in future periods. Deferred tax assets that arise from temporary differences between recorded amount son the statement of financial position and their respective tax basis are recognized to the extent that it is probably that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized. The amount of a deferred tax asset/liability is subject to managements best estimate of when a temporary difference ill revers and expected changes income tax rates. These estimates by nature involve significant measurement uncertainty.

3. Significant Accounting Policies

Financial Instruments

<u>Classification and Measurement</u>

The Business classifies and measures financial assets based on their contractual cash flow characteristics and the Business' business model for the financial asset. All financial assets and financial liabilities are recognized at fair value on the audited carve-out combined statements of financial position when the Business becomes party to the contractual provisions of a financial instrument or non-financial derivative contract. Subsequent to initial recognition, financial assets must be classified and measured at either amortized cost, at fair value through profit or loss ("**FVTPL**"), or at fair value through other comprehensive income ("**FVTOCI**").

The Business classifies its financial instruments as follows:

Financial Instrument	**Classification**
Financial assets	
Cash	FVTPL
Accounts receivable	Amortized cost
Investments (FVTOCI)	FVTOCI

Financial liabilities	
Accounts payable	Amortized cost
Related party loan	Amortized cost

Financial Assets

<u>Impairment of financial assets</u>

The expected credit loss model requires entities to account for expected credit losses on financial assets, other than financial assets measured at FVTOCI, at the date of initial recognition, and to account for changes in expected credit losses at each reporting date to reflect changes in credit risk. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Business' management reviewed and assessed its existing financial assets for impairment using reasonable and supportable information to determine the credit risk of the respective items at the date they were initially recognized and compared that to the credit risk as at December 31, 2020. The assessment of changes in credit risk resulted in an immaterial impact on the Statements of Financial Position.

<u>Derecognition of financial assets</u>

The Business derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

<u>Recognition and initial measurement</u>

The Business recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Business measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

3. Significant Accounting Policies (continued)

<u>Classification and subsequent measurement</u>
Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

<u>Derecognition of financial liabilities</u>
The Business derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Cash and Cash Equivalents

Cash includes balances in banks and cash on hand. Cash equivalents are comprised of cash and highly liquid investments with a maturity of three months or less from the date of purchase. The Business does not presently have any highly liquid investments that would qualify as cash equivalents in the current or previous period.

Foreign Currency Translation
The Business translates monetary assets and liabilities using the rate of exchange at the Financial Statement date and non-monetary assets liabilities using the historical exchange rate at the transaction date. Revenues and expenses are translated using the average exchange rate in effect for the period or year.

Property, Plant and Equipment
The initial cost of an asset is comprised of its purchase price or construction cost, borrowing costs and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the amount paid and the fair value of any other consideration given to acquire the asset. Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. Asset values are comprised of cost less accumulated amortization and impairment if required.

Assets are amortized over their estimated useful lives as follows:

Equipment and vehicles	30% declining balance

Impairment of Assets

Non-Financial and Intangible Assets

The carrying amounts of the Business' property, plant and equipment, product development costs, patents and intangible assets having a finite useful life are assessed for impairment indicators at least on an annual basis to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's or group of assets' estimated fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable independent cash inflows (CGUs). Management has identified three CGUs as follows: CO2 extraction technology.

Where an impairment loss is subsequently reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Assets that have an indefinite useful life and goodwill are not subject to amortization and are tested for impairment at least on an annual basis or earlier when there is an indication of potential impairment.

Patents
Costs associated with registration of patents are accumulated at cost and when registration is complete, amortized on a straight-line basis over 15 years.

Intangible Assets
Identifiable intangible assets consisting of trademarks and intellectual property, acquired through acquisitions that are subject to amortization, are amortized using the straight-line method over their estimated useful lives of 3 to 20 years.

3. Significant Accounting Policies (continued)

Provisions
Provisions are recognized when the Business has a present legal or constructive obligation as a result of a past obligating event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

These provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation as at December 31, 2019. The discount rate used to determine the present value reflects current market assessments of the time value of money. Delta performs evaluations to identify onerous contracts and where applicable, records provisions for such contracts.

Research and Development
Research costs are expensed as they are incurred in accordance with specific criteria set out under IFRS. Product development costs are expensed as incurred, except if the costs are related to the development and setup of new products, processes and systems, and satisfy certain conditions for capitalization, including reasonable assurance that they will be recovered. All capitalized development costs are amortized when commercial production begins, based on the expected useful life of the completed product. The carrying value of capitalized development costs are examined for recoverability annually.

Costs associated with the development of the LCDesign®, Delta Reclaimer® System, and PDOengine™ have been capitalized in accordance with the specific criteria under IFRS.

Revenue Recognition
The Business' revenues from contracts with customers are derived from the following sources:

- Engineering processing design and consulting services

To determine whether to recognize revenue, the Business follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time or over time, when (or as) the Business satisfies performance obligations by transferring the promised goods or services to its customers as follows:

- Engineering processing design and consulting services: at a point in time when the service is completed.

<u>Performance Obligations</u>:

Each promised good or service is accounted for separately as a performance obligation, if it is distinct.

<u>Transaction Price</u>:

The Business allocates the transaction price in the contract to each performance obligation. Transaction price allocated to performance obligations may include variable consideration. Variable consideration is included in the transaction price for each performance obligation when it is highly probable that a significant reversal of the cumulative variable revenue will not occur. Variable consideration is assessed at each reporting period to determine whether the constraint is lifted. The consideration contained in some of the Business' contracts with customers has a variable component, and may include both variability in quantity and pricing, such as: revenues can be dependent upon the quantity handled or the number of days any product is stored.

When multiple performance obligations are present in a contract, transaction price is allocated to each performance obligation in an amount that depicts the consideration the Business expects to be entitled to, in exchange for transferring the good or service. The Business estimates the amount of the transaction price, to allocate to individual performance obligations, based on their relative standalone selling prices.

3. Significant Accounting Policies (continued)

Recognition:

The nature, timing of recognition of satisfied performance obligations, and payment terms for the Business' goods and services are described below:

Revenues from contracts for rendering of services are recognized at point in time when the control on those services is transferred to the customer, which is normally when the service is accepted by the customers and when the performance obligation is fulfilled.

The Business recognizes a contract asset or contract liability for contracts where either party has performed. A contract liability is recorded when the Business receives consideration before the performance obligations have been satisfied. A contract asset is recorded when the Business has rights to consideration for the completion of a performance obligation before it has invoiced the customer. The Business recognizes unconditional rights to consideration separately as a receivable. Contract assets and receivables are evaluated at each reporting period to determine whether there is any objective evidence that they are impaired.

The Business recognizes a significant financing component where the timing of payment from the customer differs from the Business' performance under the contract and where that difference is the result of the Business financing the transfer of goods and services. No significant financing components were identified in the Business' contracts.

Income Taxes

Income tax expense comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The resulting changes in the net future tax asset or liability are included in income. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. Future income tax assets are recognized to the extent it is probable that these will be realized in the future.

4. Prepaid expenses

Prepaid expenses totaling $21,477 are for prepaid software expenses (December 31, 2019 - $Nil).

5. Property, plant and equipment

	Equipment	Vehicles	Total
Carrying amount Dec. 31, 2019	$ 1,731	$ 9,932	$ 11,663
Amortization	(454)	(2,602)	(3,056)
Carrying amount Dec. 31, 2020	**$ 1,277**	**$ 7,330**	**$ 8,607**
Balance Dec. 31, 2020 is comprised of:			
Cost	$ 7,977	$ 29,500	$ 37,477
Accumulated Amortization	(6,700)	(22,170)	(28,870)
Carrying Amount	**$ 1,277**	**$ 7,330**	**$ 8,607**

	Equipment	Vehicles	Total
Carrying amount Dec. 31, 2018	$ 2,345	$ 13,458	$ 15,803
Amortization	(614)	(3,526)	(4,140)
Carrying amount Dec. 31, 2019	$ 1,731	$ 9,932	$ 11,663
Balance Dec. 31, 2019 is comprised of:			
Cost	$ 7,977	$ 29,500	$ 37,477
Accumulated Amortization	(6,246)	(19,568)	(25,814)
Carrying Amount	**$ 1,731**	**$ 9,932**	**$ 11,663**

6. Product development

Product development costs represent costs incurred to date in connection with the design and construction of the Delta Reclaimer® System, the LCDesign® CCS, and the PDOengineTM. Amortization of these costs commence once the development is substantially complete.

	Dec. 31, 2020	Dec. 31, 2019
Delta Reclaimer® System	$ 278,792	$ 278,792
Amortization	(107,083)	(87,314)
	171,709	191,478
LCDesign® CCS	440,167	433,453
Amortization	(411,780)	(368,436)
	28,387	65,017
PDOengine™	186,093	186,093
Amortization	(172,136)	(153,526)
	13,957	32,567
Total product development costs	**$ 214,053**	**$ 289,062**

7. Investment in associates

Investment in associates as of December 31, 2020 and December 31, 2019 comprise of:

	Dec. 31, 2020	Dec. 31, 2019
Investment in Assist	$ -	$ -

On April 29, 2020, HTC recaptured a portion of interest in Assist. $41,000 invested increased HTC's shareholdings from 18% to 21%, and, as a result HTC accounts for Assist under the equity method of accounting.

Description	**Assist**
Investment as at Dec. 31, 2019	$ -
Amounts invested	41,000
impairment of investment	(41,000)
Investment as at Dec. 31, 2020	**$ -**

Description	**Assist**
Investment as at Dec. 31, 2018	$ 437,964
Amounts recovered	(437,964)
Investment as at Dec. 31, 2019	**$ -**

8. Investments at FVTOCI

	Dec. 31, 2020	Dec. 31, 2019
Share Investments	$ 67,909	$ 103,579

On December 4, 2008, the Business acquired 2,500,000 shares in EESTech Inc. The Business has classified and measured these shares as fair value through other comprehensive income (FVTOCI). The Business recognized a loss in fair value of $35,670 in 2020 ($83,988 in 2019) in other comprehensive loss. The shares have been recorded at their trading prices at December 31, 2020 and December 31, 2019 based on prices obtained from over the counter exchanges. The December 2019 value was adjusted further to consider the lack of trading volume.

9. Patents

	Cost	Accumulated amortization	Net book value
Carrying Value Dec. 31, 2019	**$ 221,637**	**$ (116,787)**	**$ 104,850**
Additions	7,003	-	7,003
Amortization	-	(15,101)	(15,101)
Carrying Value Dec. 31, 2020	**$ 228,640**	**$ (131,888)**	**$ 96,752**

	Cost	Accumulated amortization	Net book value
Carrying Value Dec. 31, 2018	**$ 210,861**	**$ (102,113)**	**$ 108,748**
Additions	10,776	-	10,776
Amortization	-	(14,674)	(14,674)
Carrying Value Dec. 31, 2019	**$ 221,637**	**$ (116,787)**	**$ 104,850**

Delta has completed the WTO patenting, commercialization and the construction and commissioning of the Delta Purification System®. Reclaiming hydrocarbon based and other solvents, such as single, mixed, and formulated amines, for use in natural gas processing ethanol-based solvents and post combustion CO2 capturing processes. See Product Development Note 6 for further details.

10. Intangible assets

Intangible assets relate to the carved out HTC CO2 Systems of the Business.

	Intangible assets subject to amortization
Cost	
Balance at Dec. 31, 2019	$1,099,600
Balance at Dec. 31, 2020	**$1,099,600**
Accumulated amortization	
Balance at Dec. 31, 2019	$ 941,380
Amortization for the Year	33,306
Balance at Dec. 31, 2020	**974,686**
Carrying amounts	
Balance at Dec. 31, 2018	$ 191,526
HTC CO_2 Systems amortization	(33,306)
Balance at Dec. 31, 2019	$ 158,220
HTC CO_2 Systems amortization	(33,306)
Balance at Dec. 31, 2020	**$ 124,914**

11. Related party loan

Related party loan $1,015,027 represents amounts owed to the HTC (the Parent Company) for funds borrowed to support operations. The loan is non-interest bearing and payable on demand (December 31, 2019 – $322,192).

12. Provision for Income Taxes

The income tax provision recorded differs from the income tax obtained by applying a consolidated statutory income tax rate of 27% (2019 – 27%) to the Business' net loss and is reconciled as follows:

	Dec 31, 2020	**Dec 31, 2019**
Net loss before income taxes	$ (838,156)	$ (615,819)
At the Business' statutory income tax rate of 27%	(226,302)	(166,271)
Tax effect of the following:		
Non-deductible expenses	11,070	675
Change in unrecognized deferred income tax assets	215,232	165,596
Provision for income taxes	$ -	$ -

13. Financial instruments

Fair Value

The Business' financial instruments consist of cash, accounts receivable, investments at FVTOCI, accounts payable, and related party loan. The fair values of cash, accounts receivable, and accounts payable approximate their carrying values because of the short-term nature of these instruments.

Fair Value Hierarchy

Fair value measurements recognized in the Consolidated Statement of Financial Position must be categorized in accordance with the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

13. Financial instruments (continued)

The Business categorized the fair value of the Business' FVTOCI investment is categorized as level 2 as it is determined using inputs other than quoted prices.

The Business' financial instrument classification is summarized as follows:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Cash	$ 223	$ -	$ -	$ 223
Investments (FVTOCI)	-	67,909	-	67,909

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Cash	$ 5,387	$ -	$ -	$ 5,387
Investments (FVTOCI)	-	67,909	-	67,909

14. Supplemental Cash Flow Information

Information below is based on the consolidated operations.

Change in working capital is comprised of	**Dec. 31, 2020**	**Dec. 31, 2019**
Accounts receivables	$ 16,489	$ (39,720)
Prepaids	(21,477)	-
Assets held for sale	-	62,222
Accounts payable	26,123	11,778
Sales tax receivable	(447)	(3,186)
	$ 20,688	$ 31,094

Included in operating activities	**Dec. 31, 2020**	**Dec. 31, 2019**
Cash interest paid	$ -	$ 5,084

15. Financial risk management

Management's risk management policies are typically performed as a part of the overall management of the Business' operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Business is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Business has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Business, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

Liquidity risk

Liquidity risk is the risk that the Business cannot meet its financial obligations associated with financial liabilities in full. The Business' main sources of liquidity are its operations and equity financing. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Business' financial obligations associated with financial liabilities. Risk associated with debt financing is mitigated by having negotiating terms over several years and renegotiating terms before they are due.

15. Financial risk management (continued)

The timing of cash outflows relating to the financial liabilities are outlined in the table below:

Dec. 31, 2020	< 1 year,	1-2 years	3-5 years	Thereafter	Total
Accounts payable	$ 50,986	$ -	$ -	$ -	$ 50,986
Related party loan	1,015,027	-	-	-	1,015,027
Balance	**$ 1,066,013**	**$ -**	**$ -**	**$ -**	**$ 1,066,013**

Dec. 31, 2019	< 1 year,	1-2 years	3-5 years	Thereafter	Total
Accounts payable	$ 24,863	$ -	$ -	$ -	$ 24,863
Related party loan	322,192	-	-	-	322,192
Balance	**$ 347,055**	**$ -**	**$ -**	**$ -**	**$ 347,055**

Currency risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Business has no significant transactions denominated in foreign currency and is not exposed to any material foreign currency risk, aside from broad unquantifiable macro-economic factors arising from fluctuations in foreign exchange, which could result in Canadian products becoming more expensive to international purchasers.

Foreign exchange risk

Foreign exchange risk is primarily associated with contracts for services and contracts of supplies and services. Substantially all of the Business' revenues and expenses are denominated in Canadian dollars, and therefore isolated from foreign exchange risk.

Interest rate risk

Interest rate risk primarily is associated with interest fluctuations earned on the Business' cash and paid on long term debt. The Business mitigates exposure by attempting to match rates and terms to expected cash requirements. Interest risk associated with long term loans is mitigated by arranging terms that extend for multiple years.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial transaction fails to meet its obligations. The Business attempts to reduce such exposure to its cash and marketable securities by only investing in low risk investments with Canadian Chartered Banks and taking advantage of government guarantees. The Business attempts to reduce its loss on amounts receivable by assessing the ability of the counterparties to fulfill their obligation under contract prior to entering into the contracts and by the nature of customers dealt by the Business. At December 31, 2020, the Business had an allowance for doubtful accounts of $100,000 (December 31, 2019 - $100,000).

Due to the nature of the Business' operations, Management considers accounts receivable outstanding for 90 days or less, to be current amounts. Over 90 days are also considered current, if extended terms exist and security is provided, or amounts are subject to contract restrictions and performance markers. The aging of the Business' accounts receivable at December 31, 2020 and December 31, 2019 is as follows:

	Current	Over 90 Days	Total
Aging of accounts receivable at Dec. 31, 2020	$ 23,231	$ -	$ 23,231
Aging of accounts receivable at Dec. 31, 2019	$ 1,290	$ 38,430	$ 39,720

16. Related party transactions

Related party transactions include transactions with corporate investors who have representation on the HTC's Board.

Clearview Financial Services Inc. ("Clearview") is a related party due to one common director. During the year, the business paid $9,600 for rent and $25,000 for consulting (December 31, 2019 - $9,600 and $75,000 respectively). At December 31, 2020, there are amounts payable of $7,681 (December 31, 2019 - $Nil).

EHR Enhanced Hydrocarbon Recovery Inc. ("EHR") is a subsidiary of Kingsland Energy Corp. and is therefore considered a related party due to one common director. HTC CO2 Systems ("HTC CO2") incurred subcontract expenses for the year of $36,000 (December 31, 2019-$36,000) from EHR. As of December 31, 2020, there are $3,150 amounts owing (December 31, 2019 - $Nil) to EHR.

In 2020, the Business had a related party loan of $1,015,027 (December 31, 2019 - $322,192) due to HTC (See Note 11).

Assist Energy Corp. ("Assist") is a related party due to having two common directors. December 31, 2020, Delta holds an 21% interest in Assist (December 31, 2019 – 18%). See Investment in Associates Note 7 for further details.

17. Key Management Compensation

The key management personnel of the Corporation consist of the executive officers, vice-president, other senior managers and members of HTC's Board. Key management personnel also include those persons that have the authority and responsibility for planning, directing and controlling the activities of the Business, directly or indirectly. Compensation that was allocated to the Business was $111,094 in the year ended December 31, 2020 (December 31, 2019 - $100,000).

18. Subsequent events

The Business which forms this carve-out was sold by HTC to Delta CleanTech Inc. for an aggregate purchase price of $4,000,000 (the "Purchase Price") pursuant to an asset purchase agreement dated January 27, 2021 (the "Asset Purchase Agreement"). The $4,000,000 Purchase Price was paid by the issuance of 20,000,000 common shares of Delta CleanTech Inc. to HTC at a price of $0.20 per share.

The Asset Purchase Agreement represents a sale of HTC's existing clean energy business (the "Clean Energy Assets") to Delta CleanTech Inc. Management has determined that the Clean Energy Assets consist of all of the intellectual property and certain contractual agreements for the operation of HTC's CO2 capture systems and reclaimer systems, which was the "Delta" business unit of HTC.

On January 27, 2021, immediately following the closing of the Asset Purchase Agreement, the Corporation completed the first tranche of a non-brokered private placement financing (the "Private Placement"). The first tranche of the Private Placement comprised of 36,200,000 units of Delta (the "Units") at a price of $0.20 per Unit for gross proceeds of $7,240,000. Each Unit was comprised of one common share and one-half of a common share purchase warrant (a "warrant"). Each whole warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance.

On January 29, 2021, the Corporation completed a second tranche of the Private Placement consisting of 2,150,000 units for gross proceeds or $430,000. Each Unit was comprised of one common share and one-half of a common share purchase warrant (a "warrant"). Each whole warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance. Pursuant to the offering (including the first Tranche), the Company paid a cash finders fees of $280,050 and issued 1,398,750 finders' units.

On February 19, 2021, the Corporation approved a stock option plan ("Option Plan") as well as a restricted stock unit plan ("RSU Plan"). 5,800,000 options were issued under the Option Plan with an exercise price of $0.20 per share, a term of 4 years, and a vesting period of 1-year intervals over 3 years. 5,800,000 restricted share units ("RSU") were issued under the RSU Plan with an exercise price of $0.20 per share and a term of 4 years. 25% of each RSU issuance will vest to their holders semi-annually for a period of two years.

On April 16, 2021, the Corporation completed a third tranche of the Private Placement consisting of 173,000 units at a price of $0.20 per unit for gross proceeds of $34,600. Each Unit was comprised of one common share and one-half of a common share purchase warrant (a "warrant"). Each whole warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance.

SCHEDULE B

MD&A FOR THE BUSINESS FOR THE YEARS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2020

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") is prepared as of December 31, 2020 and should be read together with the DELTA CLEANTECH ("DELTA" or the "Business") carve-out combined audited financial statements for the year ending December 31, 2020 (the "Year") and related notes attached thereto (collectively referred to as the "Financial Statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. The Business has adopted National Instrument 51-102F1 as the guideline in representing the MD&A. Terms used but not defined in this MD&A shall bear the meaning as set out in Part 1 of National Instruments ("NI") 51-102 and NI 14-101 *Definitions* and accounting terms that are not defined herein shall bear the meaning as described or used in IFRS applicable to publicly accountable enterprises.

This MD&A is dated May ●, 2021

FORWARD-LOOKING STATEMENTS DISCLAIMER

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties that may cause the Business's actual results or outcomes to be materially different from those anticipated and discussed herein. In assessing forward-looking statements contained herein, readers are urged to read carefully all cautionary statements contained in this MD&A and accompanying Financial Statements, and to not put undue reliance on such forward-looking statements. Forward-looking statements in this MD&A include statements with respect to: the expected performance of the Business and operations and the Business's intentions to expand its Business and operations; the Business's expectations regarding revenue, expenses and anticipated cash needs; the Business's plans to expand its purification capabilities; the ability of the Business to meet consumer demand; the ability of the Business to execute on its strategic priorities and objectives; the size of the market that the Business operates in; the Business's ability to create engineering and distribution channels. Although DELTA's management ("Management") believes that the expectations reflected in the forward-looking statements are reasonable, Management cannot guarantee future results, levels of activity, performance or achievements, or other future events. Forward-looking statements in this MD&A speak only as of the date on which they are made and Management is under no duty to update any of its forward-looking statements after the date of this MD&A, other than as required and governed by applicable securities laws.

Corporate Overview

Delta CleanTech is a segment of HTC Purenergy Inc. dba HTC Extraction Systems ("HTC" or Corporation") which consists of the energy clean tech business and assets of HTC. The information provided has been prepared to reconstruct what is currently defined as the Delta CleanTech segment of HTC.

The segment and principal activity of the Clean Energy Division will consist of the historic four pillars of HTC's clean technologies and business: 1) CO2 capture 2) hydrogen production 3) solvent and ethanol purification and 4) carbon credit certification and trading.

This will be accomplished by bundling HTC's patented process design IP, as well as its CO2 capture and related solvent IP together under one single entity, whose focused mandate will be on positioning itself as a leading technology provider in the energy clean technology sector.

On January 27, 2021 HTC completed the sale of the Business (the "Transaction") to its newly incorporated subsidiary, Delta CleanTech Inc. for an aggregate purchase price of $4,000,000 (the "Purchase Price") pursuant to an asset purchase agreement dated January 27, 2021 between HTC and Delta CleanTech Inc. (See Subsequent Events).

The DELTA Business Unit

DELTA has developed proprietary extraction and purification systems, that have been designed to extract from biomass, liquids and gas, as well as for the distillation and purification of ethanol, ethanol and hydrocarbon-based solvents, used for this extraction in the ***Delta*** energy busines sector.

The business unit benefits from the pedigree, management, experience, proprietary intellectual property and historic brand **DELTA** has developed.

CO_2 Capture & Utilization

Environmental Social Governance ("**ESG**") is driving Identity Preserved Waste ("**IPW™**") Solutions. **IPW** is the process whereby a company is responsible for its disposed waste, even though it may have had a disposal company take "physical possession" of that waste. As such, a company cannot deny the liability in an **ESG** audit, and Delta's **IPW** solutions (CO2 capture and Solvent reclaiming) solves this issue for companies.

The advanced adoption and success of electric vehicle transportation refocuses the call for decarbonized electricity, which will be achieved through CO2 capture/utilization, while renewable energy such as wind and solar become a growing and larger part of the energy mix in the next 25 years. Hydrocarbon combustion for electricity production will dominate the electric grid and CO2 capture/utilization is required.

DELTA's CO^2 capture technology, is the selected technology to provide the CO2 for the NRG COSIA Carbon XPRIZE competition announced in Calgary, Alberta earlier this year.

Solvent, Glycol and Ethanol Reclamation Systems

Delta
CLEANTECH
CAPTURING SUSTAINABILITY

Delta Purification® is a solvent, glycol and ethanol purification sub-division focused on the field of purifying and reclaiming, recycling and reusing ethanol, solvents and glycols providing energy processors and heavy industry the option of not disposing of these waste materials in underground disposal wells.

DELTA has completed the WTO patenting, commercialization and the construction and commissioning of the **Delta Purification®** System. A **Delta Purification®** System reclaimer unit is like a kidney in the human body, in that it removes the impurities that build up in solvents, ethanol, glycols and liquids used as solvents in commercial clean energy and biomass extraction systems. This system allows these liquids to be reclaimed, recycled, and reused.

The **Delta Purification**® System offers the following commercial products:

- **Delta Solvent Reclaiming System™** - Reclaiming hydrocarbon based and other solvents, such as single, mixed, and formulated amines, for use in natural gas processing, ethanol-based solvents and post-combustion CO_2 capturing processes.

- **Delta Glycol Reclaiming System™** - Reclaims and purifies glycols, such as mono-ethylene glycol and tri-ethylene glycol, used for natural gas dehydration processes.

- **Delta CBD Reclaiming System™** - Reclaims and purifies ethanol for use in CBD extraction from biomass. The end product meets food-grade requirements for human and animal consumption through reduced heat processing that prevents damage of the chemical attributes of CBD molecules.

Hydrogen Fuel Production and Related CO_2 Capture

Grey hydrogen accounts for some 95% of the hydrogen produced in the world today using processes such as steam methane reforming.

Delta Clean Tech business approach is to integrate its Low Cost Design, LCDesign®, Carbon Capture technology within the existing large grey hydrogen plants (retrofit) in order to convert these plants to Blue Hydrogen production as well as capturing CO2 on newly installed blue hydrogen plants.

Current	2021 - 2030	2030 -2050
Grey hydrogen	Blue hydrogen	Green hydrogen
Split natural gas into hydrogen and CO_2	Split natural gas into hydrogen and CO_2	Split water into hydrogen by electrolysis powered by water or wind
CO_2 emitted in the atmosphere	CO_2 stored or reused	No CO_2 emitted

Carbon Certification and Trading

Carbon Rx Inc. (“**Carbon Rx**”), a wholly owned subsidiary of **DELTA**, is a 15-year-old company engaged in the development, verification and marketing of certified CO_2 offset credits.

The regulatory framework is multi-jurisdictional and has evolved over the past 10 years; and of relevance is the knowledge of how the credits are established and how they are utilized or traded.

Carbon Rx owns two business units leading the way in the development of aggregation and sale of carbon credits from; municipal landfills and from regenerative agricultural no tillage farming practices having historically traded over $30,000,000 of Carbon Credit units.

Carbon Rx is a platform for the trading of carbon credits and facilitates the trading of such carbon credits on various carbon credit exchanges around the world. Carbon Rx acts as a broker on behalf of generators of carbon credits and retains a commission on such trades.

SELECTED FINANCIAL INFORMATION

In Canadian Dollars	Year ending Dec 31, 2020	Year ending Dec 31, 2019	Year ending Dec 31, 2018
Total Revenue	152,291	329,620	2,114
Loss from Operations	(797,156)	(618,319)	(1,130,274)
Gain (Loss) from asset disposition, valuation and impairment adjustments	(41,000)	2,500	(1,572,743)
Net Loss	(838,156)	(615,819)	(2,703,017)
Other Comprehensive Loss	(35,670)	(83,998)	(31,960)
Comprehensive Net Loss	(873,829)	(699,817)	(2,734,977)
Total Assets	558,783	713,651	1,374,626
Related Party Loan	1,015,027	322,192	236,442
Increase (Decrease) in Cash	(5,164)	5,387	(964)

CURRENT ENVIRONMENT

In March 2020, the World Health Organization declared a global pandemic related to the novel coronavirus ("COVID-19"). The emergence of COVID-19 and the steps taken by governments to control the spread of the virus resulted in significant instability in the global economy and a sharp decline in demand for carbon recapture or purification processes as the entire extraction industry dialed back production and investment. This combined with the increased supply of crude oil due to the Russia and Saudi Arabia price war resulted in an unprecedented collapse in global crude oil prices and significant volatility during Q2/2020. Global crude oil prices began to recover during the second half of 2020 as Russia and members of OPEC (collectively, "OPEC+") agreed to curtail production and governments began to ease restrictions which increased demand. In Q4/2020 vaccines were approved and distribution began which fueled further optimism that demand will be restored. Vaccine approval and distribution has continued in 2021 and OPEC+ has agreed to continue production curtailments which has resulted in recent improvements in the industry in 2021.

REVENUES

	For the years ended December 31,		Three months ended December 31,	
	2020	2019	2020	2019
Total Revenues	$152,291	$329,620	$Nil	$Nil

Total revenues during the three months ended December 31, 2020 were $Nil (2019 - $Nil). The revenue earnings during the quarter are consistent as there were no new contracts in place in either quarter to earn additional revenues during those quarters.

Total revenues in the current year are $152,291 (2019 - $329,620). Revenues in 2020 decreased as the revenues earned from the Innotech XPrize competition came to a close in 2020. Investment and funding in 2020 were directly impacted by the collapse of oil prices in 2020 as well as the impact of COVID-19 on the economy and the ability of Delta to showcase its new technology at tradeshows, competitions and through other means. This is expected to correct in 2021 and forward as Alberta and the Canadian Federal government announced in March 2021 that they have formed a federal-provincial working group to specifically explore opportunities with carbon capture utilization and storage (CCUS) technology.

OPERATING EXPENSES

	For the years ended December 31,		Three months ended December 31,	
	2020	2019	2020	2019
Operating wages and consulting	$597,624	$582,972	$(148,296)	$121,250
General and administrative	$225,351	$230,288	$75,834	$87,408

Operating wages and consulting were in a recovery position of $148,296 during the three months ended December 31, 2020 due to the increased application and submission of the Canada Emergency Wage Subsidy of $51,988 received in the quarter as well as the recovery of $108,413 of consulting expenses due an over accrual of wages and consulting from prior periods. The $121,250 incurred during the three months ended December 31, 2019 were due to ongoing wages and consulting incurred to advance the technology at Delta. General and administrative costs decreased $11,574 (13%) to $75,835 for the three months ended December 31, 2020 due to the pandemic continuing to restrict travel through the fourth quarter of 2020 as travel and meals and entertainment costs were down.

Operating wages and consulting were $597,625 in 2020 compared to $582,972 in 2019. The slight increase of 3% in 2020 is due to the increased investment in the purification process. General and administrative costs have slightly decreased $4,937 or 2% in 2020. General and administrative costs consist of accounting and legal fees, licencing, insurance, rent, information technology, travel and other expenses that are expected to remain consistent from year to year.

AMORTIZATION

	For the years ended December 31,		Three months ended December 31,	
	2020	2019	2020	2019
Amortization	$126,472	$133,845	$26,532	$33,372

Amortization for the three months ending December 31, 2020 was $26,532 (December 31, 2019 – $33,372). The decrease of $6,840 in amortization from quarter to quarter related to a decrease in carrying value of tangible assets from amortization in normal course of business as fixed assets are amortized down using the declining balance method.

Amortization for the year ending December 31, 2020 was $126,472 (December 31, 2019 – $133,845). The year over year decrease of $7,373 or 6% in amortization is related to a decrease in carrying value of tangible assets from amortization in normal course of business as fixed assets are amortized down using the declining balance method.

OPERATING INCOME

	For the years ended December 31,		Three months ended December 31,	
	2020	2019	2020	2019
Income (loss) from operations	$(797,156)	$(618,319)	$45,930	$(242,030)

The Corporation had an operating income for the three month period ended December 31, 2020 of $45,930 as compared to loss of $(242,030) for the three months ending December 31, 2019. The increase in income during the quarter is primarily due to a combination of the Canada Emergency Wage Subsidy received during the quarter as well as a recovery of consulting fees from HTC Extraction Systems.

The Corporation had an operating loss for the year ended December 31, 2020 of $797,156 as compared to $618,319 for the year ending December 31, 2019. The reduction in loss in the current year is due to the reduction in the revenue earned during the year.

NET LOSS AND COMPREHENSIVE LOSS

	For the years ended December 31,		Three months ended December 31,	
	2020	2019	2020	2019
Net Income (Loss)	$(838,156)	$(615,819)	$4,930	$(242,030)
Other Comprehensive Loss	$(35,670)	$(83,998)	$(54,274)	$Nil
Total Comprehensive Loss	$(873,826)	$(699,817)	$(49,344)	$(242,030)

Results of the three months ended December 31, 2020 and December 31, 2019

The net income for the three month ended December 31, 2020 is $4,930 compared to a net loss of $(242,030) for the three months ended December 31, 2019. The increase in income during the quarter is primarily due to a combination of the Canada Emergency Wage Subsidy received during the quarter as well as a recovery of consulting fees from HTC Extraction Systems combined with a further impairment of $41,000 to the investment in Assist to reduce the investment down to $Nil.

Other comprehensive loss includes the unrealized gains and losses on investments classified and measured at fair value through other comprehensive income ("FVTOCI") of $(54,274) (December 31, 2019 – $Nil) and represents the net change in the carrying value of the investments to the adjusted quoted value and transfer of impaired investments to the Consolidated Statement of Loss. These adjustments do not involve cash.

Comprehensive loss for the three months ended December 31, 2020 is $49,344 compared to a comprehensive loss of $242,030 for the three months ended December 31, 2019. The decrease in loss is attributable to a recovery from a combination of the Canada Emergency Wage Subsidy received during the quarter as well as a recovery of consulting fees from HTC Extraction Systems combined with a further impairment of $41,000 to the investment in Assist. Comprehensive results are reflective of the operating environment during the fourth quarter as well as the net change in carrying value of the investments.

Results of the year ended December 31, 2020 and December 31, 2019

Revenue for the year ended December 31, 2020 was $152,291 compared to $329,620 for the year ending December 31, 2019. The decrease in revenues over the prior year as a result of the contract received during the 2019 year, leading to higher revenues generated in the prior year as the majority of the contract was executed in 2019 with only a portion being executed in 2020.

Operating expenses excluding amortization for the year ended December 31, 2020 were $822,975 compared to $813,260 for the corresponding year in 2019. The 2020 increase reflects expenses incurred from increased salaries and wages related to increased business activities.

The loss from operations for the year ended December 31, 2020 is $797,156 compared to $618,319 as at December 31, 2019. The increase in the loss is primarily due to lower revenues in the year.

The net loss for the year ended December 31, 2020 is $838,156 compared to $615,819 as at December 31, 2019. The increase in the loss for the year is primarily driven by the reduction in revenue in 2020 combined with a further impairment of $41,000 to the investment in Assist to reduce the investment down to $Nil.

Other comprehensive income (loss) includes the unrealized gains and losses on investments classified and measured at fair value through other comprehensive income ("FVTOCI") of $(35,670) (December 31, 2019 – $(83,998)) and represents the net change in the carrying value of the investments to the adjusted quoted value and transfer of impaired investments to the Consolidated Statement of Loss. These adjustments do not involve cash.

Comprehensive loss for the year ended December 31, 2020 is $873,826 compared to a comprehensive loss of $699,817 at December 31, 2019. The increase in loss is attributable to decreased revenue from contracts received in the current year and impairments of intangibles and investments in 2020 of $41,000. Comprehensive results are reflective of increased operations and the net change in carrying value of the investments.

TOTAL ASSETS

Total assets for the year ended December 31, 2020 were $558,783 compared to $713,651 as at December 31, 2019. The decrease is primarily attributable to amortization taken in the year on the property, plant and equipment, the product development assets, the patents, and the intangible assets.

Capitalized Development

The Corporation has capitalized development expense relating to its **LCDesign®**, its **Delta Reclaimer®** System, Ethanol and Solvent Reclaimer and its **PDOengine™** described below:

	Dec. 31, 2020	Dec. 31, 2019
Delta Reclaimer® System	$ 278,792	$ 278,792
Amortization	(107,083)	(87,314)
	171,709	191,478
LCDesign® CCS	440,167	433,453
Amortization	(411,780)	(368,436)
	28,387	65,017
PDOengine™	186,093	186,093
Amortization	(172,136)	(153,526)
	13,957	32,567
Total product development costs	$ 214,053	$ 289,062

There was $Nil expensed research and development costs in the Year (see Note 6 of the Financial Statements) (December 31, 2019 - $Nil).

Total accumulated costs expensed from December 31, 2004 to December 31, 2020 are $3,295,862. Research and development costs incurred by subsidiaries prior to their acquisition are not included in this amount, nor are costs incurred by **DELTA**'s collaborative technology development research institutions.

Patents

	Cost	Accumulated amortization	Net book value
Carrying Value Dec. 31, 2019	$221,637	$(116,787)	$104,850
Additions	7,003	-	7,003
Amortization	-	(15,101)	(15,101)
Carrying Value Dec. 31, 2020	$228,640	$(131,888)	$96,752

	Cost	Accumulated amortization	Net book value
Carrying Value Dec. 31, 2018	$210,861	$(102,113)	$108,748
Additions	10,776	-	10,776
Amortization	-	(14,674)	(14,674)
Carrying Value Dec. 31, 2019	$221,637	$(116,787)	$104,850

Delta has completed the WTO patenting, commercialization and the construction and commissioning of the Delta Purification System®. Reclaiming hydrocarbon based and other solvents, such as single, mixed, and formulated amines, for use in natural gas processing ethanol-based solvents and post combustion CO2 capturing processes.

Intangible assets

	Delta CleanTech
Cost	
Balance at Dec. 31, 2019	$1,099,600
Balance at Dec. 31, 2020	**$1,099,600**
Accumulated amortization	
Balance at Dec. 31, 2019	$ 941,380
Amortization for the year	33,306
Balance at Dec. 31, 2020	**$ 974,686**
Carrying amounts (by operating segment)	
At Dec. 31, 2018	$ 191,526
HTC CO_2 Systems amortization	(33,306)
Balance at Dec. 31, 2019	$ 158,220
HTC CO_2 Systems amortization	(33,306)
Balance at Dec. 31, 2020	**$ 124,914**

CURRENT LIABILITIES

Current liabilities are $1,066,013 for the year ended December 31, 2020 as compared to $347,055 as at December 31, 2019. The increase is due to the business acquiring more liabilities during the year as compared to prior year.

CASH FLOW

Cash flows used in operating activities were $(646,762) for the year ended December 31, 2020, compared to $(450,880) for December 31, 2019. The increase is attributable to a decrease in revenue during 2020.

CHANGE IN CASH POSITION

The change in cash position was a spend of $5,164 at December 31, 2020 and a cash inflow of $5,387 at December 31, 2019. Cash flows from operations showed a decrease that is in line with the decrease in revenue during 2020. Cash provided from investing activities of $427,189 in 2019 decreased to cash used in investing activities of $48,003 in 2020. There was cash recovered from in investment in 2019 whereas cash was spent on an investment in 2020. Cash provided from financing activities increased to $692,835 from $29,077 in 2019 due to an increase in the related party loan payable.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions include transactions with corporate investors who have representation on the HTC's Board.

Clearview Financial Services Inc. ("Clearview") is a related party due to one common director. During the year, the business paid $9,600 for rent and $25,000 for consulting (December 31, 2019 - $9,600 and $75,000 respectively). At December 31, 2020, there are amounts payable of $7,681 (December 31, 2019 - $Nil).

EHR Enhanced Hydrocarbon Recovery Inc. ("EHR") is a subsidiary of Kingsland Energy Corp. and is therefore considered a related party due to one common director. HTC CO2 Systems ("HTC CO2") incurred subcontract expenses for the year of $36,000 (December 31, 2019-$36,000) from EHR. As of December 31, 2020, there are $3,150 amounts owing (December 31, 2019-$Nil) to EHR.

In 2020, the Business had a related party loan of $1,015,027 (December 31, 2019 - $322,192) due to HTC.

Assist Energy Corp. ("Assist") is a related party due to having two common directors. December 31, 2020, Delta holds an 21% interest in Assist (December 31, 2019 – 18%).

DIRECTOR AND OFFICER COMPENSATION

The key management personnel of the Corporation consist of the executive officers, vice-president, other senior managers and members of the Board. Key management personnel also include those persons that have the authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Compensation for the Year that was allocated to the Delta segment was $111,094 (December 31, 2019 - $100,000).

ADDITIONAL INFORMATION ON DELTA CLEANTECH

DELTA CLEANTECH invites you to review current and historical press releases and News Express releases. This material can be viewed on the Corporation's web site at https://deltacleantech.ca/news-releases/.

RISKS AND UNCERTAINTIES

Risks and uncertainties relate to dependence of CO_2 emitters being legislated or provided incentive, to adapt CO_2 capture technology and the price of oil for adoption of CO_2 EOR.

The preparation of the Financial Statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the Year.

Significant items subject to judgment, estimates and assumptions include: revenue recognition (judgments on principal versus agent relationship, the identification of performance obligations within contracts, and estimation of the allocation of transaction price to different performance obligations), non-financial asset impairment, inventory provision, underlying estimations of useful lives of depreciable assets, fair value of financial instruments, environmental remediation and contingent liabilities, if any.

The Financial Statements are based on Management's best estimates using information available. Uncertainty regarding the timing of anticipated large-scale market demand for carbon capture technology, related legislative incentives, and uncertainty in financial markets has complicated the estimation process. Accordingly, the inherent uncertainty involved in making estimates and assumptions may impact the actual results reported in future years by a material amount.

CHANGES IN ACCOUNTING PRINCIPLES

Future Changes to Accounting Standards

There are no standards and interpretations that are issued, but not yet effective up to the date of issuance of the Corporation's financial statements, that would have a material impact on the disclosures and financial position of the Corporation. The Corporation intends to adopt future standards and interpretations, if applicable, when they become effective.

CRITICAL ACCOUNTING ESTIMATES

Investments classification

As part of the evaluation of whether the Business has significant influence over any investee, management must exercise judgment based on current information. Determination of whether or not an investment should be classified and accordingly accounted for as a subsidiary, significant influence or equity investment has a material impact on the financial statements. Management takes into account all facts and circumstances in concluding the classification of an investment.

Fair value measurement of financial instruments

When the fair value of financial assets recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow method. The inputs to these models are taken from observable markets where possible.

Asset Impairment

The carrying amounts of the Business' non-financial assets, other than inventories which are reviewed regularly, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and compared to the carrying amount of the cash generating unit ("CGU") to which the asset belongs. There was no impairment in the 2020 and 2019 year

The Business' most significant estimates and assumptions involve values associated with determining the recoverable amounts of product development costs, property, plant and equipment, patents and intangible assets. These estimates and assumptions include those with respect to future cash inflows and outflows, discount rates, asset lives, and the determination of CGUs.

Management is required to use judgment in determining the grouping of assets to identify their CGU for the purposes of testing for impairment. CGUs are based on an assessment of the unit's ability to generate independent cash inflows. The determination of these CGUs was based on management's judgment in regard several factors such as shared infrastructure, and exposure to market risk and materiality.

Estimated useful lives and amortization of property, plant and equipment, product development, patents and intangibles

Amortization of property, plant and equipment, product development, patents and intangibles are dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Expected credit losses
Management determines expected credit losses by evaluating individual receivable balances and considering customers' financial condition and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the consolidated statement of financial position date.

Income Taxes
Income tax laws and regulations are subject to change. Deferred tax liabilities that arise from temporary differences between recorded amounts on the statement of financial position and their respective tax basis will be payable in future periods. Deferred tax assets that arise from temporary differences between recorded amount son the statement of financial position and their respective tax basis are recognized to the extent that it is probably that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized. The amount of a deferred tax asset/liability is subject to managements best estimate of when a temporary difference ill revers and expected changes income tax rates. These estimates by nature involve significant measurement uncertainty.

FINANCIAL INSTRUMENTS

Fair Value

The Business' financial instruments consist of cash, accounts receivable, investments at FVTOCI, accounts payable, and the related party loan. The fair values of cash, accounts receivable, and accounts payable approximate their carrying values because of the short-term nature of these instruments.

Fair Value Hierarchy

Fair value measurements recognized in the Consolidated Statement of Financial Position must be categorized in accordance with the following levels:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
(ii) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and
(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Business categorized the fair value of the Business' FVTOCI investment is categorized as level 2 as it is determined using inputs other than quoted prices.

The Business' financial instrument classification is summarized as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Cash	$ 223	$ -	$ -	$ 223
Investments (FVTOCI)	-	67,909	-	67,909

December 31, 2019	Level 1	Level 2	Level 3	Total
Cash	$ 5,387	$ -	$ -	$ 5,387
Investments (FVTOCI)	-	67,909	-	67,909

FINANCIAL RISK MANAGEMENT

Management's risk management policies are typically performed as a part of the overall management of the Business' operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Business is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Business has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Business, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

Liquidity risk

Liquidity risk is the risk that the Business cannot meet its financial obligations associated with financial liabilities in full. The Business' main sources of liquidity are its operations and equity financing. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Business' financial obligations associated with financial liabilities. Risk associated with debt financing is mitigated by having negotiating terms over several years and renegotiating terms before they are due.

The timing of cash outflows relating to the financial liabilities are outlined in the table below:

Dec. 31, 2020	< 1 year	1-2 years	3-5 years	Thereafter	Total
Accounts payable	$ 50,986	$ -	$ -	$ -	$ 50,986
Related party loan	1,015,027	-	-	-	1,015,027
Balance	$1,066,013	$ -	$ -	$ -	$ 1,066,013

Dec. 31, 2019	< 1 year	1-2 years	3-5 years	Thereafter	Total
Accounts payable	$24,863	$ -	$ -	$ -	$ 24,863
Related party loan	322,192	-	-	-	322,192
Balance	$347,055	$ -	$ -	$ -	$ 347,055

Currency risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Business has no significant transactions denominated in foreign currency and is not exposed to any material foreign currency risk, aside from broad unquantifiable macro-economic factors arising from fluctuations in foreign exchange, which could result in Canadian products becoming more expensive to international purchasers.

Foreign exchange risk

Foreign exchange risk is primarily associated with contracts for services and contracts of supplies and services. Substantially all of the Business' revenues and expenses are denominated in Canadian dollars, and therefore isolated from foreign exchange risk.

Interest rate risk

Interest rate risk primarily is associated with interest fluctuations earned on the Business' cash and paid on long term debt. The Business mitigates exposure by attempting to match rates and terms to expected cash requirements. Interest risk associated with long term loans is mitigated by arranging terms that extend for multiple years.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial transaction fails to meet its obligations. The Business attempts to reduce such exposure to its cash and marketable securities by only investing in low risk investments with Canadian Chartered Banks and taking advantage of government guarantees. The Business attempts to reduce its loss on amounts receivable by assessing the ability of the counterparties to fulfill their obligation under contract prior to entering into the contracts and by the nature of customers dealt by the Business. At December 31, 2020, the Business had an allowance for doubtful accounts of $100,000 (December 31, 2019 - $100,000).

Due to the nature of the Business' operations, Management considers accounts receivable outstanding for 90 days or less, to be current amounts. Over 90 days are also considered current, if extended terms exist and security is provided, or amounts are subject to contract restrictions and performance markers. The aging of the Business' accounts receivable at December 31, 2020 and December 31, 2019 is as follows:

	Current	**Over 90 Days**	**Total**
Aging of accounts receivable at Dec. 31, 2020	$ 23,231	$ -	$ 23,231
Aging of accounts receivable at Dec. 31, 2019	$ 1,290	$ 38,430	$ 39,720

SUBSEQUENT EVENTS

Transaction Details

The Business which forms this carve-out was sold by HTC to Delta CleanTech Inc. for an aggregate purchase price of $4,000,000 (the "Purchase Price") pursuant to an asset purchase agreement dated January 27, 2021 (the "Asset Purchase Agreement"). The $4,000,000 Purchase Price was paid by the issuance of 20,000,000 common shares of Delta CleanTech Inc. to HTC at a price of $0.20 per share.

The Asset Purchase Agreement represents a sale of HTC's existing clean energy business (the "Clean Energy Assets") to Delta CleanTech Inc. Management has determined that the Clean Energy Assets consist of all of the intellectual property and certain contractual agreements for the operation of HTC's CO2 capture systems and reclaimer systems, which was the "Delta" business unit of HTC.

On January 27, 2021, immediately following the closing of the Asset Purchase Agreement, the Corporation completed the first tranche of a non-brokered private placement financing (the "Private Placement"). The first tranche of the Private Placement comprised of 36,200,000 units of Delta (the "Units") at a price of $0.20 per Unit for gross proceeds of $7,240,000. Each Unit was comprised of one Common Share and one-half of a common share purchase warrant (a "warrant"). Each whole Warrant is exercisable to purchase one additional Common Share at an exercise price of $0.50 for a period of 48 months after its issuance.

On January 29, 2021, the Corporation completed a second tranche of the Private Placement consisting of 2,150,000 for gross proceeds or $430,000. Each Unit was comprised of one common share and one-half of a common share purchase warrant (a "warrant"). Each whole warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance. Pursuant to the offering (including the first Tranche), the Company paid a cash finders fees of $280,050 and issued 1,398,750 finders' units.

On February 19, 2021, the Corporation approved a stock option plan ("Option Plan") as well as a restricted stock unit plan ("RSU Plan"). 5,800,000 options were issued under the Option Plan with an exercise price of $0.20 per share, a term of 4 years, and a vesting period of 1-year intervals over 3 years. 5,800,000 restricted share units ("RSU") were issued under the RSU Plan with an exercise price of $0.20 per share and a term of 4 years. 25% of each RSU issuance will vest to their holders semi-annually for a period of two years.

On April 16, 2021, the Corporation completed a third tranche of the Private Placement consisting of 173,000 Units at a price of $0.20 per Unit for gross proceeds of $34,600. Each Unit was comprised of one common share and one-half of a common share purchase warrant (a "warrant"). Each whole warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance.

The Corporation has filed a preliminary Non-Offering Prospectus on March 29, 2021 with the securities regulators in the provinces of Alberta and Saskatchewan for the purposes of becoming a reporting issuer.

Covid-19 Outbreak

On March 11, 2020 the world health organization declared the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", as a global pandemic. This has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Business as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Business anticipates this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Business' business and financial condition.

Signed "Lionel Kambeitz"
LIONEL KAMBEITZ
CHAIRMAN & CEO

Signed "Jeffrey Allison"
JEFFREY ALLISON
SR. VICE- PRESIDENT & CFO

SCHEDULE C

AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE PERIOD FROM INCORPORATION (DECEMBER 22, 2020) UNTIL DECEMBER 31, 2020

DELTA CLEANTECH INC.

Financial Statements

For the period from December 22, 2020 (Date of Incorporation) to December 31, 2020

(Expressed in Canadian Dollars)

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Delta CleanTech Inc.

Opinion

We have audited the accompanying financial statements of Delta CleanTech Inc. (the "Corporation") which comprise the statements of financial position as at December 31, 2020, and the statements of loss and comprehensive loss, changes in equity and cash flows for the period from incorporation on December 22, 2020 to December 31, 2020, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2020, and its financial performance and its cash flows for the period from incorporation on December 22, 2020 to December 31, 2020 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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, which comprises the information included in the Corporation's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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 identified above 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 on this other information, 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 International Financial Reporting Standards as issued by the International Accounting Standards Board, 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 the Corporation '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 the Corporation or to cease operations, or has no realistic alternative but to do.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' 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 auditors' 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 the Corporation '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 the Corporation 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
May ●, 2021

Statement of Financial Position
(Expressed in Canadian dollars)

As at	Note	December 31, 2020
ASSETS		
Current assets:		
Cash		$ 10
Total assets		$ 10
EQUITY		
Share capital	5	$ 10
Total equity		$ 10

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

Signed "Lionel Kambeitz"
LIONEL KAMBEITZ
CHAIRMAN & CEO

Signed "Jeffrey Allison"
JEFFREY ALLISON
SR. VICE-PRESIDENT & CFO

Statement of Loss and Comprehensive Loss

For the Period from December 22, 2020 (Date of Incorporation) to December 31, 2020

(Express in Canadian dollars)

	December 31, 2020
Revenue	$ -
Expenses	-
Net loss and comprehensive loss	**$ -**

Statement of Changes in Equity

For the Period from December 22, 2020 (Date of Incorporation) to December 31, 2020

(Expressed in Canadian dollars, except number of shares)

	Share Capital		
	Number of Shares	Amount	Total Shareholders' Equity
Balance, December 22, 2020	-	-	-
Share issuance (note 5)	100	$ 10	$ 10
Net income	-	-	-
Balance, December 31, 2020	100	$ 10	$ 10

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

Statement of Cash Flows

For the Period from December 22, 2020 (Date of Incorporation) to December 31, 2020

(Express in Canadian dollars)

For the period ended	Note	December 31, 2020
Cash flows from financing activities:		
Proceeds from issuance of common shares	5	$ 10
Increase (decrease) in cash during the period		10
Cash – beginning of year		-
Cash – end of period		$ 10

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

Notes to the Financial Statements

For the Period from December 22, 2020 (Date of Incorporation) to December 31, 2020

(Expressed in Canadian dollars)

1. Operations

Delta CleanTech Inc. ("Delta" or "Corporation") was incorporated under the *Business Corporations Act* (Saskatchewan) on December 22, 2020. The head office, principal business and registered office of the Corporation are located at #002-2305 Victoria Avenue, Regina, Saskatchewan, Canada.

The principal activity of the Corporation will consist of four main areas: 1) CO2 capture 2) hydrogen production 3) solvent and ethanol purification and 4) carbon credit certification and trading.

These financial statements do not give effect to any adjustments which would be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts from those reflected these financial statements.

On March 11, 2020 the world health organization declared the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", as a global pandemic. This has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Corporation anticipates this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Corporation's business and financial condition.

2. Basis of Presentation

a) Statement of Compliance

These financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were authorized for issuance by the board of directors ("Board") on May ●, 2021.

2. Basis of Presentation (continued)

b) Functional Currency

The Financial Statements are presented in Canadian dollars, which is the Corporation's functional currency.

c) Basis of Measurement

The Financial Statements have been prepared on historical cost basis.

d) Use of Estimates and Judgment

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Preparation of the Corporation's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the financial statements, as appropriate.

3. Summary of Significant Accounting Policies

a) Financial instruments

Classification and Measurement

The Corporation classifies and measures financial assets based on their contractual cash flow characteristics and the Corporation's business model for the financial asset. All financial assets and financial liabilities are recognized at fair value on the audited carve-out combined statements of financial position when the Corporation becomes party to the contractual provisions of a financial instrument or non-financial derivative contract. Subsequent to initial recognition, financial assets must be classified and measured at either amortized cost, at fair value through profit or loss ("FVTPL"), or at fair value through other comprehensive income ("FVTOCI").

The Corporation classifies its financial instruments as follows:

Financial Instrument	**Classification**
Financial assets	
Cash	FVTPL

Financial assets

Impairment of financial assets

The expected credit loss model requires entities to account for expected credit losses on financial assets, other than financial assets measured at FVTOCI, at the date of initial recognition, and to account for changes in expected credit losses at each reporting date to reflect changes in credit risk. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Corporation's management reviewed and assessed its existing financial assets for impairment using reasonable and supportable information to determine the credit risk of the respective items at the date they were initially recognized and compared that to the credit risk as at December 31, 2020. The assessment of changes in credit risk resulted in an immaterial impact on the Statements of Financial Position.

Derecognition of financial assets

The Corporation derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

3. Summary of significant accounting policies (continued)

Financial liabilities

Recognition and initial measurement

The Corporation recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Corporation measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Corporation derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

b) Cash

Cash includes balances in banks and cash on hand.

c) Standards issued but not yet effective

Amendments to IAS 1 - Presentation of Financial Statements ("IAS 1 ")

In January 2020, amendments were issued to IAS 1, which provide requirements for classifying liabilities as current or non-current. Specifically, the amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

The amendments must be applied retrospectively for annual periods beginning after January 1, 2023. The Company will assess the impact, if any, of adoption of the amendment.

Any other new accounting standards or amendments to existing accounting standards are either not applicable or are not expected to have a material impact on the Corporation’s financial statements other than potential additional note disclosure.

4. Related Party

The Corporation has identified all of the directors and officers as its key management personnel. During the period ended December 31, 2020, the Corporation did not incur key management compensation costs or undertake any transactions with directors and officers, or companies that are controlled by directors or officers of the Corporation.

5. Share Capital

The Corporation has authorized an unlimited number of common shares without par value. Common shares are voting, participating and are not subject to restrictions.

	As at December 31, 2020	
Common Shares	**Number**	**Amount**
Balance, beginning of period	-	-
Issued stock	100	$ 10
Balance, end of period	100	$ 10

On December 22, 2020 the Corporation issued 100 common shares at $0.10 per share for total proceeds of $10.

6. Financial Instruments

(a) Fair values

The fair values of amounts due from related parties approximate their carrying values due to the short-term to maturities of these financial instruments.

(b) Interest rate
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(c) Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation is not exposed to liquidity risk as there are no amounts due from the Corporation.

(d) Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation's exposure to credit risk is on the amounts due from related parties. This risk is managed by the amounts being due from the directors and founders of the Corporation.

7. Financial Risk Management

The Corporation's capital structure consists of share capital. The Corporation manages its capital structure and makes adjustments to it, based on the funds available to the Corporation. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Corporation will raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable. There were no changes in the Corporation's approach to capital management since inception. The Corporation is not subject to externally imposed capital requirements.

8. Subsequent Events

(a) On January 27, 2021 Delta CleanTech Inc. completed the purchase of assets (the "Asset Purchase Agreement") that form the existing clean energy business (the "Clean Energy Assets") of HTC Purenergy Inc. ("HTC") for an aggregate purchase price of $4,000,000 (the "Purchase Price"). At the time of the closing of the Asset Purchase Agreement HTC was the 100% shareholder of the Corporation and therefore it is transaction between related parties. The Clean Energy Assets consist of all of the intellectual property and certain contractual agreements for the operation of HTC's CO2 capture systems and reclaimer systems.

The Purchase Price was paid by the Corporation by the issuance of 20,000,000 common shares ("Consideration Shares") to HTC at a stated price of $0.20 per common share. The Consideration Shares are subject to a pooling arrangement with a release schedule over a period of 24 months whereby 10% of the Consideration Shares will be released upon the listing of the common shares on a recognized stock exchange in Canada ("Liquidity Event"), 10% of the Consideration Shares are released every three months following the date of the Liquidity Event and the final 20% of the Consideration Shares are released 24 months following the date of the Liquidity Event. The Asset Purchase was conditional upon, among other things, the closing of the Private Placement (as described in (b) below). No finder's fees were payable in connection with the Asset Purchase.

(b) On January 27, 2021, immediately following the closing of the Asset Purchase Agreement, the Corporation completed the first tranche of a non-brokered private placement financing (the "Private Placement"). The first tranche of the Private Placement comprised of 36,200,000 units of Delta (the "Units") at a price of $0.20 per Unit for gross proceeds of $7,240,000. Each Unit was comprised of one common share and one-half of a common share purchase warrant (a "warrant"). Each whole warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance.

(c) On January 29, 2021, the Corporation completed a second tranche of the Private Placement consisting of 2,150,000 Units at a price of $0.20 per Unit for gross proceeds of $430,000. Each Unit was comprised of one common share and one-half of a common share purchase warrant (a "warrant"). Each whole warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance. Pursuant to the offering (including the first Tranche), the Company paid a cash finders fees of $280,050 and issued 1,398,750 finders' units.

8. Subsequent Events (continued)

(d) On February 19, 2021, the Corporation approved a stock option plan (“Option Plan”) as well as a restricted stock unit plan (“RSU Plan”). 5,800,000 options were issued under the Option Plan with an exercise price of $0.20 per share, a term of 4 years, and a vesting period of 1-year intervals over 3 years. 5,800,000 restricted share units (“RSU”) were issued under the RSU Plan with an exercise price of $0.20 per share and a term of 4 years. 25% of each RSU issuance will vest to their holders semi-annually for a period of two years.

(e) On April 16, 2021, the Corporation completed a third tranche of the Private Placement consisting of 173,000 Units at a price of $0.20 per Unit for gross proceeds of $34,600. Each Unit was comprised of one common share and one-half of a common share purchase warrant (a “warrant”). Each whole warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance.

(f) The Corporation has filed a preliminary Non-Offering Prospectus on March 29, 2021 with the securities regulators in the provinces of Alberta and Saskatchewan for the purposes of becoming a reporting issuer.

SCHEDULE D

MD&A FOR THE COMPANY FOR THE PERIOD FROM INCORPORATION (DECEMBER 22, 2020) UNTIL DECEMBER 31, 2020

INTRODUCTION

The following Management's Discussion and Analysis ("**MD&A**") is prepared as of March 31, 2021 and should be read together with the Delta CleanTech Inc.("**Delta**" or the "**Corporation**") unaudited interim condensed consolidated financial statements for the three months ending March 31, 2021 (the "**Period**") and related notes attached thereto (collectively referred to as the "**Financial Statements**"), which are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are stated in Canadian dollars unless otherwise indicated. The Corporation has adopted National Instrument 51-102F1 as the guideline in representing the MD&A. Terms used but not defined in this MD&A shall bear the meaning as set out in Part 1 of National Instruments ("**NI**") 51-102 and NI 14-101 *Definitions* and accounting terms that are not defined herein shall bear the meaning as described or used in IFRS applicable to publicly accountable enterprises.

This MD&A is dated May ●, 2021

FORWARD-LOOKING STATEMENTS DISCLAIMER

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties that may cause the Corporation's actual results or outcomes to be materially different from those anticipated and discussed herein. In assessing forward-looking statements contained herein, readers are urged to read carefully all cautionary statements contained in this MD&A and accompanying Financial Statements, and to not put undue reliance on such forward-looking statements. Forward-looking statements in this MD&A include statements with respect to: the expected performance of the Corporation and operations and the Corporation's intentions to expand its business and operations; the Corporation's expectations regarding revenue, expenses and anticipated cash needs; the Corporation's plans to expand its purification capabilities; the ability of the Corporation to meet consumer demand; the ability of the Corporation to execute on its strategic priorities and objectives; the size of the market that the Corporation operates in; the Corporation's ability to create engineering and distribution channels. Although Delta's management ("**Management**") believes that the expectations reflected in the forward-looking statements are reasonable, Management cannot guarantee future results, levels of activity, performance or achievements, or other future events. Forward-looking statements in this MD&A speak only as of the date on which they are made and Management is under no duty to update any of its forward-looking statements after the date of this MD&A, other than as required and governed by applicable securities laws.

Corporate Overview

On January 27, 2021 Delta completed the purchase of assets (the “**Asset Purchase**”) that form the existing clean energy business (the “**Clean Energy Assets**”) of HTC Purenergy Inc. (“**HTC**”) for an aggregate purchase price of $4,000,000 (the “**Purchase Price**”). The Clean Energy Assets consist of all of the intellectual property and certain contractual agreements for the operation of HTC’s CO2 capture systems and reclaimer systems.

Following the closing of the Asset Purchase , Delta is a clean energy tech business that is dedicated to providing leading clean technology solutions that address the Environmental Social Governance (“**ESG**”) needs of corporations. The principal activity of Delta consists of the following four pillars:

1) CO2 capture;
2) hydrogen production;
3) solvent and ethanol purification; and
4) carbon credit certification and trading.

Delta provides the above services by bundling its patented process design IP, as well as its CO2 capture and related solvent IP together. The proprietary and patented technologies are designed to allow corporations to reduce the cost of capture and have been engineered to reduce capital and operating costs while at the same time delivering superior performance by reducing energy usage, lowering emissions, and improving the quality of CO2 product captured. Further, Delta Purification® is a solvent and glycol purification division focused in the field of purifying, reclaiming, recycling and reusing solvents and glycols, providing energy processors and heavy industry participants the option of not disposing of these waste materials in underground disposal wells.

DELTA CLEANTECH INC.

Delta has developed proprietary extraction and purification systems, that have been designed to extract from biomass, liquids and gas, as well as for the distillation and purification of ethanol, ethanol and hydrocarbon-based solvents, used for this extraction in the ***Delta*** energy business sector.

The Corporation benefits from the pedigree, management, experience, proprietary intellectual property and historic brand ***Delta*** has developed.

CO_2 Capture & Utilization

ESGis driving Identity Preserved Waste (“**IPW™**”) Solutions. **IPW** is the process whereby a company is responsible for its disposed waste, even though it may have had a disposal company take “physical possession” of that waste. As such, a company cannot deny the liability in an **ESG** audit, and ***Delta’s*** **IPW** solutions (CO2 capture and Solvent reclaiming) solves this issue for companies.

The advanced adoption and success of electric vehicle transportation refocuses the call for decarbonized electricity, which will be achieved through CO2 capture/utilization, while renewable energy such as wind and solar become a growing and larger part of the energy mix in the next 25 years. Hydrocarbon combustion for electricity production will dominate the electric grid and CO2 capture/utilization is required.

Delta’s CO2 capture technology, is the selected technology to provide the CO2 for the NRG COSIA Carbon XPRIZE competition announced in Calgary, Alberta earlier this year.

Solvent, Glycol and Ethanol Reclamation Systems

Delta Purification® is a solvent, glycol and ethanol purification sub-division focused in the field of purifying, reclaiming, recycling and reusing ethanol, solvents and glycols, providing energy processors and heavy industry participants the option of not disposing of these waste materials in underground disposal wells.

Delta has completed the WTO patenting, commercialization and the construction and commissioning of the **Delta Purification®** System. A **Delta Purification®** System reclaimer unit is like a kidney in the human body, in that it removes the impurities that build up in solvents, ethanol, glycols and liquids used as solvents in commercial clean energy and biomass extraction systems. This system allows these liquids to be reclaimed, recycled, and reused.

The **Delta Purification®** System offers the following commercial products:

- **Delta Solvent Reclaiming System™** - Reclaiming hydrocarbon based and other solvents, such as single, mixed, and formulated amines, for use in natural gas processing, ethanol-based solvents and post-combustion CO_2 capturing processes.

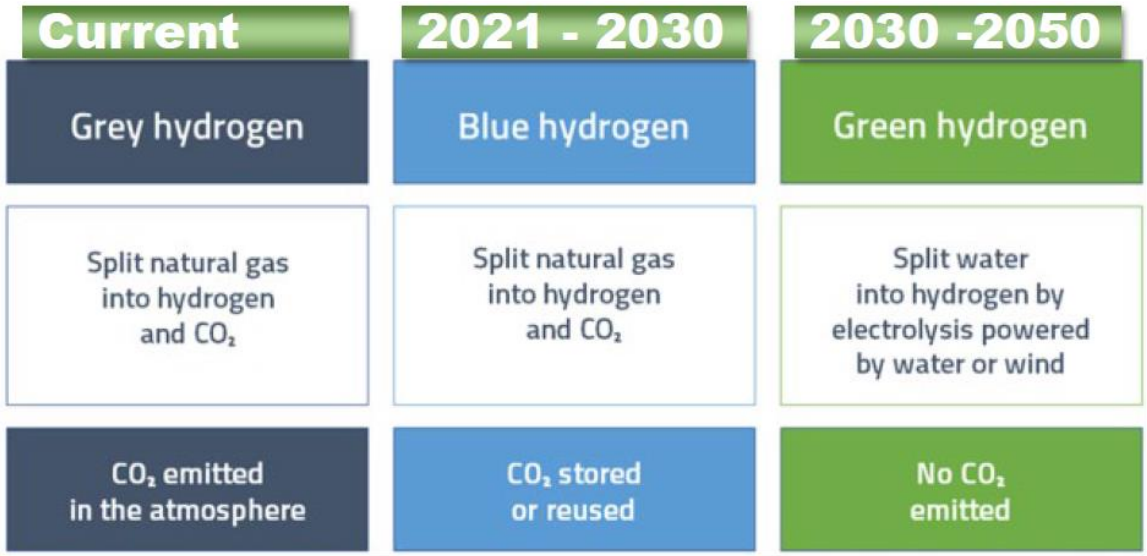
- **Delta Glycol Reclaiming System™** - Reclaims and purifies glycols, such as mono-ethylene glycol and tri-ethylene glycol, used for natural gas dehydration processes.

- **Delta CBD Reclaiming System™** - Reclaims and purifies ethanol for use in CBD extraction from biomass. The end-product meets food-grade requirements for human and animal consumption through reduced heat processing that prevents damage of the chemical attributes of CBD molecules.

Hydrogen Fuel Production and Related CO_2 Capture

Grey hydrogen accounts for some 95% of the hydrogen produced in the world today using processes such as steam methane reforming.

Delta's approach is to integrate its Low Cost Design, LCDesign®, Carbon Capture technology within the existing large grey hydrogen plants (retrofit), in order to convert these plants to Blue Hydrogen production as well as capturing CO2 on newly installed blue hydrogen plants.



Carbon Certification and Trading

The assets acquired under the Asset Purchase, included the intellectual property, previously owned by Carbon Rx Inc. ("**Carbon Rx**"), a wholly owned subsidiary of HTC. Carbon Rx is a 15-year-old company engaged in the development, verification and marketing of certified CO_2 offset credits ("**Carbon Credit IP**").

The regulatory framework is multi-jurisdictional and has evolved over the past 10 years; and of relevance is the knowledge of how the credits are established and how they are utilized or traded.

Delta's Carbon Credit IP is utilized in two ***Delta*** business units, leading the way in the development of aggregation and sale of carbon credits from; municipal landfills and from regenerative agricultural no tillage farming practices, having historically traded over $30,000,000 of carbon credit units.

Delta's Carbon Credit IP is a platform for the trading of carbon credits and facilitates the trading of such carbon credits on various carbon credit exchanges around the world. ***Delta*** acts as a broker on behalf of generators of carbon credits and retains a commission on such trades.

SELECTED FINANCIAL INFORMATION

In Canadian Dollars	Period ending March 31, 2021
Total revenue	$ 25,000
Operating loss	(749,558)
Finance costs	(29,611)
Net and comprehensive loss	(754,169)
Total assets	7,221,406
Lease liability	39,898
Increase in cash	2,506,365

CURRENT ENVIRONMENT

In March 2020, the World Health Organization declared a global pandemic related to the novel coronavirus ("**COVID-19**"). The emergence of COVID-19 and the steps taken by governments to control the spread of the virus resulted in significant instability in the global economy and a sharp decline in demand for carbon recapture or purification processes as the entire extraction industry dialed back production and investment. This combined with the increased supply of crude oil due to the Russia and Saudi Arabia price war, resulted in an unprecedented collapse in global crude oil prices, and significant volatility during Q2/2020. Global crude oil prices began to recover during the second half of 2020 as Russia and members of OPEC (collectively, "**OPEC+**") agreed to curtail production and governments began to ease restrictions which increased demand. In Q4/2020 vaccines were approved and distribution began, which fueled further optimism that demand will be restored. Vaccine approval and distribution has continued in 2021 and OPEC+ has agreed to continue production curtailments which has resulted in recent improvements in the industry in 2021.

REVENUES

	Three months ended March 31, 2021
Total Revenues	$25,000

Total revenues during the Period were $25,000. The revenue earnings during the quarter relate to two engineering and consulting contracts in place during the first quarter. Investment and funding in the first quarter of 2021 have been directly impacted by the collapse of oil prices in 2020, as well as the impact of COVID-19 on the economy and the ability of ***Delta*** to showcase its new technology at tradeshows, competitions and through other means. This is expected to correct in mid to late 2021 and forward as Alberta and the Canadian Federal government announced in March 2021 that they have formed a federal-provincial working group to specifically explore opportunities with carbon capture utilization and storage technology.

OPERATING EXPENSES

	Three months ended March 31, 2021
Operating wages and consulting	$284,017
General and administrative	$138,025

Operating wages and consulting were $284,017 during the Period and consist of the wages and salaries and short term benefits of the employees of the Corporation as well consulting on contract costs incurred to advance the technology at ***Delta***. General and administrative costs were $138,025 for the Period and largely consist of professional fees associated with the capital raise and prospectus filing. Other expenses included in general and administrative include licencing, insurance, short term or nominal rent, information technology, travel and other expenses that are expected to remain consistent.

AMORTIZATION

	Three months ended March 31, 2021
Amortization	$47,466

Amortization for the Period was $47,466 and consists of amortization taken on property, plant and equipment, right-of-use assets, patents, and the remaining other intangible assets.

SHARE ISSUANCE COSTS

	Three months ended March 31, 2021
Share issuance costs	$280,050

Share issuance costs for the Period was $280,050 and consisted of finder's fees related to tranche 1 and 2 of the capital raises completed in Q1.

OPERATING LOSS

	Three months ended March 31, 2021
Operating loss	$(754,169)

The Corporation had an operating loss for the Period of $(754,169). The loss is due to the slow revenue production in the first quarter of 2021.

NET AND COMPREHENSIVE LOSS

	Three months ended March 31, 2021
Net and comprehensive loss	$(754,169)

Results of the three months ended March 31, 2021

Finance costs include the unrealized gains and losses on investments classified and measured at fair value through profit and loss ("**FVTPL**") of $(29,147) and represents the net change in the carrying value of the investments to the quoted value. Finance costs also include interest on the lease liabilities of $464.

The net and comprehensive loss for the Period is $(754,169). The loss is primarily driven by slow revenue growth in the first quarter combined with operating wages and consulting costs that are still required to advance the technologies combined with share issuance costs and general and administrative costs that are largely driven by the preliminary prospectus filing in the first quarter.

TOTAL ASSETS

Total assets for the Period were $6,922,871 compared to $10 as at December 31, 2020. The increase is primarily attributable to the Asset Purchase,that formed the Clean Energy Assets, acquired from HTC for an aggregate Purchase Price of $4,000,000. The Clean Energy Assets consisted of all of the intellectual property and certain contractual agreements for the operation of HTC's CO2 capture systems and reclaimer systems.

On January 27, 2021, immediately following the closing of the Asset Purchase, the Corporation completed the first tranche of a non-brokered private placement financing (the "**Private Placement**"). The first tranche of the Private Placement comprised of 36,200,000 units of Delta (the "**Units**") at a price of $0.20 per Unit for gross proceeds of $7,240,000. These funds were used in the first quarter to purchase investments and fund ongoing operations, with the remainder in cash as at March 31, 2021.

Investments purchased in the first quarter included a redeemable GIC that matures in February 2021 and has a value as at March 31, 2021 of $4,000,000. The Corporation also purchased $100,000 unlisted common shares in Plexus Technology Corporation. As at March 31, 2021 the cost of the unlisted common shares approximate the fair value due to the recency of the purchase. The Corporation also recognized $96,282 in right-of-use assets in the first quarter of 2021.

Patents

	Total $
Cost:	
Balance, December 31, 2020	-
Additions	6,182
Acquisition	750,000
Balance, March 31, 2021	**756,182**
Accumulated amortization:	
Balance, December 31, 2020	-
Amortization	8,333
Balance, March 31, 2021	**8,333**
Carrying amounts:	
Balance, March 31, 2021	**747,849**

Delta has completed the WTO patenting, commercialization and the construction and commissioning of the Delta Purification System®. Reclaiming hydrocarbon based and other solvents, such as single, mixed, and formulated amines, for use in natural gas processing ethanol-based solvents and post combustion CO2 capturing processes.

Intangible assets

	PDOengine® $	LCDesign® CCS $	Delta Reclaimer® System ($)	CO2 PTY IP $	CarbonRx IP $	Total $
Cost:						
Balance, December 31, 2020	-	-	-	-	-	-
Acquisition	550,000	550,000	550,000	100,000	250,000	2,000,000
Balance, March 31, 2021	**550,000**	**550,000**	**550,000**	**100,000**	**250,000**	**2,000,000**
Accumulated amortization:						
Balance, December 31, 2020	-	-	-	-	-	-
Amortization	9,167	9,167	9,167	834	2,082	30,417
Balance, March 31, 2021	**9,167**	**9,167**	**9,167**	**834**	**2,082**	**30,417**
Carrying amounts:						
Balance, March 31, 2021	**540,833**	**540,833**	**540,833**	**99,166**	**247,918**	**1,969,583**

Goodwill

	Total $
Cost:	
Balance, December 31, 2020	-
Acquisition	847,587
Balance, March 31, 2021	**847,587**

CURRENT LIABILITIES

Current liabilities are $205,371 for the Period. The balance is primarily comprised of accounts payable, accrued liabilities, as well as the current portion of the lease liabilities.

CASH FLOW

Cash flows used in operating activities were $(588,642) for the Period, which is primarily attributable to the net loss of $(754,169) offset by reversing amortization as it is a non-cash item and the change in working capital.

Cash flows used in investing activities were $(4,116,416) for the Period. The Corporation purchased a GIC for $4,000,000 in cash as well as an investment in Plexus Technologies Corporation for $100,000 cash during the Period.

Cash flows provided by financing activities were $7,211,423 for the Period. ***Delta*** was able to raise $7,326,094 in tranche 1 and tranche 2 of the Private Placement during the Period. $114,671 relating to the capital raise remains held in trust as at March 31, 2021.

The net change in cash position was an increase of $2,506,365 for the Period, as a result of the cash flows used in operating activities, used in investing activities and provided by financing activities as outlined above.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions include transactions with corporate investors who have representation on the board of directors of HTC.

As at March 31, 2021, a balance of $212,036 (December 31, 2020 - $Nil) is receivable from Assist Energy Corp. ("**Assist**"), which is a considered a related party due to having two common directors as well as the Corporation owning 21% of the shares. The balance is included as an amount due from related parties.

Clearview Financial Services Inc. ("**Clearview**") is a related party due to one common director. During the Period, the Corporation paid $21,150 in consulting, $2,400 in rent expense. At March 31, 2021, there are amounts payable of $7,477 (December 31, 2020 - $Nil).

KF Group of Companies ("**KF Group**") is a related party due to one common director. During the Period, the Corporation paid $5,940 in rent expense.

HTC is a related party due to common directors. During the Period, the Corporation paid $1,050 in Information Technology expense.

The Corporation has identified all of the directors and officers as its key management personnel. During the Period, the Corporation did not incur transactions with directors and officers, or companies that are controlled by directors or officers of the Corporation, other than disclosed above.

DIRECTOR AND OFFICER COMPENSATION

The remuneration of key management personnel included in the Statements of Loss were:

For the three months ended	March 31, 2021
Operating wages and consulting	
Salaries and short-term benefits	$ 38,477
Consulting	21,150
Total key management compensation	$ 59,627

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The key management personnel of the Corporation consist of the executive officers and members of the Board. Key management personnel include those persons that have the authority and responsibility for planning, directing and controlling the activities of the Corporation, directly and indirectly.

The Corporation has an employment agreement with its Chairman and CEO, and CFO, and a consulting agreement with its President. Yearly compensation is paid in accordance with the remuneration package agreed upon by the disinterested board of directors and the individual respectively. Under the employment agreement, the Corporation may terminate the agreement without cause, and the employee may terminate for good cause, and in both instances: (i) the Corporation shall be liable to pay, in lieu of notice, or any combination of both, a severance equal to 36 months, based on the base salary and bonus commitments; (ii) all unvested Stock Options and/or RSU will immediately vest and be exercisable. In the event of a change in control, all unvested securities granted or issued shall automatically vest and, at the option of the employee, the employee may resign and be entitled to a lump sum payment equal to the value of his base salary and any bonus, equal to 36 months.

During the Period, no director fees were paid. In addition to their salaries, senior management and directors also participate in the Corporation's share-based compensation plans.

ADDITIONAL INFORMATION ON DELTA CLEANTECH

DELTA CLEANTECH invites you to review current and historical press releases and News Express releases. This material can be viewed on the Corporation's web site at https://deltacleantech.ca/news-releases/.

RISKS AND UNCERTAINTIES

Risks and uncertainties relate to dependence of CO_2 emitters being legislated or provided incentive, to adapt CO_2 capture technology and the price of oil for adoption of CO_2 EOR.

The preparation of the Financial Statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the Period.

Significant items subject to judgment, estimates and assumptions include: revenue recognition (judgments on principal versus agent relationship, the identification of performance obligations within contracts, and estimation of the allocation of transaction price to different performance obligations), non-financial asset impairment, inventory provision, underlying estimations of useful lives of depreciable assets, fair value of financial instruments, environmental remediation and contingent liabilities, if any.

The Financial Statements are based on Management's best estimates using information available. Uncertainty regarding the timing of anticipated large-scale market demand for carbon capture technology, related legislative incentives, and uncertainty in financial markets has complicated the estimation process. Accordingly, the inherent uncertainty involved in making estimates and assumptions may impact the actual results reported in future years by a material amount.

CHANGES IN ACCOUNTING PRINCIPLES

Standards issued but not yet effective

*Amendments to IAS 1 - Presentation of Financial Statements ("**IAS 1**")*

In January 2020, amendments were issued to IAS 1, which provide requirements for classifying liabilities as current or non-current. Specifically, the amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

The amendments must be applied retrospectively for annual periods beginning after January 1, 2023. The Corporation will assess the impact, if any, of adoption of the amendment.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

<u>Investments classification</u>
As part of the evaluation of whether the Corporation has significant influence over any investee, management must exercise judgment based on current information. Determination of whether or not an investment should be classified and accordingly accounted for as a subsidiary, significant influence or equity investment has a material impact on the financial statements. Management takes into account all facts and circumstances in concluding the classification of an investment.

<u>Fair value measurement of financial instruments</u>
When the fair value of financial assets recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow method. The inputs to these models are taken from observable markets where possible.

<u>Asset impairment</u>
The carrying amounts of the Corporation's non-financial assets, other than inventories which are reviewed regularly, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and compared to the carrying amount of the cash generating unit ("**CGU**") to which the asset belongs. There was no impairment in the Period.

The Corporation's most significant estimates and assumptions involve values associated with determining the recoverable amounts of product development costs, property, plant and equipment, patents and intangible assets. These estimates and assumptions include those with respect to future cash inflows and outflows, discount rates, asset lives, and the determination of CGUs.

Leases

The Corporation applies judgment in determining whether the contract contains an identified asset, whether the Corporation has the right to control the asset, and the lease term. Lease term reflect the period over which the lease payments are reasonably certain including renewal options that the Corporation is reasonably certain to exercise. The determination of lease terms involves significant judgment with respect to assumptions of whether lease extensions will be utilized. Management makes assumptions about long-term industry outlook and store operating performances and growth which relate to future events and circumstances. Actual results could vary from these assumptions, and the differences could be material to the carrying value of the lease liabilities and right of use assets, for which the lease term is the basis for determining useful life.

Warrants

The Corporation utilizes the Black-Scholes Option Pricing Model to determine the fair value of warrants issued as part of a unit. The Corporation uses judgment in the evaluation of the input variables in the Black-Scholes Calculation which includes: estimates of the future volatility of the Corporation's share price, forfeiture rates, expected lives of the underlying security, expected dividends and other relevant assumptions.

Business combinations

For acquisition accounting purposes, all identifiable assets, liabilities and contingent liabilities acquired in a business combination are recognized at fair value at the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as at the date of acquisition. Contingent consideration resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. Where the contingent consideration is recognized, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

FINANCIAL INSTRUMENTS

For all current assets and liabilities, the difference between cost and fair value is assumed to be negligible due to the short-term maturities of these items. The following table provides a summary, by class and level on the fair value hierarchy, of the financial assets and liabilities that are measured at fair value, together with the carrying amounts included in the consolidated statements of financial position, as at March 31, 2021 and December 31, 2020:

		March 31, 2021	
	Level	**Carrying amount**	**Fair value**
Financial assets			
Amortized cost			
Accounts receivable		$ 26,306	$ 26,306
Due from related party		212,036	212,036
Fair value through profit and loss			
Cash	1	2,506,375	2,506,375
Funds held in trust	1	114,671	114,671
Guaranteed investment certificate	1	4,000,000	4,000,000
Listed ordinary shares	1	125,750	125,750
Unlisted ordinary shares	3	100,003	100,003
Financial Liabilities			
Amortized cost			
Accounts payable and accrued liabilities		149,973	149,973
Lease liabilities		88,496	88,496

		December 31, 2020	
	Level	**Carrying amount**	**Fair value**
Financial assets			
Fair value through profit and loss			
Cash	1	$ 10	$ 10

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
(ii) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and
(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Interest from financial instruments is recognized in finance costs.

FINANCIAL RISK MANAGEMENT

Management's risk management policies are typically performed as a part of the overall management of the Corporation's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Corporation is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Corporation has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Corporation, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

Credit risk

The risk of financial loss in the event of failure of a customer or counterparty to a financial instrument to meet its contractual obligation is defined as credit risk. The Corporation's principal exposure to credit risk is in respect to its accounts receivable. In order to reduce the risk on its accounts receivable, the Corporation has adopted credit policies which mandate performing an ongoing credit review of all its customers and establishing allowances for bad debts when the amounts are not collectible. The allowance for bad debt at March 31, 2021 was $nil.

Due to the nature of ***Delta's*** operations, Management considers accounts receivable outstanding for 90 days or less, to be current amounts. Over 90 days are also considered current, if extended terms exist and security is provided, or amounts are subject to contract restrictions and performance markers. The aging of the Corporations accounts receivable at March 31, 2021 is as follows:

	Current	**Over 90 Days**	**Total**
Aging of accounts receivable at March 31, 2021	$ 26,306	$ -	$ 26,306

Currency risk

The Corporation is exposed to currency risk as a certain portion of sales and expenses are incurred in US dollars resulting in US denominated accounts receivable and accounts payable. These balances are, therefore, subject to gains and losses due to fluctuations in that currency in relation to the Canadian dollar.

The Canadian dollar equivalent amounts of the balances denominated in US funds at March 31, 2021 are:

	$
Cash	371

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's only interest-bearing financial instrument is the GIC that it holds as at March 31, 2021 at a fixed rate of interest.

Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The Corporations' main sources of liquidity are its operations and equity financing. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Corporation's financial obligations associated with financial liabilities.

The timing of cash outflows relating to the financial liabilities are outlined in the table below:

March 31, 2021	< 1 year	1-2 years	3-5 years	Thereafter	Total
Accounts payable and accrued liabilities	$ 149,973	$ -	$ -	$ -	$ 149,973
Lease liability	48,598	39,898	-	-	88,496
Customer deposits	6,800	-	-	-	6,800
Balance	**$ 205,371**	**$ 39,898**	**$ -**	**$ -**	**$ 245,269**

SUBSEQUENT EVENTS

COVID-19

During and subsequent to the Period, there was a continued global outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on ***Delta*** as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.

These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Corporation anticipates this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Corporation's business and financial condition.

Share issuance

On April 16, 2021, the Corporation completed a third tranche of the Private Placement consisting of 173,000 Units at a price of $0.20 per Unit for gross proceeds of $34,600. Each Unit was comprised of one common share and one-half of a common share purchase warrant. Each whole Warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance. The common shares issued pursuant to the third tranche of the Private Placement are further restricted from trading until four months and a day from the later of April 16, 2021, and the date that the common shares of Delta are listed on a recognized stock exchange in Canada.

Signed "Jeffrey Allison"
JEFFREY ALLISON
PRESIDENT

Signed "Jacelyn Case"
JACELYN CASE
CFO

SCHEDULE E

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE 3 MONTH PERIOD ENDED MARCH 31, 2021

DELTA CLEANTECH INC.

Unaudited Interim Condensed Consolidated Financial Statements

For the 3 Months Ended March 31, 2021

To the Shareholders of Delta CleanTech Inc.
(“Delta” or the “Corporation”)

Management’s Accountability for Management’s Discussion and Analysis and Consolidated Financial Statements

The unaudited interim condensed consolidated financial statements for the period ending March 31, 2021 (“**Financial Statements**”) have been prepared by management in accordance with International Financial Reporting Standards in Canada. Management is responsible for ensuring that these Financial Statements, which include amounts based upon estimates and judgment, are consistent with other information and operating data contained in management’s discussion and analysis for the period ending March 31, 2021 (“**MD&A**”) and reflect Delta’s business transactions and financial position.

Management is also responsible for the information disclosed in the MD&A, including responsibility for the existence of appropriate information systems, procedures and controls, to ensure that the information used internally by management and disclosed externally is complete and reliable in all material respects.

In addition, management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Corporation’s assets are appropriately accounted for and adequately safeguarded.

The board of directors (“**Board**”) annually appoints an audit committee which includes directors who are not employees of the Corporation. This committee meets regularly with management and the shareholders' auditors to review significant accounting, reporting and internal control matters. The shareholders' auditors have unrestricted access to the audit committee. The audit committee reviews the interim and annual financial statements, the report of the shareholders' auditors, and the interim and annual management’s discussion and analysis and has delegated authority to approve the interim filings and makes recommendations to the Board regarding annual filings.

Management has reviewed the filings of the Corporation’s interim MD&A, Financial Statements and attachments thereto. Based on our knowledge, having exercised reasonable diligence, these interim filings do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, with respect to the period covered by the interim filings. Based on our knowledge, having exercised reasonable diligence, the Financial Statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, the financial performance, and cash flows of the Corporation, as of the date of and for the periods presented in the interim filings.

Signed “Jeffrey Allison”	*Signed “Jacelyn Case”*
JEFFREY ALLISON	**JACELYN CASE**
PRESIDENT	**CFO**

Unaudited Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

For the period ended	Note	March 31, 2021	December 31, 2020
ASSETS			
Current Assets:			
Cash		$ 2,506,375	$ 10
Funds held in trust	14	114,671	-
Investments	7	4,000,000	-
Accounts receivable		26,306	-
Government receivables		15,892	-
Other receivable	6,24	212,036	-
Prepaids		28,591	-
Deposits		4,000	-
		6,922,871	10
Investments	7	225,753	-
Property, plant and equipment	8	15,293	-
Right-of-use assets	9	88,258	-
Patents	10	747,849	-
Intangible assets	11	1,969,583	-
Goodwill	5,12	847,587	-
Total assets		$ 10,817,194	$ 10
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable and accrued liabilities		$ 149,973	$ -
Current portion of lease liability	13	48,598	-
Deposits		6,800	-
		205,371	-
Lease liability	13	39,898	-
Total Liabilities		245,269	-
SHAREHOLDERS' EQUITY			
Shareholders' equity:			
Share capital	14	10,952,795	10
Contributed surplus	15	373,299	-
Accumulated deficit		(754,169)	-
Total shareholders' equity		10,571,925	10
Total shareholders' equity		$ 10,817,194	$ 10

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

Unaudited Interim Consolidated Statement of Income (Loss) and Comprehensive Income

(Expressed in Canadian dollars)

For the three months ended	**Note**	**March 31, 2021**
Revenue		
Engineering, process design and consulting		$ 25,000
Expenses		
Operating wages and consulting	17	284,017
General and administrative		138,025
Share issuance costs	14	280,050
Amortization	8,9,10,11	47,466
		749,558
Operating loss		(724,558)
Finance costs	18	(29,611)
Loss before taxes		(754,169)
Income tax expense	16	-
Net and comprehensive loss for the three months ended		**$ (754,169)**
Loss per share – basic and diluted*	19	$ (0.03)

*Fully diluted earnings per share is not presented when there is a loss as the impact would be anti-dilutive.

The accompanying notes are an integral part of these Financial Statements.

Unaudited Interim Consolidated Statements of Changes in Shareholders' Equity

For the Period from December 22, 2020 (Date of Incorporation) to December 31, 2020 and three months ended March 31, 2021

(Expressed in Canadian dollars)

	Note	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 22, 2020		$ -	-	-	$ -
Share issuance	14	10	-	-	10
Net income		-	-	-	-
Balance, December 31, 2020		10	-	-	10
Private placement	14	7,296,701	-	-	7,296,701
Business acquisition	5,14	4,000,000	-	-	4,000,000
Share issuance cost	14	(343,916)	-	-	(343,916)
Warrants issued	15	-	373,299	-	373,299
Net income		-	-	(754,169)	(754,169)
Balance, March 31, 2021		**$ 10,952,795**	**373,299**	**(754,169)**	**$ 10,571,925**

The accompanying notes are an integral part of these Financial Statements.

Unaudited Interim Consolidated Statement of Cash Flows

(Express in Canadian dollars)

For the three months ended	Note	March 31, 2021
Cash flows used in operating activities:		
Net loss		$ (754,169)
Items not affecting cash:		
Amortization	8,9,10,11	47,466
Change in working capital and other	20	88,450
		(588,642)
Cash flows used in investing activities:		
Purchase of property and equipment	8	(6,183)
Purchase of patents	10	(1,983)
Lease payment	13	(8,250)
Purchase of GIC	7	(4,000,000)
Purchase of investment in Plexus	7	(100,000)
		(4,116,416)
Cash flows from financing activities:		
Private placement	14	7,326,094
Funds held in trust	14	(114,671)
		7,211,423
Increase in cash during the period		2,506,365
Cash – beginning of year		10
Cash – end of period		$ 2,506,375

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

Notes to the Unaudited Interim Consolidated Financial Statements

For the 3 Months ended March 31, 2021

1. Operations

Delta CleanTech Inc. ("**Delta**" or "**Corporation**") was incorporated on December 22, 2020 under the Business Corporations Act *Alberta* and is domiciled in Canada. The registered office of the Corporation is located at #2308 Palisade Dr. SW, Calgary, AB, T2V 3V1.

The principal activity of the Corporation consists of four main areas: 1) CO2 capture 2) hydrogen production 3) solvent and ethanol purification and 4) carbon credit certification and trading ("**Business Sectors**").

These Business Sectors will be accomplished by capitalizing on the Corporation's patented process design IP, as well as its CO2 capture and related solvent IP, whose focused mandate will be on positioning itself as a leading technology provider in the clean energy technology sector.

2. Significant event

On January 27, 2021 Delta completed the purchase of assets (the "**Asset Purchase**") that form the existing clean energy business (the "**Clean Energy Assets**") of HTC Purenergy Inc. ("**HTC**") for an aggregate purchase price of $4,000,000 (the "**Purchase Price**"). At the time of the closing of the Asset Purchase HTC was the sole shareholder of the Corporation and therefore it considered a related parties transaction. The Clean Energy Assets consist of all of the intellectual property and certain contractual agreements for the operation of HTC's CO2 capture systems and reclaimer systems.

The Purchase Price was paid by the Corporation by the issuance of 20,000,000 common shares ("**Consideration Shares**") to HTC at a stated price of $0.20 per common share. The Consideration Shares are subject to a pooling arrangement with a release schedule over a period of 24 months whereby 10% of the Consideration Shares will be released upon the listing of the common shares on a recognized stock exchange in Canada ("**Liquidity Event**"), 10% of the Consideration Shares are released every three months following the date of the Liquidity Event and the final 20% of the Consideration Shares are released 24 months following the date of the Liquidity Event. The Asset Purchase was conditional upon, among other things, the closing of the Private Placement (as described in below). No finder's fees were payable in connection with the Asset Purchase. The common shares issued pursuant to the Asset Purchase are further restricted from trading until four months and a day from the later of January 27, 2021, and the Liquidity Event.

On January 27, 2021, immediately following the closing of the Asset Purchase, the Corporation completed the first tranche of a non-brokered private placement financing (the "**Private Placement**"). The first tranche of the Private Placement comprised of 36,200,000 units of Delta (the "**Units**") at a price of $0.20 per Unit for gross proceeds of $7,240,000. Each Unit was comprised of one common share and one-half of a common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance. The common shares issued pursuant to the first tranche of the Private Placement are further restricted from trading until four months and a day from the later of January 27, 2021, and the Liquidity Event.

2. Significant event (continued)

On January 29, 2021, the Corporation completed a second tranche of the Private Placement consisting of 2,150,000 Units at a price of $0.20 per Unit for gross proceeds of $430,000. The Corporation paid a cash finders fees of $280,050 and issued 1,398,750 finders' warrants. The common shares issued pursuant to the second tranche of the Private Placement are further restricted from trading until four months and a day from the later of January 29, 2021, and the Liquidity Event.

On April 16, 2021, the Corporation completed a third tranche of the Private Placement consisting of 173,000 Units at a price of $0.20 per Unit for gross proceeds of $34,600. No finders' fees were payable under this tranche. The common shares issued pursuant to the third tranche of the Private Placement are further restricted from trading until four months and a day from the later of April 16, 2021, and the Liquidity Event.

The Corporation has filed a preliminary Non-Offering Prospectus on March 29, 2021 with the securities regulators in the provinces of Alberta and Saskatchewan for the purposes of becoming a reporting issuer, and to have its securities traded on the Canadian Stock Exchange.

3. Basis of Presentation

a) Statement of Compliance

These unaudited interim condensed consolidated financial statements of the Corporation as at March 31, 2021 and for the three-month period ended March 31, 2021 (the "**Financial Statements**") have been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and with interpretation of the International Financial Reporting Interpretations Committee ("**IFRIC**"). These Financial Statements meet the requirements of International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting".

These Financial Statements were authorized for issuance by the board of directors ("**Board**") on [●].

b) Functional Currency

The Financial Statements are presented in Canadian dollars, which is the Corporation's functional currency.

c) Principals of consolidation

Subsidiaries are entities controlled by the Corporation. The financial statements of the subsidiaries are included in the Financial Statements from the date that control commences until the date that control ceases.

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions are eliminated in preparing the Financial Statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Financial Statements include the accounts of Delta, consolidated with those of its wholly owned subsidiaryCO2 Technologies Pty. Ltd. ("**CO2 Technologies**") All inter-company transactions, balances, revenues and expenses have been eliminated on consolidation.

3. Basis of Presentation (continued)

d) Use of Estimates and Judgment

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Preparation of the Corporation's Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the Financial Statements, as appropriate.

Significant accounting judgements

<u>Investments classification</u>
As part of the evaluation of whether the Corporation has significant influence over any investee, management must exercise judgment based on current information. Determination of whether or not an investment should be classified and accordingly accounted for as a subsidiary, significant influence or equity investment has a material impact on the financial statements. Management takes into account all facts and circumstances in concluding the classification of an investment.

<u>Fair value measurement of financial instruments</u>
When the fair value of financial assets recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow method. The inputs to these models are taken from observable markets where possible.

<u>Asset impairment</u>
The carrying amounts of the Corporation's non-financial assets, other than inventories which are reviewed regularly, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and compared to the carrying amount of the cash generating unit ("**CGU**") to which the asset belongs. There was no impairment in the three-month period ended March 31, 2021 (the "**Period**").

The Corporation's most significant estimates and assumptions involve values associated with determining the recoverable amounts of product development costs, property, plant and equipment, patents and intangible assets. These estimates and assumptions include those with respect to future cash inflows and outflows, discount rates, asset lives, and the determination of CGUs.

3. Basis of Presentation (continued)

Management is required to use judgment in determining the grouping of assets to identify their CGU for the purposes of testing for impairment. CGUs are based on an assessment of the unit's ability to generate independent cash inflows. The determination of these CGUs was based on management's judgment in regard several factors such as shared infrastructure, and exposure to market risk and materiality.

Estimated useful lives and amortization of property, plant and equipment, patents and intangibles
Amortization of property, plant and equipment, product development, patents and intangibles are dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Development costs
Development costs are capitalized in accordance with the accounting policy described in note 4. Initial capitalization of costs is based on management's judgment that technical and economic feasibility is confirmed, usually when a project has reached a defined milestone according to an established project management model.

Expected credit losses
Management determines expected credit losses by evaluating individual receivable balances and considering customers' financial condition and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the consolidated statement of financial position date.

Income Taxes
Income tax laws and regulations are subject to change. Deferred tax liabilities that arise from temporary differences between recorded amounts on the consolidated statement of financial position and their respective tax basis will be payable in future periods. Deferred tax assets that arise from temporary differences between recorded amounts on the consolidated statement of financial position and their respective tax basis are recognized to the extent that it is probably that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized. The amount of a deferred tax asset/liability is subject to managements best estimate of when a temporary difference will reverse and expected changes in income tax rates. These estimates by nature involve significant measurement uncertainty.

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

3. Basis of presentation (continued)

Leases

The Corporation applies judgment in determining whether the contract contains an identified asset, whether the Corporation has the right to control the asset, and the lease term. Lease term reflect the period over which the lease payments are reasonably certain including renewal options that the Corporation is reasonably certain to exercise. The determination of lease terms involves significant judgment with respect to assumptions of whether lease extensions will be utilized. Management makes assumptions about long-term industry outlook and store operating performances and growth which relate to future events and circumstances. Actual results could vary from these assumptions, and the differences could be material to the carrying value of the lease liabilities and right of use assets, for which the lease term is the basis for determining useful life.

Warrants

The Corporation utilizes the Black-Scholes Option Pricing Model to determine the fair value of warrants issued as part of a unit. The Corporation uses judgment in the evaluation of the input variables in the Black-Scholes Calculation which includes: estimates of the future volatility of the Corporation's share price, forfeiture rates, expected lives of the underlying security, expected dividends and other relevant assumptions.

Business combinations

For acquisition accounting purposes, all identifiable assets, liabilities and contingent liabilities acquired in a business combination are recognized at fair value at the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as at the date of acquisition. Contingent consideration resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. Where the contingent consideration is recognized, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

4. Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments and liabilities incurred or assumed at the date of exchange. Acquisition costs for business combinations are expensed and included in general and administrative expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition.

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the Corporation's share in the net fair value of the acquiree's identifiable assets, liabilities, and contingent liabilities. Any negative difference is recognized directly in the consolidated statements of income. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within 12 months of the date of acquisition ("measurement period").

4. Summary of significant accounting policies (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Corporation's cash-generating units or groups of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those CGUs. Where goodwill forms part of a CGU or group of CGUs and part of the operating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of operation. If the Corporation reorganizes its reporting structure in a way that changes the composition of one or more CGUs or group of CGUs to which goodwill has been allocated, the goodwill is reallocated to the units affected. Goodwill disposed of or reallocated in these cases is measured based on the relative values of the operation disposed of and the portion of the CGU retained, or the relative fair value of the part of a CGU allocated to a new CGU compared to the part remaining in the old organizational structure.

b) Financial instruments

Classification and Measurement

The Corporation classifies and measures financial assets based on their contractual cash flow characteristics and the Corporation's business model for the financial asset. All financial assets and financial liabilities are recognized at fair value in the consolidated statements of financial position when the Corporation becomes party to the contractual provisions of a financial instrument or non-financial derivative contract. Subsequent to initial recognition, financial assets must be classified and measured at either amortized cost, at fair value through profit or loss ("**FVTPL**"), or at fair value through other comprehensive income ("**FVTOCI**").

The Corporation classifies its financial instruments as follows:

Financial Instrument	**Classification**
Financial assets	
Cash	FVTPL
Funds held in trust	FVTPL
Other investments	FVTPL
Accounts receivable	Amortized cost
Due from related party	Amortized cost

Financial liabilities	
Accounts payable	Amortized cost
Lease liability	Amortized cost

4. Summary of significant accounting policies (continued)

Financial Assets

Impairment of financial assets
The expected credit loss model requires entities to account for expected credit losses on financial assets, other than financial assets measured at FVTOCI, at the date of initial recognition, and to account for changes in expected credit losses at each reporting date to reflect changes in credit risk. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Corporation's management reviewed and assessed its existing financial assets for impairment using reasonable and supportable information to determine the credit risk of the respective items at the date they were initially recognized and compared that to the credit risk as at March 31, 2021. The assessment of changes in credit risk resulted in an immaterial impact on the Consolidated Statement of Financial Position.

Derecognition of financial assets
The Corporation derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement
The Corporation recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Corporation measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Classification and subsequent measurement
Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities
The Corporation derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

c) Cash

Cash includes balances in banks and cash on hand.

d) Foreign Currency Translation

The Corporation translates monetary assets and liabilities using the rate of exchange at the Financial Statement date and non-monetary assets liabilities using the historical exchange rate at the transaction date. Revenues and expenses are translated using the average exchange rate in effect for the period or year.

4. Summary of significant accounting policies (continued)

e) Property, Plant and Equipment

The initial cost of an asset is comprised of its purchase price or construction cost, borrowing costs and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the amount paid and the fair value of any other consideration given to acquire the asset. Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. Asset values are comprised of cost less accumulated amortization and impairment if required.

Assets are amortized over their estimated useful lives as follows:

Equipment and vehicles	15% and 30% declining balance

f) Impairment of Assets

Non-Financial and Intangible Assets

The carrying amounts of the Corporation's property, plant and equipment, product development costs, patents and intangible assets having a finite useful life are assessed for impairment indicators at least on an annual basis to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's or group of assets' estimated fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable independent cash inflows (CGUs).

Where an impairment loss is subsequently reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Assets that have an indefinite useful life and goodwill are not subject to amortization and are tested for impairment at least on an annual basis or earlier when there is an indication of potential impairment.

g) Patents

Costs associated with registration of patents are accumulated at cost and when registration is complete, amortized on a straight-line basis over 15 years.

4. Summary of significant accounting policies (continued)

h) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives, which include brand names, are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Internally generated intangible assets are capitalized when the product or process is technically and commercially feasible and the Corporation has sufficient resources to complete development. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Expenditures incurred to develop new demos and prototypes are recorded at cost as internally generated intangible assets. Amortization of the internally generated intangible assets begins when the development is complete and the asset is available for use and it is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment at least annually.

Finite-life intangible assets are amortized over their estimated useful lives as follows:

Carbon Rx™ Intellectual Property	20 years
CO2 Technologies Intellectual Property	20 years
Delta Reclaimer® System	15 years
LCDesign® CCS	15 years
PDOengine®	15 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of income when the asset is derecognized.

4. Summary of significant accounting policies (continued)

i) Research and Development

Research costs are expensed as they are incurred in accordance with specific criteria set out under IFRS. Product development costs are expensed as incurred, except if the costs are related to the development and setup of new products, processes and systems, and satisfy certain conditions for capitalization, including reasonable assurance that they will be recovered. All capitalized development costs are amortized when commercial production begins, based on the expected useful life of the completed product. The carrying value of capitalized development costs are examined for recoverability annually.

j) Leases

At the inception of a contract, the Corporation considers whether the contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Corporation assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation.
- the Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Corporation has the right to direct the use of the identified asset throughout the period of use.
- the Corporation assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Assets are amortized over their estimated useful lives as follows:

Right-of-use assets	Term of the lease

<u>Recognition and measurement</u>

At the lease commencement date, the Corporation recognizes a right-of-use asset and a lease liability on the statement of financial position. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred, estimated costs to dismantle or remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Corporation depreciates the right-of-use asset on a straight-line basis to the earlier of the useful life of the asset, or the end of the lease term. The Corporation also assessed the right-of-use asset for impairment when indicators exist.

At the commencement date, the Corporation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available, or the Corporations incremental rate of borrowing.

4. Summary of significant accounting policies (continued)

Lease payments included in the measurement of the lease liability include fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest.

k) Revenue Recognition

The Corporation's revenues from contracts with customers are derived from engineering processing design and consulting services.

To determine whether to recognize revenue, the Corporation follows a 5-step process:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time or over time, when (or as) the Corporation satisfies performance obligations by transferring the promised goods or services to its customers. Revenue for engineering processing design and consulting services are recognized at a point in time when the service is completed.

Performance Obligations

Each promised good or service is accounted for separately as a performance obligation, if it is distinct.

Transaction Price

The Corporation allocates the transaction price in the contract to each performance obligation. Transaction price allocated to performance obligations may include variable consideration. Variable consideration is included in the transaction price for each performance obligation when it is highly probable that a significant reversal of the cumulative variable revenue will not occur. Variable consideration is assessed at each reporting period to determine whether the constraint is lifted. The consideration contained in some of the Corporation's contracts with customers has a variable component, and may include both variability in quantity and pricing, such as: revenues can be dependent upon the quantity handled or the number of days any product is stored.

When multiple performance obligations are present in a contract, transaction price is allocated to each performance obligation in an amount that depicts the consideration the Corporation expects to be entitled to, in exchange for transferring the good or service. The Corporation estimates the amount of the transaction price, to allocate to individual performance obligations, based on their relative standalone selling prices.

4. Summary of significant accounting policies (continued)

Recognition

The nature, timing of recognition of satisfied performance obligations, and payment terms for the Corporation's goods and services are described below:

Revenues from contracts for rendering of services are recognized at point in time when the control on those services is transferred to the customer, which is normally when the service is accepted by the customers and when the performance obligation is fulfilled.

The Corporation recognizes a contract asset or contract liability for contracts where either party has performed. A contract liability is recorded when the Corporation receives consideration before the performance obligations have been satisfied. A contract asset is recorded when the Corporation has rights to consideration for the completion of a performance obligation before it has invoiced the customer. The Corporation recognizes unconditional rights to consideration separately as a receivable. Contract assets and receivables are evaluated at each reporting period to determine whether there is any objective evidence that they are impaired.

The Corporation recognizes a significant financing component where the timing of payment from the customer differs from the Corporation's performance under the contract and where that difference is the result of the Corporation financing the transfer of goods and services. No significant financing components were identified in the Corporation's contracts.

l) Income Taxes

Income tax expense comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The resulting changes in the net future tax asset or liability are included in income. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. Future income tax assets are recognized to the extent it is probable that these will be realized in the future.

m) Earnings per share

The computation of earnings per share is based on the weighted average number of shares outstanding during the period. Diluted profit per share is computed in a similar way to basic profit per share except that the weighted average shares outstanding are increased to include additional shares assuming the exercise of share options, share appreciation rights and convertible debt options, if dilutive.

4. Summary of significant accounting policies (continued)

n) Standards issued but not yet effective

*Amendments to IAS 1 - Presentation of Financial Statements ("**IAS 1**")*

In January 2020, amendments were issued to IAS 1, which provide requirements for classifying liabilities as current or non-current. Specifically, the amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

The amendments must be applied retrospectively for annual periods beginning after January 1, 2023. The Corporation will assess the impact, if any, of adoption of the amendment.

5. Business combinations

Clean Energy Asset purchase from HTC Purenergy Inc.
On January 27, 2021, Delta announced it had acquired assets comprising HTC's Clean Energy Assets for an aggregate Purchase Price of $4,000,000 pursuant to an Asset Purchase. The Clean Energy Assets consist of all the intellectual property and certain contractual agreements for the operation of HTC's CO_2 capture systems and reclaimer systems.

The purchase has been accounted for by the acquisition method, with the results of the Clean Energy Assets included in the Corporation's net earnings from the date of acquisition.

The following table summarizes the fair values of the identifiable assets and liabilities as at the date of acquisition:

	$
Prepaid expenses	21,477
Property plant and equipment	14,000
Intangible assets	2,000,000
Patents	750,000
Investments in associates	154,900
Related party loan receivable	212,036
Goodwill	847,623
Purchase consideration	**$ 4,000,000**

The intangible assets of $2,000,000 comprise the values associated with the LCDesign®, Delta Reclaimer® system, PDOengine®, Carbon Rx™ intellectual property, and CO_2 Technologies intellectual property.

As part of the consideration under the Asset Purchase, Delta granted HTC two non-exclusive, royalty free licenses, to use certain extraction and carbon credit intellectual property for limited purposes.

The goodwill of $847,623 comprises the value of the assembled workforce and other expected synergies arising from the acquisition.

5. Business combinations (continued)

The components of the purchase consideration are as follows:

	$
Share consideration	4,000,000

Transaction costs related to the Clean Energy Assets acquisition during the three months ended March 31, 2021, were $27,539 and are included in general and administrative expenses.

6. Other receivable

Included in the amount due from a related party is a shareholder's loan to Assist Energy Corp. ("**Assist**"). The shareholder's loan has no set repayment terms, no set maturity date, and no interest.

7. Investments

	March 31, 2021
Guaranteed Investment Certificate	$ 4,000,000
Listed common shares	125,750
Unlisted common shares	100,003
	$ 4,225,753
Less: non-current portion	225,753
Current portion	4,000,000

The Guaranteed Investment Certificate is redeemable, has a term of one year maturing February 11, 2022, and carries a variable interest rate of prime less 2.00% (March 31, 2021 – 0.45%).

The fair value of quoted securities is based on published market prices. The Corporation has not received any dividends and has recognized a loss in fair value of the listed common shares of $29,147 during the Period.

The unlisted securities fair values are based on the cost of the securities due to the recency of the purchase, making cost the best estimate of fair value. The current portion relates to those assets the Corporation expects to sell within the next 12 months.

8. Property and equipment

	Equipment $	Vehicle $	Total $
Cost:			
Balance, December 31, 2020	-	-	-
Additions	1,984	-	1,984
Acquisition	1,277	12,723	14,000
Balance, March 31, 2021	**3,261**	**12,723**	**15,984**
Accumulated amortization:			
Balance, December 31, 2020	-	-	-
Amortization	63	628	691
Balance, March 31, 2021	**63**	**628**	**691**
Carrying amounts:			
Balance, March 31, 2021	**3,198**	**12,095**	**15,293**

The Corporation regularly assesses its long-lived assets for impairment. As at March 31, 2021, the recoverable amount of each CGU exceeded the carrying amounts of the assets allocated to the respective units.

9. Right-of-use assets

	Office $
Cost:	
Balance, December 31, 2020	-
Additions	96,282
Balance, March 31, 2021	**96,282**
Accumulated amortization:	
Balance, December 31, 2020	-
Amortization	8,024
Balance, March 31, 2021	**8,024**
Carrying amounts:	
Balance, March 31, 2021	**88,258**

10. Patents

	Total $
Cost:	
Balance, December 31, 2020	-
Additions	6,182
Acquisition	750,000
Balance, March 31, 2021	**756,182**
Accumulated amortization:	
Balance, December 31, 2020	-
Amortization	8,333
Balance, March 31, 2021	**8,333**
Carrying amounts:	
Balance, March 31, 2021	**747,849**

Delta has completed the WTO patenting, commercialization and the construction and commissioning of the Delta Purification System®. Reclaiming hydrocarbon based and other solvents, such as single, mixed, and formulated amines, for use in natural gas processing ethanol-based solvents and post combustion CO2 capturing processes.

11. Intangible assets

	PDOengine® $	LCDesign® CCS $	Delta Reclaimer® System ($)	CO2 Technologies IP $	Carbon Rx™ IP $	Total $
Cost:						
Balance, December 31, 2020	-	-	-	-	-	-
Acquisition	550,000	550,000	550,000	100,000	250,000	2,000,000
Balance, March 31, 2021	**550,000**	**550,000**	**550,000**	**100,000**	**250,000**	**2,000,000**
Accumulated amortization:						
Balance, December 31, 2020	-	-	-	-	-	-
Amortization	9,167	9,167	9,167	834	2,082	30,417
Balance, March 31, 2021	**9,167**	**9,167**	**9,167**	**834**	**2,082**	**30,417**
Carrying amounts:						
Balance, March 31, 2021	**540,833**	**540,833**	**540,833**	**99,166**	**247,918**	**1,969,583**

12. Goodwill

	Total $
Cost:	
Balance, December 31, 2020	-
Acquisitions (note 5)	847,587
Balance, March 31, 2021	**847,587**

13. Lease liability

	Total $
Balance, December 31, 2020	-
Additions	96,282
Payments	(7,786)
Balance, March 31, 2021	**88,496**

Lease liabilities are presented in the statement of financial position as follows:

	Incremental Borrowing Rate (%)	Maturity	$
Current	2.95	2022	48,598
Non-current	2.95	2023	39,898
Lease liability			88,496

Interest expense of $464 is included in financing expense and payments are applied against the lease liability.

The maturity analysis of the lease liabilities at March 31, 2021 is as follows:

	$
2021	37,125
2022	49,500
2023	4,125
Total undiscounted lease payments	90,750
Present value of lease payments	2,254
Net investment in the lease	88,496

Lease expenses relating to short-term leases amounted to $4,157 and were recorded as general and administrative expenses.

14. Share capital

At March 31, 2021, the Corporation had authorized an unlimited number of common shares without par value, and an unlimited number of preferred shares. Common shares are voting, participating and are not subject to restrictions. Preferred shares may be issued in series. At the end of the Period the Corporation had 58,350,100 common shares, and Nil preferred shares issued and outstanding.

On December 22, 2020 the Corporation issued 100 common shares at a weighted average value of $0.10 per share for net proceeds of $10.

On January 27, 2021 Delta completed the Asset Purchase acquiring the Clean Energy Assets of HTC for an aggregate Purchase Price of $4,000,000. At the time of the closing of the Asset Purchase HTC was the sole shareholder of the Corporation and therefore it is a related party transaction. The Clean Energy Assets consist of all of the intellectual property and certain contractual agreements for the operation of HTC's CO2 capture systems and reclaimer systems.

The Purchase Price was paid by the Corporation by the issuance of 20,000,000 Consideration Shares to HTC at a stated price of $0.20 per common share. The Consideration Shares are subject to a pooling arrangement with a release schedule over a period of 24 months whereby 10% of the Consideration Shares will be released upon the Liquidity Event, 10% of the Consideration Shares are released every three months following the date of the Liquidity Event and the final 20% of the Consideration Shares are released 24 months following the date of the Liquidity Event. The Asset Purchase was conditional upon, among other things, the closing of the Private Placement (as described in below). No finder's fees were payable in connection with the Asset Purchase. The common shares issued pursuant to the Asset Purchase are further restricted from trading until four months and a day from the later of January 27, 2021, and the Liquidity Event.

On January 27, 2021, immediately following the closing of the Asset Purchase, the Corporation completed the first tranche of a Private Placement. The first tranche of the Private Placement comprised of 36,200,000 Units of Delta at a price of $0.20 per Unit for gross proceeds of $7,240,000. Each Unit was comprised of one common share and one-half of a common share purchase warrant . Each whole Warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance. The common shares issued pursuant to the first tranche of the Private Placement are further restricted from trading until four months and a day from the later of January 27, 2021, and the Liquidity Event.

On January 29, 2021, the Corporation completed a second tranche of the Private Placement consisting of 2,150,000 Units at a price of $0.20 per Unit for gross proceeds of $430,000. Each whole Warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance. Pursuant to the offering (including the first tranche), the Corporation paid a cash finders fees of $280,050 and issued 1,398,750 finders' warrants. The common shares issued pursuant to the second tranche of the Private Placement are further restricted from trading until four months and a day from the later of January 29, 2021, and the Liquidity Event.

14. Share capital (continued)

Common Shares	As at March 31, 2021 Number	Amount	As at December 31, 2020 Number	Amount
Balance, beginning of period	100	$ 10	-	$ -
Issuance on incorporation	-	-	100	10
Issuance on Asset Purchase	20,000,000	4,000,000	-	-
January 27, 2021 Private Placement	36,200,000	6,882,677	-	-
January 29, 2021 Private Placement	2,150,000	414,024	-	-
Issuance costs	-	(343,916)	-	-
Balance, end of period	**58,350,100**	**$ 10,952,795**	**100**	**$ 10**

As at March 31, 2021 the Corporation had $114,671 in funds held in trust relating to the close of the Private Placements.

15. Contributed surplus

The Corporation's warrants as at and for the three months ended March 31, 2021 were as follows:

Warrants	Number	Weighted average exercise price	Value of warrants vested
Balance, beginning of period	-	$ -	$ -
January 27, 2021 Private Placement	18,100,000	0.50	270,404
January 27, 2021 Finders Warrants	1,398,750	0.20	86,919
January 29, 2021 Private Placement	1,075,000	0.50	15,976
Balance, end of period	**20,573,750**	**$ 0.48**	**$ 373,299**

As at March 31, 2021, outstanding warrants to acquire common shares of the Corporation were as follows:

Number outstanding	Grant date	Expiry date	Exercise price ($)	Grant date fair value vested ($)	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
18,100,000	January 27, 2021	January 27, 2025	0.50	270,404	2	0%	0.15%
1,398,750	January 27, 2021	January 27, 2025	0.20	86,919	2	0%	0.15%
1,075,000	January 29, 2021	January 29, 2025	0.50	15,976	2	0%	0.15%
20,573,750			**0.48**	**373,299**	**2**	**0%**	**0.15%**

As at March 31, 2021, the warrants outstanding had a weighted average remaining contractual life of 3.83 years. Expected volatility is based on the historical share price of companies in a comparable industry.

15. Contributed surplus (continued)

On February 19, 2021, the Corporation approved a stock option plan ("**Option Plan**") as well as a restricted stock unit plan ("**RSU Plan**"). Conditional upon the Liquidity Event, 5,800,000 options will be issuable under the Option Plan, with an exercise price of $0.20 per share, a term of 4 years, and a vesting period of 1-year intervals over 3 years. 5,800,000 restricted share units ("**RSU**") will be issued under the RSU Plan with an exercise price of $0.20 per share, a term of 4 years, and 5,500,000 RSU vesting over 6-month intervals over 2 years with the remaining RSU vesting immediately. Due to the effective date of the Option Plan and the RSU Plan being the effective date that Delta becomes a listed entity, no amount has been recorded in the financial statements regarding the Option Plan or the RSU Plan to date.

16. Income Taxes

Income tax provision (recovery) differs from the amount that would be computed by applying the combined Canadian federal and provincial statutory income tax rate of 27% for the following reasons:

For the three months ended	**March 31, 2021**
Loss before income taxes	$ (754,169)
Statutory tax rate	27%
Expected income tax recovery	**(203,626)**
Increase (reduction) attributable to:	
Unrealized loss on investments	(7,870)
Share issuance costs	92,857
Tax benefits not recognized	(288,613)
Income tax expense (recovery)	$ -

Income tax (recovery) is allocated as follows:

	March 31, 2021
Current tax (recovery) expense	$ -
Deferred tax (recovery) expense	-
	$ -

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amounts of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	March 31, 2021
Property, plant and equipment	$ 187
Investments	7,870
Intangible assets	10,463
Non-capital losses carried forward	198,012

16. Income Taxes (continued)

The Canadian non-capital loss carry forwards expire as noted in the table below.

The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available which the Corporation can utilize the benefits therefrom.

The Corporation's Canadian non-capital income tax losses expire as follows:

2041	$ 733,378

17. Operating wages and consulting

Expenses by nature	March 31, 2021
Wages and benefits	$ 112,589
Consulting and contractor costs	171,428
	$ 284,017

18. Finance costs

Expenses by nature	March 31, 2021
Loss on fair value of listed common shares	$ 29,147
Interest on leases	464
	$ 29,611

19. Basic and diluted income per share

The basic and dilutive earnings per share have been calculated using the weighted average number of common shares outstanding during the Period. Since there are no items of a dilutive nature, the basic and dilutive share amounts are the same. The total basic and dilutive weighted average number of common shares for March 31, 2021 is 27,098,415.

			March 31, 2021
	Net income $	Weighted average common shares	Income per share $
Basic and dilutive	(754,169)	27,098,415	(0.03)

20. Changes in Working Capital and Other

The net change in the non-cash working capital balances related to continuing operations is calculated as follows:

Change in working capital is comprised of	**March 31, 2021**
Accounts receivables	$ (26,296)
Government receivables	(30,892)
Prepaids	(7,135)
Deposits	(4,000)
Accounts payable and accrued liabilities	149,973
Customer deposits	6,800
	$ 88,450

21. Financial Risk Management

Management's risk management policies are typically performed as a part of the overall management of the Corporation's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Corporation is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Corporation has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Corporation, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

Credit risk

The risk of financial loss in the event of failure of a customer or counterparty to a financial instrument to meet its contractual obligation is defined as credit risk. The Corporation's principal exposure to credit risk is in respect to its accounts receivable. In order to reduce the risk on its accounts receivable, the Corporation has adopted credit policies which mandate performing an ongoing credit review of all its customers and establishing allowances for bad debts when the amounts are not collectible. The allowance for bad debt at March 31, 2021 was $nil.

Due to the nature of the Corporation's operations, Management considers accounts receivable outstanding for 90 days or less, to be current amounts. Over 90 days are also considered current, if extended terms exist and security is provided, or amounts are subject to contract restrictions and performance markers. The aging of the Corporations accounts receivable at March 31, 2021 is as follows:

	Current	**Over 90 Days**	**Total**
Aging of accounts receivable at March 31, 2021	$ 26,306	$ -	$ 26,306

21. Financial Risk Management (continued)

Currency risk

The Corporation is exposed to currency risk as a certain portion of sales and expenses are incurred in US dollars resulting in US denominated accounts receivable and accounts payable. These balances are, therefore, subject to gains and losses due to fluctuations in that currency in relation to the Canadian dollar.

The Canadian dollar equivalent amounts of the balances denominated in US funds at March 31, 2021 are:

	$
Cash	371

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's only interest-bearing financial instrument is the GIC that it holds as at March 31, 2021 at a fixed rate of interest.

Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The Corporation's main sources of liquidity are its operations and equity financing. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Corporation's financial obligations associated with financial liabilities.

The timing of cash outflows relating to the financial liabilities are outlined in the table below:

March 31, 2021	**< 1 year**	**1-2 years**	**3-5 years**	**Thereafter**	**Total**
Accounts payable and accrued liabilities	$ 149,973	$ -	$ -	$ -	$ 149,973
Lease liability	48,598	39,898	-	-	88,496
Customer deposits	6,800	-	-	-	6,800
Balance	**$ 205,371**	**$ 39,898**	**$ -**	**$ -**	**$ 245,269**

22. Financial Instruments

Fair Value

For all current assets and liabilities, the difference between cost and fair value is assumed to be negligible due to the short-term maturities of these items. The following table provides a summary, by class and level on the fair value hierarchy, of the financial assets and liabilities that are measured at fair value, together with the carrying amounts included in the consolidated statements of financial position, as at March 31, 2021 and December 31, 2020:

		March 31, 2021	
	Level	**Carrying amount**	**Fair value**
Financial assets			
Amortized cost			
Accounts receivable		$ 26,306	$ 26,306
Due from related party		212,036	212,036
Fair value through profit and loss			
Cash	1	2,506,375	2,506,375
Funds held in trust	1	114,671	114,671
Guaranteed investment certificate	1	4,000,000	4,000,000
Listed common shares	1	125,750	125,750
Unlisted common shares	3	100,003	100,003
Financial Liabilities			
Amortized cost			
Accounts payable and accrued liabilities		149,973	149,973
Lease liabilities		88,496	88,496

		December 31, 2020	
	Level	Carrying amount	Fair value
Financial assets			
Fair value through profit and loss			
Cash	1	$ 10	$ 10

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
(ii) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and
(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Interest from financial instruments is recognized in finance costs.

23. Capital Disclosures

There are no restrictions on the Corporation's capital. The Corporation's capital is summarized as follows:

	March 31, 2021	December 31, 2020
Shareholders' equity	$ 10,571,925	$ 10

The Corporation's objectives when managing capital are to:

- maintain financial flexibility in order to preserve its ability to meet financial obligations;
- deploy capital to provide an appropriate investment return to its shareholders in the future; and
- maintain a capital structure that allows multiple financing options to the Corporation, should a financing need arise.

The Corporation's financial strategy is designed and formulated to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Corporation may raise debt (secured, unsecured, convertible and/or other types of available debt instruments) or refinance existing debt with different characteristics.

24. Related Party

Related party transactions include transactions with corporate investors who have representation on the HTC's Board.

As at March 31, 2021, a balance of $212,036 (December 31, 2020 - $nil) is receivable from Assist, which is a considered a related party due to having two common directors as well as the Corporation owning 21% of the shares. The balance is included as an amount due from related parties.

Clearview Financial Services Inc. ("**Clearview**") is a related party due to one common director. During the Period, the Corporation paid $21,150 in consulting and $2,400 in in rent expense. At March 31, 2021, there are amounts payable of $7,477 (December 31, 2020 - $Nil).

KF Group of Companies ("**KF Group**") is a related party due to one common director. During the Period, the Corporation paid $5,940 in rent expense.

HTC Purenergy Inc. ("**HTC**") is a related party due to common directors. During the Period, the Corporation paid $1,050 in Information Technology expense.

The Corporation has identified all of the directors and officers as its key management personnel. During the three-month period ended March 31, 2021, the Corporation did not incur transactions with directors and officers, or companies that are controlled by directors or officers of the Corporation, other than disclosed above.

25. Key Management Compensation

The remuneration of key management personnel included in the Statements of Loss were:

For the three months ended	**March 31, 2021**
Operating wages and consulting	
Salaries and short-term benefits	$ 38,477
Consulting	21,150
Total key management compensation	$ 59,627

The key management personnel of the Corporation consist of the executive officers and members of the Board. Key management personnel include those persons that have the authority and responsibility for planning, directing and controlling the activities of the Corporation, directly and indirectly.

The Corporation has an employment agreement with its Chairman and CEO, and CFO, and a consulting agreement with its President. Yearly compensation is paid in accordance with the remuneration package agreed upon by the disinterested board of directors and the individual respectively. Under the employment agreement, the Corporation may terminate the agreement without cause, and the employee may terminate for good cause, and in both instances: (i) the Corporation shall be liable to pay, in lieu of notice, or any combination of both, a severance equal to 36 months, based on the base salary and bonus commitments; (ii) all unvested Stock Options and/or RSU will immediately vest and be exercisable. In the event of a change in control, all unvested securities granted or issued shall automatically vest and, at the option of the employee, the employee may resign and be entitled to a lump sum payment equal to the value of his base salary and any bonus, equal to 36 months.

During the Period, no director fees were paid. In addition to their salaries, senior management and directors also participate in the Corporation's share-based compensation plans.

26. Subsequent Events

COVID-19

Subsequent to and during the Period, there was a continued global outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Delta as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.

These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Corporation anticipates this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Corporation's business and financial condition.

Share issuance

On April 16, 2021, the Corporation completed a third tranche of the Private Placement consisting of 173,000 Units at a price of $0.20 per Unit for gross proceeds of $34,600. Each Unit was comprised of one common share and one-half of a common share purchase warrant . Each whole Warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance. The common shares issued pursuant to the third tranche of the Private Placement are further restricted from trading until four months and a day from the later of April 16, 2021, and the Liquidity Event.

SCHEDULE F

MD&A FOR THE COMPANY FOR THE 3 MONTH PERIOD ENDED MARCH 31, 2021

INTRODUCTION

The following Management's Discussion and Analysis ("**MD&A**") is prepared as of March 31, 2021 and should be read together with the Delta CleanTech Inc.("**Delta**" or the "**Corporation**") unaudited interim condensed consolidated financial statements for the three months ending March 31, 2021 (the "**Period**") and related notes attached thereto (collectively referred to as the "**Financial Statements**"), which are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are stated in Canadian dollars unless otherwise indicated. The Corporation has adopted National Instrument 51-102F1 as the guideline in representing the MD&A. Terms used but not defined in this MD&A shall bear the meaning as set out in Part 1 of National Instruments ("**NI**") 51-102 and NI 14-101 *Definitions* and accounting terms that are not defined herein shall bear the meaning as described or used in IFRS applicable to publicly accountable enterprises.

This MD&A is dated May ●, 2021

FORWARD-LOOKING STATEMENTS DISCLAIMER

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties that may cause the Corporation's actual results or outcomes to be materially different from those anticipated and discussed herein. In assessing forward-looking statements contained herein, readers are urged to read carefully all cautionary statements contained in this MD&A and accompanying Financial Statements, and to not put undue reliance on such forward-looking statements. Forward-looking statements in this MD&A include statements with respect to: the expected performance of the Corporation and operations and the Corporation's intentions to expand its business and operations; the Corporation's expectations regarding revenue, expenses and anticipated cash needs; the Corporation's plans to expand its purification capabilities; the ability of the Corporation to meet consumer demand; the ability of the Corporation to execute on its strategic priorities and objectives; the size of the market that the Corporation operates in; the Corporation's ability to create engineering and distribution channels. Although Delta's management ("**Management**") believes that the expectations reflected in the forward-looking statements are reasonable, Management cannot guarantee future results, levels of activity, performance or achievements, or other future events. Forward-looking statements in this MD&A speak only as of the date on which they are made and Management is under no duty to update any of its forward-looking statements after the date of this MD&A, other than as required and governed by applicable securities laws.

Corporate Overview

On January 27, 2021 Delta completed the purchase of assets (the "**Asset Purchase**") that form the existing clean energy business (the "**Clean Energy Assets**") of HTC Purenergy Inc. ("**HTC**") for an aggregate purchase price of $4,000,000 (the "**Purchase Price**"). The Clean Energy Assets consist of all of the intellectual property and certain contractual agreements for the operation of HTC's CO2 capture systems and reclaimer systems.

Following the closing of the Asset Purchase , Delta is a clean energy tech business that is dedicated to providing leading clean technology solutions that address the Environmental Social Governance ("**ESG**") needs of corporations. The principal activity of Delta consists of the following four pillars:

1) CO2 capture;
2) hydrogen production;
3) solvent and ethanol purification; and
4) carbon credit certification and trading.

Delta provides the above services by bundling its patented process design IP, as well as its CO2 capture and related solvent IP together. The proprietary and patented technologies are designed to allow corporations to reduce the cost of capture and have been engineered to reduce capital and operating costs while at the same time delivering superior performance by reducing energy usage, lowering emissions, and improving the quality of CO2 product captured. Further, Delta Purification® is a solvent and glycol purification division focused in the field of purifying, reclaiming, recycling and reusing solvents and glycols, providing energy processors and heavy industry participants the option of not disposing of these waste materials in underground disposal wells.

DELTA CLEANTECH INC.

Delta has developed proprietary extraction and purification systems, that have been designed to extract from biomass, liquids and gas, as well as for the distillation and purification of ethanol, ethanol and hydrocarbon-based solvents, used for this extraction in the ***Delta*** energy business sector.

The Corporation benefits from the pedigree, management, experience, proprietary intellectual property and historic brand ***Delta*** has developed.

CO_2 Capture & Utilization

ESGis driving Identity Preserved Waste (“**IPWTM**”) Solutions. **IPW** is the process whereby a company is responsible for its disposed waste, even though it may have had a disposal company take “physical possession” of that waste. As such, a company cannot deny the liability in an **ESG** audit, and ***Delta’s*** **IPW** solutions (CO2 capture and Solvent reclaiming) solves this issue for companies.

The advanced adoption and success of electric vehicle transportation refocuses the call for decarbonized electricity, which will be achieved through CO2 capture/utilization, while renewable energy such as wind and solar become a growing and larger part of the energy mix in the next 25 years. Hydrocarbon combustion for electricity production will dominate the electric grid and CO2 capture/utilization is required.

Delta’s CO2 capture technology, is the selected technology to provide the CO2 for the NRG COSIA Carbon XPRIZE competition announced in Calgary, Alberta earlier this year.

Solvent, Glycol and Ethanol Reclamation Systems

Delta Purification® is a solvent, glycol and ethanol purification sub-division focused in the field of purifying, reclaiming, recycling and reusing ethanol, solvents and glycols, providing energy processors and heavy industry participants the option of not disposing of these waste materials in underground disposal wells.

Delta has completed the WTO patenting, commercialization and the construction and commissioning of the **Delta Purification®** System. A **Delta Purification®** System reclaimer unit is like a kidney in the human body, in that it removes the impurities that build up in solvents, ethanol, glycols and liquids used as solvents in commercial clean energy and biomass extraction systems. This system allows these liquids to be reclaimed, recycled, and reused.

The **Delta Purification**® System offers the following commercial products:

- **Delta Solvent Reclaiming System™** - Reclaiming hydrocarbon based and other solvents, such as single, mixed, and formulated amines, for use in natural gas processing, ethanol-based solvents and post-combustion CO_2 capturing processes.

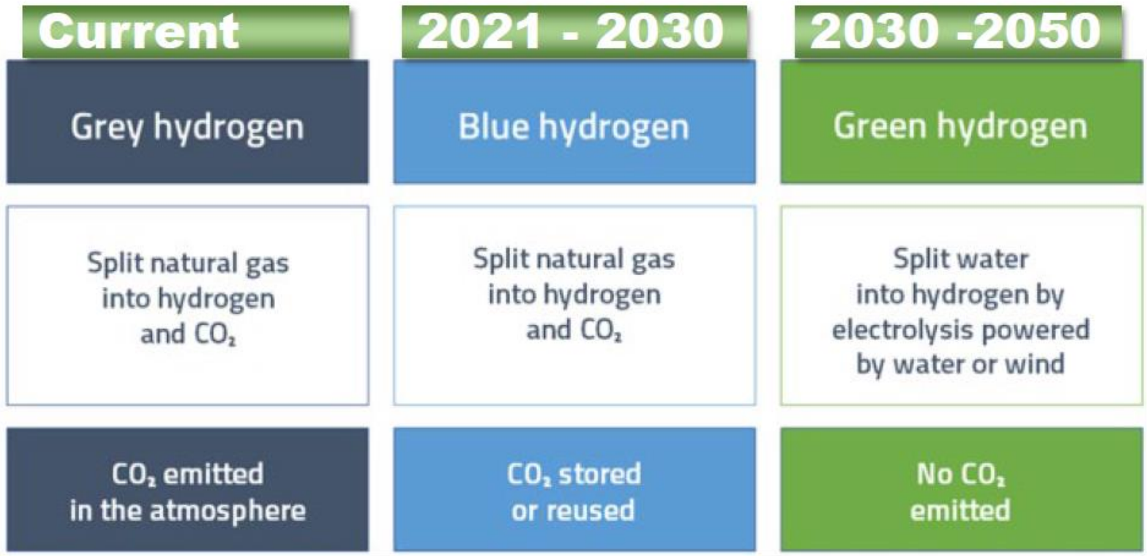
- **Delta Glycol Reclaiming System™** - Reclaims and purifies glycols, such as mono-ethylene glycol and tri-ethylene glycol, used for natural gas dehydration processes.

- **Delta CBD Reclaiming System™** - Reclaims and purifies ethanol for use in CBD extraction from biomass. The end-product meets food-grade requirements for human and animal consumption through reduced heat processing that prevents damage of the chemical attributes of CBD molecules.

Hydrogen Fuel Production and Related CO_2 Capture

Grey hydrogen accounts for some 95% of the hydrogen produced in the world today using processes such as steam methane reforming.

Delta's approach is to integrate its Low Cost Design, LCDesign®, Carbon Capture technology within the existing large grey hydrogen plants (retrofit), in order to convert these plants to Blue Hydrogen production as well as capturing CO2 on newly installed blue hydrogen plants.



Carbon Certification and Trading

The assets acquired under the Asset Purchase, included the intellectual property, previously owned by Carbon Rx Inc. ("**Carbon Rx**"), a wholly owned subsidiary of HTC. Carbon Rx is a 15-year-old company engaged in the development, verification and marketing of certified CO_2 offset credits ("**Carbon Credit IP**").

The regulatory framework is multi-jurisdictional and has evolved over the past 10 years; and of relevance is the knowledge of how the credits are established and how they are utilized or traded.

Delta's Carbon Credit IP is utilized in two ***Delta*** business units, leading the way in the development of aggregation and sale of carbon credits from; municipal landfills and from regenerative agricultural no tillage farming practices, having historically traded over $30,000,000 of carbon credit units.

Delta's Carbon Credit IP is a platform for the trading of carbon credits and facilitates the trading of such carbon credits on various carbon credit exchanges around the world. ***Delta*** acts as a broker on behalf of generators of carbon credits and retains a commission on such trades.

SELECTED FINANCIAL INFORMATION

In Canadian Dollars	Period ending March 31, 2021
Total revenue	$ 25,000
Operating loss	(749,558)
Finance costs	(29,611)
Net and comprehensive loss	(754,169)
Total assets	7,221,406
Lease liability	39,898
Increase in cash	2,506,365

CURRENT ENVIRONMENT

In March 2020, the World Health Organization declared a global pandemic related to the novel coronavirus ("**COVID-19**"). The emergence of COVID-19 and the steps taken by governments to control the spread of the virus resulted in significant instability in the global economy and a sharp decline in demand for carbon recapture or purification processes as the entire extraction industry dialed back production and investment. This combined with the increased supply of crude oil due to the Russia and Saudi Arabia price war, resulted in an unprecedented collapse in global crude oil prices, and significant volatility during Q2/2020. Global crude oil prices began to recover during the second half of 2020 as Russia and members of OPEC (collectively, "**OPEC+**") agreed to curtail production and governments began to ease restrictions which increased demand. In Q4/2020 vaccines were approved and distribution began, which fueled further optimism that demand will be restored. Vaccine approval and distribution has continued in 2021 and OPEC+ has agreed to continue production curtailments which has resulted in recent improvements in the industry in 2021.

REVENUES

	Three months ended March 31, 2021
Total Revenues	$25,000

Total revenues during the Period were $25,000. The revenue earnings during the quarter relate to two engineering and consulting contracts in place during the first quarter. Investment and funding in the first quarter of 2021 have been directly impacted by the collapse of oil prices in 2020, as well as the impact of COVID-19 on the economy and the ability of ***Delta*** to showcase its new technology at tradeshows, competitions and through other means. This is expected to correct in mid to late 2021 and forward as Alberta and the Canadian Federal government announced in March 2021 that they have formed a federal-provincial working group to specifically explore opportunities with carbon capture utilization and storage technology.

OPERATING EXPENSES

	Three months ended March 31, 2021
Operating wages and consulting	$284,017
General and administrative	$138,025

Operating wages and consulting were $284,017 during the Period and consist of the wages and salaries and short term benefits of the employees of the Corporation as well consulting on contract costs incurred to advance the technology at ***Delta***. General and administrative costs were $138,025 for the Period and largely consist of professional fees associated with the capital raise and prospectus filing. Other expenses included in general and administrative include licencing, insurance, short term or nominal rent, information technology, travel and other expenses that are expected to remain consistent.

AMORTIZATION

	Three months ended March 31, 2021
Amortization	$47,466

Amortization for the Period was $47,466 and consists of amortization taken on property, plant and equipment, right-of-use assets, patents, and the remaining other intangible assets.

SHARE ISSUANCE COSTS

	Three months ended March 31, 2021
Share issuance costs	$280,050

Share issuance costs for the Period was $280,050 and consisted of finder's fees related to tranche 1 and 2 of the capital raises completed in Q1.

OPERATING LOSS

	Three months ended March 31, 2021
Operating loss	$(754,169)

The Corporation had an operating loss for the Period of $(754,169). The loss is due to the slow revenue production in the first quarter of 2021.

NET AND COMPREHENSIVE LOSS

	Three months ended March 31, 2021
Net and comprehensive loss	$(754,169)

Results of the three months ended March 31, 2021

Finance costs include the unrealized gains and losses on investments classified and measured at fair value through profit and loss ("**FVTPL**") of $(29,147) and represents the net change in the carrying value of the investments to the quoted value. Finance costs also include interest on the lease liabilities of $464.

The net and comprehensive loss for the Period is $(754,169). The loss is primarily driven by slow revenue growth in the first quarter combined with operating wages and consulting costs that are still required to advance the technologies combined with share issuance costs and general and administrative costs that are largely driven by the preliminary prospectus filing in the first quarter.

TOTAL ASSETS

Total assets for the Period were $6,922,871 compared to $10 as at December 31, 2020. The increase is primarily attributable to the Asset Purchase,that formed the Clean Energy Assets, acquired from HTC for an aggregate Purchase Price of $4,000,000. The Clean Energy Assets consisted of all of the intellectual property and certain contractual agreements for the operation of HTC's CO2 capture systems and reclaimer systems.

On January 27, 2021, immediately following the closing of the Asset Purchase, the Corporation completed the first tranche of a non-brokered private placement financing (the "**Private Placement**"). The first tranche of the Private Placement comprised of 36,200,000 units of Delta (the "**Units**") at a price of $0.20 per Unit for gross proceeds of $7,240,000. These funds were used in the first quarter to purchase investments and fund ongoing operations, with the remainder in cash as at March 31, 2021.

Investments purchased in the first quarter included a redeemable GIC that matures in February 2021 and has a value as at March 31, 2021 of $4,000,000. The Corporation also purchased $100,000 unlisted common shares in Plexus Technology Corporation. As at March 31, 2021 the cost of the unlisted common shares approximate the fair value due to the recency of the purchase. The Corporation also recognized $96,282 in right-of-use assets in the first quarter of 2021.

Patents

	Total $
Cost:	
Balance, December 31, 2020	-
Additions	6,182
Acquisition	750,000
Balance, March 31, 2021	**756,182**
Accumulated amortization:	
Balance, December 31, 2020	-
Amortization	8,333
Balance, March 31, 2021	**8,333**
Carrying amounts:	
Balance, March 31, 2021	**747,849**

Delta has completed the WTO patenting, commercialization and the construction and commissioning of the Delta Purification System®. Reclaiming hydrocarbon based and other solvents, such as single, mixed, and formulated amines, for use in natural gas processing ethanol-based solvents and post combustion CO2 capturing processes.

Intangible assets

	PDOengine® $	LCDesign® CCS $	Delta Reclaimer® System ($)	CO2 PTY IP $	CarbonRx IP $	Total $
Cost:						
Balance, December 31, 2020	-	-	-	-	-	-
Acquisition	550,000	550,000	550,000	100,000	250,000	2,000,000
Balance, March 31, 2021	**550,000**	**550,000**	**550,000**	**100,000**	**250,000**	**2,000,000**
Accumulated amortization:						
Balance, December 31, 2020	-	-	-	-	-	-
Amortization	9,167	9,167	9,167	834	2,082	30,417
Balance, March 31, 2021	**9,167**	**9,167**	**9,167**	**834**	**2,082**	**30,417**
Carrying amounts:						
Balance, March 31, 2021	**540,833**	**540,833**	**540,833**	**99,166**	**247,918**	**1,969,583**

Goodwill

	Total $
Cost:	
Balance, December 31, 2020	-
Acquisition	847,587
Balance, March 31, 2021	**847,587**

CURRENT LIABILITIES

Current liabilities are $205,371 for the Period. The balance is primarily comprised of accounts payable, accrued liabilities, as well as the current portion of the lease liabilities.

CASH FLOW

Cash flows used in operating activities were $(588,642) for the Period, which is primarily attributable to the net loss of $(754,169) offset by reversing amortization as it is a non-cash item and the change in working capital.

Cash flows used in investing activities were $(4,116,416) for the Period. The Corporation purchased a GIC for $4,000,000 in cash as well as an investment in Plexus Technologies Corporation for $100,000 cash during the Period.

Cash flows provided by financing activities were $7,211,423 for the Period. ***Delta*** was able to raise $7,326,094 in tranche 1 and tranche 2 of the Private Placement during the Period. $114,671 relating to the capital raise remains held in trust as at March 31, 2021.

The net change in cash position was an increase of $2,506,365 for the Period, as a result of the cash flows used in operating activities, used in investing activities and provided by financing activities as outlined above.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions include transactions with corporate investors who have representation on the board of directors of HTC.

As at March 31, 2021, a balance of $212,036 (December 31, 2020 - $Nil) is receivable from Assist Energy Corp. ("**Assist**"), which is a considered a related party due to having two common directors as well as the Corporation owning 21% of the shares. The balance is included as an amount due from related parties.

Clearview Financial Services Inc. ("**Clearview**") is a related party due to one common director. During the Period, the Corporation paid $21,150 in consulting, $2,400 in rent expense. At March 31, 2021, there are amounts payable of $7,477 (December 31, 2020 - $Nil).

KF Group of Companies ("**KF Group**") is a related party due to one common director. During the Period, the Corporation paid $5,940 in rent expense.

HTC is a related party due to common directors. During the Period, the Corporation paid $1,050 in Information Technology expense.

The Corporation has identified all of the directors and officers as its key management personnel. During the Period, the Corporation did not incur transactions with directors and officers, or companies that are controlled by directors or officers of the Corporation, other than disclosed above.

DIRECTOR AND OFFICER COMPENSATION

The remuneration of key management personnel included in the Statements of Loss were:

For the three months ended	March 31, 2021
Operating wages and consulting	
Salaries and short-term benefits	$ 38,477
Consulting	21,150
Total key management compensation	$ 59,627

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The key management personnel of the Corporation consist of the executive officers and members of the Board. Key management personnel include those persons that have the authority and responsibility for planning, directing and controlling the activities of the Corporation, directly and indirectly.

The Corporation has an employment agreement with its Chairman and CEO, and CFO, and a consulting agreement with its President. Yearly compensation is paid in accordance with the remuneration package agreed upon by the disinterested board of directors and the individual respectively. Under the employment agreement, the Corporation may terminate the agreement without cause, and the employee may terminate for good cause, and in both instances: (i) the Corporation shall be liable to pay, in lieu of notice, or any combination of both, a severance equal to 36 months, based on the base salary and bonus commitments; (ii) all unvested Stock Options and/or RSU will immediately vest and be exercisable. In the event of a change in control, all unvested securities granted or issued shall automatically vest and, at the option of the employee, the employee may resign and be entitled to a lump sum payment equal to the value of his base salary and any bonus, equal to 36 months.

During the Period, no director fees were paid. In addition to their salaries, senior management and directors also participate in the Corporation's share-based compensation plans.

ADDITIONAL INFORMATION ON DELTA CLEANTECH

DELTA CLEANTECH invites you to review current and historical press releases and News Express releases. This material can be viewed on the Corporation's web site at https://deltacleantech.ca/news-releases/.

RISKS AND UNCERTAINTIES

Risks and uncertainties relate to dependence of CO_2 emitters being legislated or provided incentive, to adapt CO_2 capture technology and the price of oil for adoption of CO_2 EOR.

The preparation of the Financial Statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the Period.

Significant items subject to judgment, estimates and assumptions include: revenue recognition (judgments on principal versus agent relationship, the identification of performance obligations within contracts, and estimation of the allocation of transaction price to different performance obligations), non-financial asset impairment, inventory provision, underlying estimations of useful lives of depreciable assets, fair value of financial instruments, environmental remediation and contingent liabilities, if any.

The Financial Statements are based on Management's best estimates using information available. Uncertainty regarding the timing of anticipated large-scale market demand for carbon capture technology, related legislative incentives, and uncertainty in financial markets has complicated the estimation process. Accordingly, the inherent uncertainty involved in making estimates and assumptions may impact the actual results reported in future years by a material amount.

CHANGES IN ACCOUNTING PRINCIPLES

Standards issued but not yet effective

*Amendments to IAS 1 - Presentation of Financial Statements ("**IAS 1**")*

In January 2020, amendments were issued to IAS 1, which provide requirements for classifying liabilities as current or non-current. Specifically, the amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

The amendments must be applied retrospectively for annual periods beginning after January 1, 2023. The Corporation will assess the impact, if any, of adoption of the amendment.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

<u>Investments classification</u>
As part of the evaluation of whether the Corporation has significant influence over any investee, management must exercise judgment based on current information. Determination of whether or not an investment should be classified and accordingly accounted for as a subsidiary, significant influence or equity investment has a material impact on the financial statements. Management takes into account all facts and circumstances in concluding the classification of an investment.

<u>Fair value measurement of financial instruments</u>
When the fair value of financial assets recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow method. The inputs to these models are taken from observable markets where possible.

<u>Asset impairment</u>
The carrying amounts of the Corporation's non-financial assets, other than inventories which are reviewed regularly, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and compared to the carrying amount of the cash generating unit ("**CGU**") to which the asset belongs. There was no impairment in the Period.

The Corporation's most significant estimates and assumptions involve values associated with determining the recoverable amounts of product development costs, property, plant and equipment, patents and intangible assets. These estimates and assumptions include those with respect to future cash inflows and outflows, discount rates, asset lives, and the determination of CGUs.

Leases
The Corporation applies judgment in determining whether the contract contains an identified asset, whether the Corporation has the right to control the asset, and the lease term. Lease term reflect the period over which the lease payments are reasonably certain including renewal options that the Corporation is reasonably certain to exercise. The determination of lease terms involves significant judgment with respect to assumptions of whether lease extensions will be utilized. Management makes assumptions about long-term industry outlook and store operating performances and growth which relate to future events and circumstances. Actual results could vary from these assumptions, and the differences could be material to the carrying value of the lease liabilities and right of use assets, for which the lease term is the basis for determining useful life.

Warrants
The Corporation utilizes the Black-Scholes Option Pricing Model to determine the fair value of warrants issued as part of a unit. The Corporation uses judgment in the evaluation of the input variables in the Black-Scholes Calculation which includes: estimates of the future volatility of the Corporation's share price, forfeiture rates, expected lives of the underlying security, expected dividends and other relevant assumptions.

Business combinations
For acquisition accounting purposes, all identifiable assets, liabilities and contingent liabilities acquired in a business combination are recognized at fair value at the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as at the date of acquisition. Contingent consideration resulting from business combinations is valued at fair value at the acquisition date as part of the business combination. Where the contingent consideration is recognized, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

FINANCIAL INSTRUMENTS

For all current assets and liabilities, the difference between cost and fair value is assumed to be negligible due to the short-term maturities of these items. The following table provides a summary, by class and level on the fair value hierarchy, of the financial assets and liabilities that are measured at fair value, together with the carrying amounts included in the consolidated statements of financial position, as at March 31, 2021 and December 31, 2020:

		March 31, 2021	
	Level	**Carrying amount**	**Fair value**
Financial assets			
Amortized cost			
Accounts receivable		$ 26,306	$ 26,306
Due from related party		212,036	212,036
Fair value through profit and loss			
Cash	1	2,506,375	2,506,375
Funds held in trust	1	114,671	114,671
Guaranteed investment certificate	1	4,000,000	4,000,000
Listed ordinary shares	1	125,750	125,750
Unlisted ordinary shares	3	100,003	100,003
Financial Liabilities			
Amortized cost			
Accounts payable and accrued liabilities		149,973	149,973
Lease liabilities		88,496	88,496

		December 31, 2020	
	Level	**Carrying amount**	**Fair value**
Financial assets			
Fair value through profit and loss			
Cash	1	$ 10	$ 10

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
(ii) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and
(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Interest from financial instruments is recognized in finance costs.

FINANCIAL RISK MANAGEMENT

Management's risk management policies are typically performed as a part of the overall management of the Corporation's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Corporation is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Corporation has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Corporation, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

Credit risk
The risk of financial loss in the event of failure of a customer or counterparty to a financial instrument to meet its contractual obligation is defined as credit risk. The Corporation's principal exposure to credit risk is in respect to its accounts receivable. In order to reduce the risk on its accounts receivable, the Corporation has adopted credit policies which mandate performing an ongoing credit review of all its customers and establishing allowances for bad debts when the amounts are not collectible. The allowance for bad debt at March 31, 2021 was $nil.

Due to the nature of ***Delta's*** operations, Management considers accounts receivable outstanding for 90 days or less, to be current amounts. Over 90 days are also considered current, if extended terms exist and security is provided, or amounts are subject to contract restrictions and performance markers. The aging of the Corporations accounts receivable at March 31, 2021 is as follows:

	Current	**Over 90 Days**	**Total**
Aging of accounts receivable at March 31, 2021	$ 26,306	$ -	$ 26,306

Currency risk
The Corporation is exposed to currency risk as a certain portion of sales and expenses are incurred in US dollars resulting in US denominated accounts receivable and accounts payable. These balances are, therefore, subject to gains and losses due to fluctuations in that currency in relation to the Canadian dollar.

The Canadian dollar equivalent amounts of the balances denominated in US funds at March 31, 2021 are:

	$
Cash	371

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's only interest-bearing financial instrument is the GIC that it holds as at March 31, 2021 at a fixed rate of interest.

Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The Corporations' main sources of liquidity are its operations and equity financing. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Corporation's financial obligations associated with financial liabilities.

The timing of cash outflows relating to the financial liabilities are outlined in the table below:

March 31, 2021	**< 1 year**	**1-2 years**	**3-5 years**	**Thereafter**	**Total**
Accounts payable and accrued liabilities	$ 149,973	$ -	$ -	$ -	$ 149,973
Lease liability	48,598	39,898	-	-	88,496
Customer deposits	6,800	-	-	-	6,800
Balance	**$ 205,371**	**$ 39,898**	**$ -**	**$ -**	**$ 245,269**

SUBSEQUENT EVENTS

COVID-19

During and subsequent to the Period, there was a continued global outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on ***Delta*** as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.

These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Corporation anticipates this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Corporation's business and financial condition.

Share issuance

On April 16, 2021, the Corporation completed a third tranche of the Private Placement consisting of 173,000 Units at a price of $0.20 per Unit for gross proceeds of $34,600. Each Unit was comprised of one common share and one-half of a common share purchase warrant. Each whole Warrant is exercisable to purchase one additional common share at an exercise price of $0.50 for a period of 48 months after its issuance. The common shares issued pursuant to the third tranche of the Private Placement are further restricted from trading until four months and a day from the later of April 16, 2021, and the date that the common shares of Delta are listed on a recognized stock exchange in Canada.

Signed "Jeffrey Allison"
JEFFREY ALLISON
PRESIDENT

Signed "Jacelyn Case"
JACELYN CASE
CFO

SCHEDULE G

BOARD MANDATE

Subject to the constating documents of Delta CleanTech Inc. (the "**Company**") and applicable law, the Board of Directors of the Company (the "**Board**") has a responsibility for the stewardship of the Company, including the responsibility to supervise the management of and oversee the conduct of the business of the Company; provide leadership and direction to management and consider management's performance in conjunction with the Company's compensation plans; set policies appropriate for the business of the Company; and approve corporate strategies and goals.

The Board's fundamental objective is to protect and preserve shareholder value by fostering strong corporate governance practices through its leadership and direction of management and guidance of the Company's strategic direction.

COMPOSITION

A majority of the Board shall be independent from the Company. For the purposes of this Mandate, the definition of "**independent**" shall be the definition set out in National Instrument 52-110 *Audit Committees*, namely that a director is independent if they have no direct or indirect relationship with the Company that could, in the view of the other members of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The directors will be elected each year by the shareholders of the Company at the annual general meeting of shareholders. The Nominating and Corporate Governance Committee will recommend to the full Board nominees for election to the Board and the Board will propose nominees to the shareholders for election as directors for the ensuing year.

DUTIES AND RESPONSIBILITIES

1. A principal responsibility of the Chairman of the Board (the "**Chairman**") will be to manage and act as the chief administrative officer of the Board with such duties and responsibilities as the Board may establish from time to time. The Chairman need not be independent of management.

2. The Board will ensure that proper limits are placed on management's authority.

3. In conjunction with each annual general meeting, the Board shall:

   (a) appoint a Chairman;

   (b) appoint the senior officers of the Company and approve the senior management structure of the Company; and

   (c) appoint committees of the board, including a Nominating and Corporate Governance Committee, and an Audit Committee. In due course and when considered appropriate, the Board may establish additional committees, however as of the date this mandate was approved it is the Board's intention that the duties of these committees will be administered by the Board as a whole.

4. The Board will ensure that it adopts and maintains appropriate mandates, charters and position descriptions for: the Board, the Chairman, the CEO, the committee chairs, as well as for the committees themselves;

5. The Board shall be responsible for monitoring the performance of the CEO and determining the compensation of the CEO. The Board will receive reports and recommendations from the Chairman on both CEO performance and compensation in connection therewith;

6. From time to time, the Board may appoint special committees to assist the Board in connection with specific matters; and

7. The Board shall meet not less than four times during each fiscal year. The Board will also meet at any other time at the call of the Chairman or any director, subject to the constating documents of the Company.

Management Oversight

The Board will ensure the Company has management with the appropriate skillset and experience. This responsibility is carried out primarily by:

(a) appointing the CEO as the Company's business leader and developing criteria and objectives against which the Board will assess, on an ongoing basis, the CEO's individual performance;

(b) developing and approving corporate objectives which the CEO is responsible for meeting, and assessing the CEO against these objectives; and

(c) developing a position description for the CEO and reviewing performance against such description.

Strategic Planning Process and Risk Management

1. The Board is responsible for adopting, supervising and providing guidance on the strategic planning process and approving a strategic plan which takes into account, among other things, the opportunities and risks of the Company's business.

2. The CEO and senior management team will have direct responsibility for the ongoing strategic planning process and the establishment of annual corporate objectives for the Company, which are to be reviewed and approved not less than annually, by the Board.

3. The Board will have a continuing understanding of the principal risks associated with the business, largely through continuous communication with management. The Board will ensure the implementation of appropriate systems to manage any such risks.

4. The Board will provide guidance to the CEO and senior management team with respect to the Company's ongoing strategic plan. The Board is responsible for monitoring the success of management in implementing the approved strategies and goals.

Internal Controls and Management Information Systems

Through the CEO, management will establish systems to ensure that appropriate and responsible levels of internal controls are in place for the Company. The confidence of the Board in the ability and integrity of management is the paramount control mechanism.

COMMUNICATIONS

5. The Board will monitor and periodically review the policies and procedures that are in place to provide for effective communication by the Company with its shareholders and with the public generally, including:

   (a) effective means to enable shareholders to communicate with senior management and the Board; and

   (b) effective channels by which the Company may interact with analysts and the public.

6. The Board will review and if necessary, approve the content of the Company's major communications to shareholders and the investing public, including interim and annual reports, the Management Information Circular, the Annual Information Form and any prospectuses that may be issued.

7. The Board will establish and maintain a disclosure policy which summarizes its policies and practices regarding disclosure of material information to investors, analysts and the media.

8. All directors will have open access to the Company's senior management.

9. The Board encourages individual directors to make themselves available for consultation with management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge and experience.

SUCCESSION PLANNING

The Board will regularly consider and develop succession plans for the Chairman, CEO and senior management personnel.

BOARD INDEPENDENCE

The Board will, where deemed desirable or necessary, implement appropriate structures and procedures to ensure that the Board can function independently of management which may include:

(a) the institution of regular meetings of independent directors at every quarterly Board meeting, without the presence of management.

NEW DIRECTOR ORIENTATION AND CONTINUING EDUCATION

The Nominating and Corporate Governance Committee, in conjunction with the Chairman and the CEO, is responsible for ensuring that new directors are provided with an orientation and education program.

The Board will assist the Nominating and Corporate Governance Committee in establishing and maintaining an ongoing director education program.

GENERAL OBLIGATIONS

10. Approve all significant acquisition plans and oversee the establishment of priorities for the allocation of funds and financing to various acquisitions.

11. Approve all single expenditure items proposed by the Company as required in the Company's Spending Policy.

12. Approve any policy for hedging.

13. Approve any policy for management of foreign currency risk.

14. Approve the annual budget.

15. Attend, prepare for and be actively involved in regular Board meetings and, if applicable, Board committee meetings.

16. With the assistance of the Nominating and Corporate Governance Committee, develop the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Company.

17. Adopt and monitor, through the Nominating and Corporate Governance Committee, a formal "Code of Business Conduct and Ethics" that will govern the behaviour of directors, officers and employees of the Company, and, in appropriate circumstances, grant waivers from such code of business conduct.

INDEPENDENT ADVISORS

The Board and any committees may at any time retain outside financial, legal or other advisors at the expense of the Company. Any director may, subject to the approval of the Chairman, retain an outside advisor at the expense of the Company.

SCHEDULE H

AUDIT COMMITTEE CHARTER

PURPOSE

Senior management of Delta CleanTech Inc. (the "**Company**"), as overseen by its Board of Directors (the "**Board**"), has primary responsibility for the Company's financial reporting, accounting systems and internal controls. The Audit Committee (the "**Committee**") is a standing committee of the Board established for the purposes of overseeing:

(a) the quality and integrity of the Company's financial and accounting reporting processes and internal accounting and financial control systems of the Company;

(b) the external auditor's qualifications and independence;

(c) management's responsibility for assessing the effectiveness of internal controls; and

(d) the Company's compliance with legal and regulatory requirements in connection with financial and accounting matters.

COMPOSITION AND OPERATION

18. The Committee shall be composed of at least a majority of independent directors[1] and all members of the Committee shall, to the satisfaction of the Board, be Financially Literate and at least one member will be a Committee Financial Expert ("**Financially Literate**" and "**Committee Financial Expert**" are defined in the Definitions section of this Charter).

19. The members of the Committee shall be appointed by the Board to serve one-year terms and are permitted to serve an unlimited number of consecutive terms.

20. The Committee shall appoint a chair (the "**Chair**") from among its members who shall be an independent director. If the Chair is not present at any meeting of the Committee, one of the other Committee members present at the meeting shall be chosen to preside at the meeting.

21. The Committee will make every effort to meet at least four times per year and each member is entitled to request that an additional meeting be called, which will be held within two weeks of the request for such meeting. A quorum at meetings of the Committee shall be two members present in person or by telephone. The Committee may also act by unanimous written consent of its members as described under the heading "**Authority**" in this Charter.

22. The external auditor may request the Chair to call a meeting of the Committee to consider any matter that the auditor believes should be brought to the attention of the directors or the shareholders of the Company. In addition to the external auditor, each committee chair, members of board, as well as the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") shall be entitled to request the Chair to call a meeting, which meeting shall be held within two weeks of the request.

23. Notice of the time and place of every meeting shall be given in writing or by email communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting.

24. The Committee shall fix its own procedure at meetings, keep records of its proceedings and provide a verbal report to the Board routinely at the next regularly scheduled Board meeting and shall provide copies of finalized minutes of meetings to the Corporate Secretary to be kept with the official minute books of the Company.

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[1] In order to be considered "**independent**", the following applies:

Pursuant to the Canadian Securities Administrators' Multilateral Instrument 52-110 "**Audit Committees**", a member of the Committee must not have a direct or indirect material relationship with the Company. A "**material relationship**" is a relationship which could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a member's independent judgment.

25. The Committee will review and approve its minutes of meetings and copies will be made available to the external auditor or its members as requested.

26. In camera sessions will be scheduled for each regularly scheduled quarterly Committee meeting, and as needed from time to time.

27. On an ad-hoc basis, the Committee may also meet separately with the Chief Executive Officer and the Chief Financial Officer and such other members of management as they may deem necessary.

RESPONSIBILITIES AND DUTIES

Overall Committee:

To fulfill its responsibilities and duties the Committee will:

(a) review this Charter periodically, but at least once per annum, and recommend to the Board any necessary amendments;

(b) review and, where necessary, recommend revisions to the Company's disclosure in the Management Information Circular regarding Committee's composition and responsibilities and how they are discharged;

(c) assist the Board in the discharge of its responsibilities relating to the quality, acceptability and integrity of the Company's accounting policies and principles, reporting practices and internal controls;

(d) review and recommend approval by the Board of all significant and material financial disclosure documents to be released by the Company, including but not limited to, quarterly and annual financial statements and management discussion and analysis, annual reports, annual information forms, and prospectuses containing material information of a financial nature; and

(e) oversee the relationship and maintain a direct line of communication with the Company's internal and external auditors and assess their respective performance.

Public Filings, Policies and Procedures:

The Committee is responsible for:

(a) ensuring adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the Company's disclosure controls and procedures, and management's evaluation thereof, to ensure that financial information is recorded, processed, summarized and reported within the time periods required by law;

(b) reviewing disclosures made to the Committee by the CEO and the CFO during their certification process for any significant deficiencies in the design or operation of internal controls or material weakness therein and any fraud involving management or other employees who have a significant role in internal controls;

(c) reviewing with management and the external auditor any correspondence with securities regulators or other regulatory or government agencies which raise material issues regarding the Company's financial reporting or accounting policies.

External Auditors

The responsibilities and duties of the Committee as they relate to the external auditor are to:

(a) consider and make recommendations to the Board with respect to the external auditor to be nominated for appointment by shareholders at each annual general meeting of the Company;

(b) review the performance of the external auditor and, where appropriate, recommend to the Board the removal of the external auditor;

(c) confirm the independence and effectiveness of the external auditor, which will require receipt from the external auditor of a formal written statement delineating all relationships between the auditor and the Company and any other factors that might affect the independence of the auditor;

(d) oversee the work of the external auditor generally, and review and report to the Board on the planning and results of external audit work, including:

  (i) the external auditor's engagement letter or other reports of the auditor;

  (ii) the reasonableness of the estimated fees and other compensation to be paid to the external auditor;

  (iii) the form and content of the quarterly and annual audit report, which should include, *inter alia*:

    (A) a summary of the Company's internal controls and procedures;

    (B) any material issues raised in the most recent meeting of the Committee; and

    (C) any other related audit, review or attestation services performed for the Company by the external auditors.

(e) actively engage in dialogue with the external auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the external auditor and take, or recommend the Board take, appropriate actions to oversee the independence of the external auditor;

(f) monitor the relationship between management and the external auditor and resolve any disagreements between them regarding financial reporting;

(g) engage the external auditor in discussions regarding any amendments to critical accounting policies and practices; alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, including any potential ramifications and the preferred treatment by the independent auditor; and lastly, written communication between management and the independent auditor, including but not limited to, the management letter and schedule of adjusted differences.

Internal Controls and Financial Reporting

The Committee will:

(a) obtain reasonable assurance from discussions with (and/or reports from) management, and reports from the external auditors that the Company's financial and accounting systems are reliable and that the prescribed internal controls are operating effectively;

(b) in consultation with the external auditor, the CEO, the CFO, and where necessary, other members of management, review the integrity of the Company's financial reporting process and the internal control structure;

(c) review the acceptability of the Company's accounting principles and direct the auditors' examinations to particular areas of question or concern, as required;

(d) request the auditors to undertake special examinations (e.g., review compliance with conflict of interest policies) when it deems necessary;

(e) together with management, review control weaknesses identified by the external and internal auditors;

(f) review the appointments of the CFO and other key financial executives;

(g) during the annual audit process, consider if any significant matters regarding the Company's internal controls and procedures over financial reporting, including any significant deficiencies or material weaknesses in their design or operation, need to be discussed with the external auditor, and review whether internal control recommendations made by the auditor have been implemented by management.

Ethical and Legal Compliance

The responsibilities and duties of the Committee as they relate to compliance and risk management are to:

(a) obtain reasonable assurances as to the integrity of the CEO and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;

(b) review the adequacy, appropriateness and effectiveness of the Company's policies and business practices which impact on the integrity, financial and otherwise, of the Company, including those relating to hedging, insurance, accounting, information services and systems and financial controls, and management reporting;

(c) receive a report from management on tax issues and planning, including compliance with the Company's source deduction obligations and other remittances under applicable tax or other legislation;

(d) review annually the adequacy and quality of the Company's financial and accounting staffing, including the need for and scope of internal audit reviews (if any);

(e) establish procedures for a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters; and b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

(f) review any complaints and concerns received regarding accounting, internal controls, or auditing matters or with respect to the Company's Code of Ethical Conduct, and the investigation and resolution thereof, and provide all relevant information relating to such complaints and concerns to the Nominating and Governance Committee;

(g) review and monitor the Company's compliance with applicable legal and regulatory requirements related to financial reporting and disclosure;

(h) review all related-party transactions; and

(i) carry the responsibility for reviewing reports from management, external auditors with respect to the Company's compliance with the laws and regulations having a material impact on financial reporting and disclosure, including: tax and financial reporting laws and regulations; legal withholding requirements; environmental; and any other laws and regulations which expose directors to liability.

AUTHORITY

1. The Committee shall have the authority to:

   (a) incur reasonable expenses to engage independent counsel and other advisors as it determines necessary to carry out its duties;

   (b) set and pay the compensation (after consultation with the CEO) for any advisors employed by the Committee; and

   (c) communicate directly with the external auditors.

2. The Committee shall have the power, authority and discretion delegated to it by the Board which shall not include the power to change the membership of or fill vacancies in the Committee.

3. A resolution approved in writing by the members of the Committee shall be valid and effective as if it had been passed at a duly called meeting. Such resolution shall be filed with the minutes of the proceedings of the Committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.

4. The Board shall have the power at any time to revoke or override the authority given to or acts done by the Committee except as to acts done before such revocation or act of overriding and to terminate the appointment or change the membership of the Committee or fill vacancies in it as it shall see fit.

5. The Committee shall have unrestricted and unfettered access to all Company personnel and documents and shall be provided with the resources necessary to carry out its responsibilities.

6. At the invitation of the Chair, one or more officers or employees of the Company may, and if required by the Committee, shall attend a meeting of the Committee.

7. The Committee shall have the authority to obtain advice and assistance from outside legal, accounting or financials advisors in its sole discretion.

DEFINITIONS`

Capitalized terms used in this Charter and not otherwise defined have the meaning attributed to them below:

"**Financially Literate**" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised in the Company's financial statements.

"**Committee Financial Expert**" means a person who has the following attributes:

(a) an understanding of generally accepted accounting principles and financial statements;

(b) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

(c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of issues that can reasonably be expected to be raised in the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;

(d) an understanding of internal controls and procedures for financial reporting; and

(e) an understanding of audit committee functions;

acquired through any one or more of the following:

(a) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;

(b) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions; or

(c) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or other relevant experience.

SCHEDULE I

INTELLECTUAL PROPERTY

TRADEMARKS

Trademark	Application Number	Date of Application or Registration	Date of Expiry	Registration Number
ATM Absorber Tower Maximizer	1480168	2011-03-31	2026-03-31	Canadian TMA794314
Carbon RX Regina Protocols	1425847	2010-06-08	2025-06-08	Canadian TMA769063
CCS 1000	1372599	2008-07-24	2023-07-24	Canadian TMA719220
CCS FEEDengine	1358382	2008-07-15	2023-07-15	Canadian TMA718557
CCS Purenergy	1358381	2008-07-15	2023-07-15	Canadian TMA718555
CCS Purenergy 1000	137603	2008-07-24	2023-07-24	Canadian TMA719215
CO_2 Highway	1385136	2009-04-29	2024-04-29	Canadian TMA739091
Delta Absorber	2079231	2021-01-21	Application under review	
Delta Blue (standard character TM not word)	2058479	2020-10-19	Application under review	
Delta Wash	2079237	2021-01-21	Application under review	
HTC Bakken CO_2	1457591	2010-10-15	2025-10-15	Canadian TMA779890
HTC Bakken EOR	1457922	2010-10-21	2025-10-21	Canadian TMA780299
HTC Purenergy United States 3,975,656 (Coexistence Agreement in place with Johnson Mathey)	1272818	2007-03-16	2022-03-16	Canadian TMA683811
Purenergy CCS	1372593	2008-07-17	2023-07-17	Canadian TMA718813
RFS Regina Formulated Solvents	1372974	2009-04-29	2024-04-29	Canadian TMA739084
RS	1372970	2009-04-29	2024-04-29	Canadian TMA739083
RS Regina Solvents	1372968	2009-04-29	2024-04-29	Canadian TMA739082
Thermal Kinetics Optimization TKO	1399914	2009-09-10	2024-09-10	Canadian TMA747333
LCDesign	1637441	20110-06	2030-10-06	Canadian TMA916087
Delta Reclaimer	1693742	2018-10-01	2033-10-01	Canadian TMA1005884
DeltaSolv	1720453	2018-11-28	2033-11-28	Canadian TMA1009940
Delta Purification	1720147	2019-06-17	2029-06-17	Canadian TMA1025797
re3 & Design	1914616	2018-08-13	Application under review	
PDOengine	1891055	2018-03-29	2031-01-21	Canadian TMA1092215

PATENTS

Country	Patent Number	IP Office
China	CN 104 284 881B	Chinese State IP Office
Europe	EP 283 103 3B1	European Patent Office
Australia	AU 201 323 929 2B2	IP Australia
Canada	CA 286 889 5C	Canadian IP Office
USA	US 999 451 2B2	US Patent

CERTIFICATE OF THE COMPANY

Dated: June 25, 2021

This Amended and Restated Preliminary Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by securities legislation of the Provinces of Alberta and Saskatchewan.

"Lionel Kambeitz" Chief Executive Officer	*"Jacelyn Case"* Chief Financial Officer

On behalf of the Board of Directors

"Wayne Bernakevitch" Director	*"Garth Fredrickson"* Director

CERTIFICATE OF THE PROMOTER

Dated: June 25, 2021

This Amended and Restated Preliminary Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by securities legislation of the Provinces of Alberta and Saskatchewan.

"*Lionel Kambeitz*"
Promoter