

ANNUAL INFORMATION FORM

FOR THE YEAR ENDING
DECEMBER 31, 2020



Dated February 17, 2022



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PRESENTATION OF INFORMATION

Unless otherwise noted, the information contained in this annual information form (“**Annual Information Form**” or “**AIF**”) applies to the business activities and operations of the Corporation for the fiscal year ended December 31, 2020, with certain information updated to reflect changes occurring subsequent to December 31, 2020, up to the date of this AIF. All dollar amounts are in Canadian dollars unless otherwise noted, using International Financial Reporting Standards as issued by the International Accounting Standards Board.

Unless the context otherwise requires, all references to “**Delta**”, “**the Corporation**”, “**we**”, “**our**” and “**us**” herein refer to Delta CleanTech Inc. and its subsidiaries. Capitalized terms not defined in the body of this AIF shall have their respective meanings set forth in the Glossary of Terms herein.

The information contained in this AIF, including news releases and other disclosure items of the Corporation, is available under the Corporation’s profile on SEDAR at www.sedar.com. The Common Shares are traded on the CSE under the trading symbol “DELTA” and are quoted on the OTCQB under the trading symbol “DCTIF”, and the Frankfurt Stock Exchange under the trading symbol “66C”. The Corporation is a reporting issuer in Canada in the provinces of British Columbia, Alberta, Saskatchewan and Ontario.

FORWARD-LOOKING STATEMENTS

This Annual Information Form, including information and documents incorporated by reference, contains certain statements which may constitute “forward-looking information” and “forward-looking statements” within the meaning of Canadian securities law requirements (collectively, “**forward-looking statements**”). These forward-looking statements are made as of the date of this Annual Information Form and the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Corporation management’s expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “may”, “expects”, “views” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “estimates”, “anticipates”, “target”, “goal” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved or the negative of these terms or comparable terminology.

These forward-looking statements includes, among other things, statements relating to: the intentions, plans and future actions of the Corporation; the Corporation’s capital and organization structure; the ability of the Corporation to position itself as a technology leader in the clean technology sector; the ability of the Corporation to meet its business development objectives; the ability of the Corporation to expand with regional offices in the United Kingdom (the “**UK**”), the United States, China and the United Arab Emirates; the Corporation’s market position; the ability of the Corporation to compete and the future financial or operating performance of the Corporation; the Corporation’s ability to procure contracts with target commercial customers; the timing and amount of funding required to execute the Corporation’s business plans; the Corporation’s future capital expenditures; the Corporation’s ability to deliver products and services that meet customer needs; the Corporation’s ability to target secondary industries as a source of revenue; anticipated demand for services in CO₂ capture and purification, solvent and ethanol purification, hydrogen production and carbon credit certification and trading; the Corporation’s ability to provide a strong business profile; the Corporation’s ability to secure contracts for projects that are already in the early

stages of development; the effect on the Corporation of any changes to existing or new legislation or policy or government regulation; the anticipated demand for the Corporation's products due to the implementation of ESG policies by third parties; increases in carbon taxes; the length of time required for the Corporation to obtain permits, certifications and approvals; the availability of labour; the Corporation's 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 the Corporation's financial resources; the Corporation's use of allocated funds; the Corporation's proposed use of available funds; the Corporation's 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 statements. Forward-looking statements are based on certain assumptions and analyses made by the Corporation 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 Corporation'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*" below, 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 Corporation'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;
- Capital expenditures and funding
- Shareholder dilution
- 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 CSE, OTC and the Frankfurt Stock Exchange 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 Corporation operates in;
- litigation;
- export requirements;
- reliance on business partners;
- retention and acquisition of skilled personnel;
- disease outbreaks;
- supply chain delays
- 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 Corporation's cash and marketable securities; and
- credit risk of financial if a counterparty fails to meet its obligations.

The above and other aspects of the Corporation's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Corporation believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such forward-looking statements are estimates reflecting the Corporation's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. Such factors include but are not limited to the Corporation's ability to obtain the necessary financing and the general impact of financial market conditions, the ability to evolve the Corporation's technology, product demand, changes in prices of required commodities, competition, government regulations and other risks as set out under "*Risk Factors*" below.

The forward-looking statements contained in this AIF are expressly qualified by the foregoing cautionary statements and are made as of the date of this AIF. Except as may be required by applicable securities laws, the Corporation does not undertake any obligation to publicly update or revise any forward-looking statement to reflect events or circumstances after the date of this AIF or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

DOCUMENTS INCORPORATED BY REFERENCE

Delta's carved-out audited annual consolidated financial statements for the years ended December 31, 2019 and 2020, the unaudited interim financial statements for the periods ending March 31, 2021, June 30, 2021 and September 30, 2021 (collectively the "**Financial Statements**"), and the related management's discussion and analysis, are hereby specifically incorporated by reference in this AIF. Copies of these documents are available under the Corporation's SEDAR profile at www.sedar.com.

GLOSSARY OF TERMS

“**ABCA**” means *Business Corporations Act* (Alberta), R.S.A. 2000 c. B-9, as amended, including all regulations promulgated thereunder;

“**ACCTC**” has the meaning ascribed thereto under the heading “*General Development of the Business – Three Year History Financial years ending December 31, 2018, 2019 and 2020 – XPRIZE Competition*”;

“**Asset Purchase**” has the meaning ascribed thereto under the heading “*General Development of Business – The Asset Purchase*”;

“**Asset Purchase Agreement**” has the meaning set out in the heading “*General Development of Business – The Asset Purchase*”;

“**Assist**” has the meaning set out under the heading “*General Development of the Business – Three Year History Financial years ending December 31, 2018, 2019 and 2020 – Assist Energy Solutions Corp.*”;

“**Audit Committee**” means the audit committee of the Board constituted in accordance with NI 52-110;

“**Board**” means the board of directors of the Corporation;

“**Business**” means the business of HTC, comprising the Clean Energy Assets, which was acquired by the Corporation under the Asset Purchase Agreement, and which now constitutes the entire business of the Corporation.

“**Carbon Rx Division**” has the meaning ascribed thereto under the heading “*Description of the Business – The Four Pillars*”;

“**CCM**” has the meaning ascribed thereto under the heading “*Description of the Business – The Four Pillars*”;

“**CEO**” means Chief Executive Officer;

“**CFO**” means Chief Financial Officer;

“**CHOPS**” has the meaning ascribed thereto under the heading “*General Development of the Business – Three Year History Financial years ending December 31, 2018, 2019 and 2020 – Assist Energy Solutions Corp.*”;

“**Clean Energy Assets**” has the meaning ascribed thereto under the heading “*General Development of the Business – Business of the Corporation Prior to Closing of the Asset Purchase*”;

“**Clean Energy Division**” has the meaning ascribed thereto under the heading “*General Development of the Business – Business of the Corporation Prior to Closing of the Asset Purchase*”;

“**CO₂**” means carbon dioxide;

“**CO₂ Technologies Pty**” means CO₂ Technologies Pty Ltd., a wholly-owned subsidiary of the Corporation incorporated in the State of New South Wales, Australia;

“**Committee**” has the meaning ascribed thereto under the heading “*Capital Structure – Stock Options and Restricted Share Units*”;

“**Common Shares**” means the common shares in the capital of the Corporation;

“**Consideration Shares**” has the meaning ascribed thereto under the heading “*General Development of the Business – Business of the Corporation Prior to Closing of the Asset Purchase*”;

“**Corporation**” or “**Delta**” means Delta CleanTech Inc. and its subsidiaries, on a consolidated basis;

“**CSE**” means the Canadian Securities Exchange;

“**CSS**” means Cyclic Steam Stimulation;

“**Delta Reclaimer®**” has the meaning ascribed thereto under the heading “*Three Year History – Financial years ending December 31, 2018, 2019 and 2020 – Development of Delta Reclaimer Technology*”;

“**EOR**” has the meaning ascribed thereto under the heading “*General Development of the Business – Three Year History Financial years ending December 31, 2018, 2019 and 2020 – Assist Energy Solutions Corp.*”;

“**ESG**” means environmental, social and corporate governance;

“**Financial Statements**” has the meaning ascribed thereto under the heading “*Documents Incorporated By Reference*”;

“**Finders’ Warrants**” means the warrants issued as finders’ fee compensation, entitling the holders thereof to purchase a Common Share at a price of \$0.20 on or prior to January 27, 2025;

“**HTC**” means HTC Pureenergy Inc., a corporation incorporated under the ABCA;

“**HTC Filings**” means the annual audited financial statements of HTC for the year ended December 31, 2020, including the notes thereto and management’s analysis and discussion thereon;

“**Husky Plant**” means the Pikes Peak South heavy oil facility of Husky Energy Inc., located in West Central Saskatchewan, Canada;

“**IFRS**” means International Financial Reporting Standards;

“**IP**” means intellectual property;

“**LCDesign®**” has the meaning ascribed thereto under the heading “*General Development of the Business – Three Year History Financial years ending December 31, 2018, 2019 and 2020 – Clean Energy*”;

“**Liquidity Event**” means the listing of the Common Shares on a recognized stock exchange in Canada;

“**Listing Date**” means August 19, 2021, the date upon which the Common Shares became listed for trading on the CSE;

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

“**M&A**” means mergers and acquisitions;

“**Management**” means the management of the Corporation;

“**Option Plan**” has the meaning ascribed thereto under the heading “*Capital Structure - Stock Options and Restricted Share Units*”;

“**Options**” has the meaning ascribed thereto under the heading “*Capital Structure – Stock Options and Restricted Share Units*”;

“**OSC**” means the Ontario Securities Commission;

“**OTCQB**” means the Over the Counter marketplace exchange for venture stage Venture Market companies;

“**OTSG**” means a Once Through Steam Generator;

“**PDOengine®**” means Delta’s process design algorithms which improve the modelling and simulation of the CO₂ capture process;

“**Person**” will be broadly interpreted and includes:

- (i) a natural person, whether acting in their own capacity, or in their capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;
- (ii) a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and
- (iii) a governmental authority;

“**Private Placement**” means the non-brokered private placement of an aggregate of 38,523,000 Units which closed in three tranches on January 27, 2021, January 29, 2021 and April 16, 2021 for aggregate gross proceeds of \$7,704,600;

“**Purchase Price**” has the meaning ascribed thereto under the heading “*General Development of Business – The Asset Purchase*”;

“**R&D**” means research and development;

“**re3**” means Delta’s trademark pertaining to its Reclaim, Recycle and Reuse IP;

“**Related Entity**” means a Person that controls or is controlled by the Corporation or that is controlled by the same Person that controls the Corporation, if any;

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

“**RSU**” has the meaning ascribed thereto under the heading “*Capital Structure – Stock Options and Restricted Share Units*”;

“**RSU Plan**” has the meaning ascribed thereto under the heading “*Capital Structure – Stock Options and Restricted Share Units*”;

“**SAGD**” means steam assisted gravity drainage;

“**SCV**” has the meaning ascribed thereto under the heading “*General Development of the Business – Three Year History Financial years ending December 31, 2018, 2019 and 2020 – Assist Energy Solutions Corp.*”;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators at www.sedar.com;

“**SCV Technology**” means the technology utilized by the SCV, a portable, above ground, direct-contact, steam generator for injection of gasses into heavy oil formations that is used for EOR and that was developed by Thermal Recovery Technologies Inc.;

“**Shareholders**” mean the holders of Common Shares;

“**Units**” means the units comprising one Common Share and one-half (½) of one (1) Warrant that were issued at a price of \$0.20 per unit to purchasers in British Columbia, Alberta, Ontario and Cayman Islands pursuant to the Private Placement; and

“**Warrant**” means a Common Share purchase warrant, which each Warrant entitling the holder to purchase one Common Share at a price of \$0.50 on or before the date that is forty-eight (48) months following the issuance date of the respective Warrant.

CORPORATE STRUCTURE

Name, Address and Incorporation

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

Effective January 26, 2021 the Corporation amended its articles to: (i) create a new class of an unlimited number of preferred shares; (ii) re-designate the Corporation’s former Class A shares as the Common Shares; (iii) delete and cancel in their entirety Corporation’s former 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 (iv) delete restrictions on the transfer of its shares.

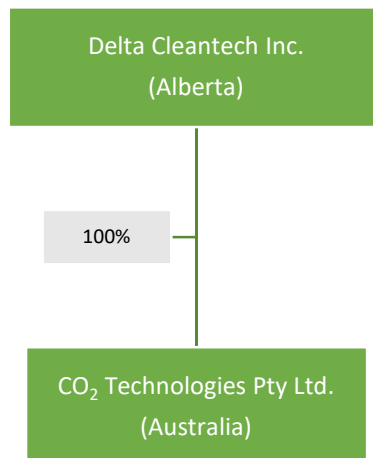
The Corporation’s head office and registered office is located at 2308 Palisade Drive S.W., Calgary, Alberta, T2V 3V1.

The Corporation has one subsidiary, CO₂ Technologies Pty, which is a corporation existing under the laws of New South Wales, Australia. CO₂ Technologies Pty has no assets or operations at this time.

The Common Shares are currently listed on the CSE under the trading symbol “DELTA”, the OTCQB under the trading symbol “DCTIF” and the Frankfurt Stock Exchange under the trading symbol “66C”. The Corporation is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan and Ontario, with its principal regulator being the Alberta Securities Commission.

Intercorporate Relationships

The following diagram illustrates the corporate structure and provides the name, the percentage of voting securities owned, directly or indirectly, by the Corporation and the jurisdiction of incorporation, continuance or formation of the Corporation's principal subsidiaries.



GENERAL DEVELOPMENT OF THE BUSINESS

Business of the Corporation Prior to Closing of the Asset Purchase

The Corporation was incorporated under the ABCA on December 22, 2020. The sole business of the Corporation from the date of its incorporation until executing the Asset Purchase Agreement 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 transactions contemplated by the Asset Purchase Agreement, the Corporation did not have a business, business operations or any material assets other than cash. The entire business of the Corporation is that associated with the Clean Energy Assets. See “*Description of the Business – General*”.

The Asset Purchase

The Corporation completed the purchase of HTC's Clean Energy Assets (the “**Asset Purchase**”) for an aggregate purchase price of \$3,000,000 (“**Purchase Price**”) pursuant to an asset purchase agreement between HTC and the Corporation dated January 27, 2021 (the “**Asset Purchase Agreement**”). The Clean Energy Assets consist of all of the IP and certain contractual agreements for the operation of HTC's CO₂ capture systems and reclaimer systems. The Asset Purchase Agreement reflects a deemed purchase price of \$4,000,000, however as a result of the accounting treatment of the Common Shares issued, the financial statements reflect a value of \$3,000,000 as the Purchase Price for the 20,000,000 Common Shares issued. The fair value of the assets and share consideration has been measured provisionally in the interim financial statements for the periods ending March 31, 2021 and June 30, 2021 and may be valued differently in the annual financial statements of the Corporation to be filed following the completion of the year ending December 31, 2021.

The Purchase Price was paid by the issuance of Common Shares of the Corporation. HTC received 20,000,000 Common Shares (the “**Consideration Shares**”) at a deemed price of \$0.15 per Common Share. The Consideration Shares are subject to a pooling arrangement with a release schedule over a period of 24 months whereby (i) 10% of the Consideration Shares are releasable upon the listing of the Common Shares

on a recognized stock exchange in Canada (a “**Liquidity Event**”), which occurred on the Listing Date, (ii) 10% of the Consideration Shares are released every three months following the Listing Date, and (iii) the final 20% of the Consideration Shares are released 24 months following the Listing Date. The Asset Purchase was conditional upon, among other things, the closing of the Private Placement. No finder’s fees were payable in connection with the Asset Purchase. As the August 19, 2021 listing of the Common Shares of the Corporation on the CSE constituted a Liquidity Event, 2,000,000 Consideration Shares were released on the Listing Date and, in accordance with the release schedule, three months following the Listing Date, on November 19, 2021 an additional 2,000,000 Consideration Shares were released from the restrictions of the pooling arrangement. As of the date of this AIF, 16,000,000 Consideration Shares issued pursuant to the Asset Purchase Agreement remain subject to the pooling arrangement and will be released pursuant to the release schedule above. Readers are encouraged to refer to the Corporation’s CSE Listing Statement (CSE Form 2A) dated August 18, 2021, a copy of which has been filed by the Corporation with the Canadian securities regulatory authorities and is available under the Corporation’s profile on SEDAR at www.sedar.com.

Set out below is the carved-out General Development of the Business of the Clean Energy Assets, as previously owned by HTC, prior to the completion of the Asset Purchase (“Clean Energy Division”).

Three Year History – Financial years ending December 31, 2018, 2019 and 2020

The Business, as it existed while owned by 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 CO₂ capture technology, the LCDesign®. The Corporation 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 Corporation believes that this simplistic revenue model has potential to be profitable due to its low overhead costs.

Assist Energy Solutions Corp.

Delta owns 21% of the issued and outstanding shares of Assist Energy Solutions Corp. (“**Assist**”). Assist was formed by Thermal Recovery Technologies Inc., which owns the remaining shares of Assist, to develop the SCV Technology. During 2018, Assist continued to engineer and manufacture a portable process facility called the Submerged Combustion Vaporizer (“**SCV**”) that can be used for enhanced oil recovery (“**EOR**”) primarily in non-thermal heavy oil Cold Heavy Oil with Sand (“**CHOPS**”) wells.

The SCV Technology EOR process involves production and injection of a mixture of steam and combustion gases (CO₂ and Nitrogen), into a heavy oil reservoir for an injection period, followed by a soaking period and a production period. The SCV facility is unique, because it offers the advantage over the competition of being a fully portable, above-ground, steam-gas generation system, as compared with downhole systems, which have been demonstrated to often be problematical and expensive to maintain. The direct-contact SCV reservoir steam heating process offers significant advantages over existing technology due to its higher energy efficiency, utilizing all hot combustion gases for pressurization of reservoirs, and due to its unique ability to utilize raw untreated produced water for steam generation.

Over the past 5 years, over \$5,000,000 has been invested by Thermal Recovery Technologies Inc. in the R&D program to develop the SCV Technology, resulting in the design and manufacture of a 5MM BTU/hour, SCV pilot system. R&D has now reached a point at which the SCV Technology is ready for field operation to obtain real world data and experience to demonstrate the commercialization potential of the SCV Technology. Assist obtained regulatory approval for setting up a test CHOPS well at an existing production facility. Assist had organized funding from the Saskatchewan Government for the test CHOPS well which ultimately did not proceed due to the market downturn in oil over the past two years,

Delta views the SCV Technology as a potential breakthrough in low-cost EOR technologies, and this could change how oil companies approach their existing CHOPS wells, SAGD production and thin pay zone potential properties.

The Lloydminster oilfields of Alberta and Saskatchewan have over 10,000 suspended and another 10,000 existing operating CHOPS wells that require a more affordable EOR process in order to economically reactivate wells and recover more of the existing billions of barrels of stranded heavy oil reserves. New cost-effective EOR processes are required to increase the percentage of oil recovered, improve production rates, and provide positive economic returns from these thousands of operating and suspended heavy oil wells.

CO2 Capture and Gas Purification Mandate

Companies doing business in the energy industry are looking for cost-effective methods and new energy technologies to produce their products, while at the same time being environmentally sustainable and profitable. The Corporation's CO₂ capture and gas purification mandate is to develop and commercialize the technologies that satisfy these requirements and to commercialize these product offers world-wide. Delta's Clean Energy Division has developed cost-effective CO₂ capture solutions for CO₂ enhanced heavy oil production, coal and gas power generation and the industrial food grade CO₂ markets. Delta participates in this sector through its Clean Energy Division, utilizing its proprietary LCDesign®, DeltaSolv® and PDOengine® technologies.

Clean Energy

Delta offers proprietary advanced amine technology supported by over fifteen years of R&D. Delta brands its low-cost design CO₂ capture technology as "LCDesign®" which provides an advanced CO₂ capture plant design that improves the CO₂ capture system performance through heat recovery, thermal balancing, optimized process flow and specific operating protocols.

LCDesign®

The LCDesign®, an improved proprietary CO₂ capture system, has been designed to significantly reduce the cost of CO₂ capture. The LCDesign® system has 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. Delta continues to focus its efforts on the sale of modular CO₂ capture systems using the LCDesign® and primarily focusing on servicing industry where CO₂ is used as a commodity and the "CO₂ for Heavy Oil Production" market.

Technology Overview

Delta's LCDesign® technology is based on the bulk removal of CO₂ from high volume flue gas by the use of chemical absorbents. CO₂ in the flue gas stream is absorbed in an aqueous chemical solvent in the absorber column, the CO₂-rich solvent is then passed to an amine stripper column where the CO₂ is removed and the solvent regenerated by supplying the required heat in a reboiler. The reboiler can be a direct fired heater or an indirect heater that uses steam, glycol, or thermal fluid. The design is made based on the flue gas composition, operating conditions, the cleanup target and the CO₂ production capacity. Figure 1 illustrates the LCDesign® process flow diagram.

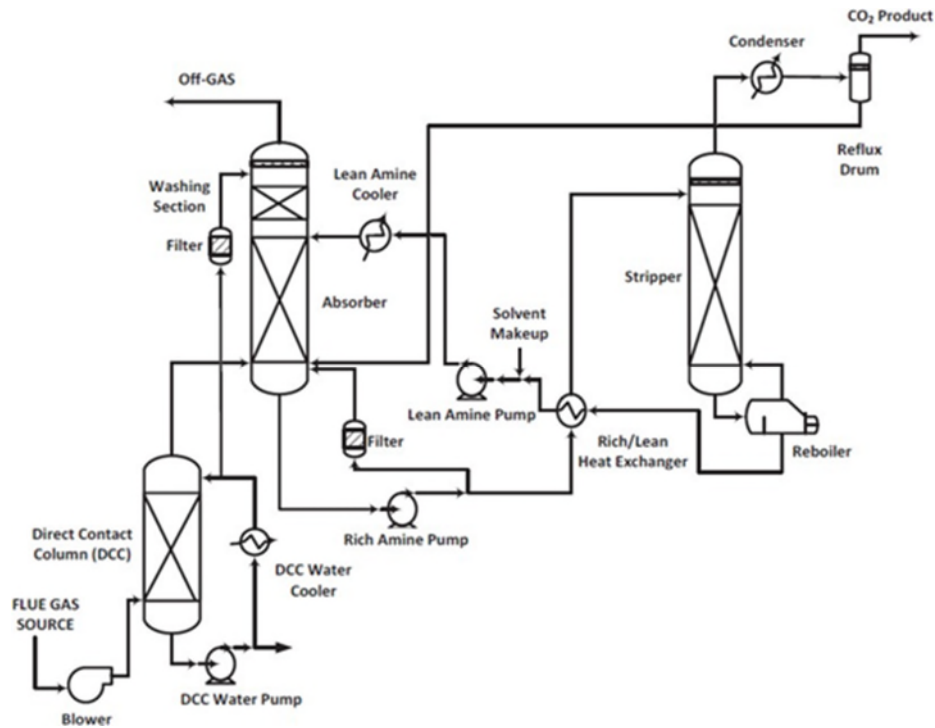


Figure 1 DELTA LCDesign® CO₂ Capture Technology Process Flow Diagram

CO₂ for Heavy Oil Production

The LCDesign® unit can capture CO₂ from coal-fired power plants and from the plentiful supply of OTSG boilers used in SAGD and CSS. Delta’s LCDesign® CO₂ capture technology was selected to be incorporated in a new CO₂ capture unit to be built at the Husky Plant. In addition, Delta was appointed the general contractor for the project. The unit was commissioned and the commercial launch was completed in the first quarter of 2018.

DeltaSolv®

DeltaSolv® is Delta’s custom designed, amine based, solvent mixtures and additives that optimizes the efficiency of the capture of CO₂ based on the flue gas and utilities available at the plant site. Delta provides the solvent formulation to the client as part of the LCDesign® license agreement in order that the customer can purchase the customer mixture in the most cost-effective manner.

PDOengine®

PDOengine® is Delta’s process design algorithms which improve the modelling and simulation of the CO₂ capture process.

Development of Delta Reclaimer Technology

In 2019, the trademarks for the Corporation’s Delta Reclaimer® technology, DeltaSolv®, Delta Purification® and Delta Reclamation® were registered.

Delta has developed an advanced thermal reclaimer that it believes solves previous thermal and non-thermal reclaimer problems. The technology has been successfully filed and granted patent status in China, Europe,

Austria, Canada, the United States of America as shown in Table 1. Delta commercializes its patented reclamation technology as the Delta Reclaimer®.

Table 1 Delta Reclaimer® Patents

Country	Patent Number	IP Office
China	CN104284881B	Chinese State IP Office
Europe	EP2831033B1	European Patent Office
Australia	AU2013239292B2	IP Australia
Canada	CA2868895C	Canadian IP Office
USA	US9994512B2	US Patent

The patented Delta Reclaimer® process has taken the existing thermal reclamation process and enhanced it in the following ways:

1. Simplified process configuration leading to lower capital and operating expenditures for clients of the Corporation.
2. Increased solvent recovery reducing the solvent loss in the waste, and ability to formulate waste for easier disposal.
3. Increased the speed of the reclamation cycle to maximize the solvent recovery.
4. Concentrated the waste which reduces the amount of waste that needs to be handled and disposed of, which significantly reduces operating costs.
5. Increased the flexibility of operation to allow compatibility with more utilities based on availability (i.e. air or water cooling/steam or fuel burning).
6. Decreased operation temperature compared to other reclamation systems.
7. The heat stable salts are now neutralized inline while the feed introduced to the unit leading to precession in neutralization and this reduces the chemical injection amount.
8. The process can now recover single or mixed solvents, amines or glycols.
9. In the small to medium size product offering, the reclaimer unit could be built to be a mobile unit 9, which is easier to operate and maintain.

XPRIZE Competition

In December 2018, the LCDesign® technology was selected to provide CO₂ 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 at the time, engineered, fabricated and commissioned a CO₂ capture plant. In September 2020, this CO₂ capture plant became fully-operational and is successful in delivering captured and purified CO₂. The ACCTC site is now used by Delta for walkthrough demonstrations of the Corporation’s LCDesign® technology. These walkthrough demonstrations also showcase the Corporation’s Delta Reclaimer® technology, as well as the various commercial uses for captured and purified CO₂.

Appointment of Todd Beasley

In March, 2020, Todd Beasley, considered by the clean energy industry to be a pioneer of solvent, ethanol and glycol extraction and purification systems in North America, joined HTC's Clean Energy Division team, and contemporaneously with the execution of the Asset Purchase Agreement, joined the Delta Clean Energy Division. team. Mr. Beasley brings over 30 years' experience of purifying, glycols, ethanols and solvents to Delta. He is well known and recognized in the industry for his extraction and purification work with refineries, natural gas plants, power plants and hydrogen production all over North America. He was a founder of CCR Technologies Ltd., one of the original and most successful solvent, glycol and ethanol reclaiming companies operating in North America in the clean energy technology sector.

Developments During 2021 to Date

As set out above, Delta acquired the Clean Energy Assets from HTC on January 27, 2021, pursuant to the Asset Purchase Agreement.

Business of the Corporation Following the Closing of the Asset Purchase

Following the closing of the Asset Purchase, the focus of the Corporation is the Business, which consists of the Clean Energy Assets and the associated business of HTC acquired by Delta pursuant to the Asset Purchase.

Private Placement Financing

On January 27, 2021, immediately following the closing of the Asset Purchase, the Corporation completed the first tranche of the Private Placement. The first tranche of the Private Placement consisted of the issuance of an aggregate of 36,200,000 Units at a price of \$0.20 per Unit for aggregate gross proceeds of \$7,240,000. Each Unit was comprised of one Common Share and one-half of a Warrant.

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

On April 16, 2021, the Corporation completed a third and final tranche of the Private Placement consisting of the issuance of an aggregate of 173,000 Units for aggregate gross proceeds of \$34,600.

The Common Shares underlying the Units and the Common Shares issuable upon exercise of the Warrants are subject to a pooling arrangement with a release schedule whereby (i) 20% of the Common Shares were releasable upon the occurrence of a Liquidity Event, which occurred on the Listing Date, and (ii) 20% of the Common Shares are releasable every three-months following the date of the Liquidity Event. On the Listing Date, 7,704,600 Common Shares and 3,852,300 Warrants were released and, in accordance with the release schedule, three months following the Listing Date, on November 19, 2021, an additional 7,704,600 Common Shares and 3,852,300 Warrants were released from the restrictions of the pooling arrangement. As of the date of this AIF, 23,113,800 Common Shares and 11,556,900 Warrants issued pursuant to the Private Placement remain subject to the pooling arrangement and will be released in accordance with the release schedule in equal tranches on the three-month anniversary of the Listing Date, which existed at the time of issuance but has since been satisfied in part, with the remaining tranches to be released upon the six, nine and twelve month anniversaries of the Listing Date. Readers are encouraged to refer to the Corporation's CSE Listing Statement (CSE Form 2A) dated August 18, 2021, a copy of which has been filed by the Corporation with the Canadian securities regulatory authorities and is available under the Corporation's profile on SEDAR at www.sedar.com.

Projects During the Fiscal Year 2021

Delta is currently active in over 38 CO₂ 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 ESG policies; (ii) the implementation of carbon taxes in certain jurisdictions; and (iii) CO₂ utilization for commercial products.

Marketing and Brand Awareness

On August 24, 2021, Delta appointed Hybrid Financial Services Inc. ("**Hybrid**") to provide marketing services to the Corporation. Hybrid has been engaged to heighten market and brand awareness for Delta and to broaden the Corporation's reach within, and ability to connect with, the investment community. This agreement has been terminated effective February 23, 2022.

Commencing September 8, 2021, Delta engaged Mountain Capital Corp. ("**Mountain**") for a four-week marketing, branding and awareness program. Mountain provides market awareness through the production and distribution of articles, ads, videos, and industry initiatives which occur on social, display, search and native and by e-mail.

On November 1, 2021, Delta engaged the services ("**Services**") of Circadian Group ("**Circadian**"), on a non-exclusive basis, for a 6-month period. The Services are intended to create a customized positive investment image for Delta and communicate that image to the investment community. As compensation for these Services, Delta will pay to Circadian three hundred thousand dollars, and grant them 500,000 stock options, to vest in equal parts, quarterly, over 12-months, commencing February 1, 2022, and ending November 1, 2022. This is an arms-length transaction and Circadian does not have any prior relationship with Delta.

Carbon Capital Management

Delta has refocused its attention on its Carbon Rx division IP to take advantage of the growth of ESG and "net-zero" emissions reduction projects in North America. The Carbon Rx division IP was formulated in 2007 and has developed Carbon Credit Protocols utilized in large city landfills across North America to obtain incentives for methane reduction in exchange for carbon credits. See "*Description of the Business – The Four Pillars*".

With its Carbon Rx division IP, Delta intends to enter into streaming arrangements with individuals, companies and governments sourced by Delta, to purchase carbon offsets from their assets or properties. Delta may also purchase carbon credits directly in the voluntary and compliance markets or make investments into entities, assets or properties involved in the origination, generation, monitoring or management of carbon credits.

Focussed on the Carbon Rx division IP, Delta plans to provide leadership to its customers regarding qualifying and validating new technologies that utilize carbon (such as carbon nanotubes, CO₂ injected concrete and ethanol/methanol production) as valid carbon credits recognized by applicable governments. Although carbon credits are not a substitute for innovation and efficiency improvements that reduce or eliminate emissions, they are an important alternative to fill technological and timing gaps in order for a company to manage reputational risk around emission targets and climate risk disclosure while it is on the corporate path to net-zero emissions.

Appointment of Nitin Kaushal

On September 12, 2021, Nitin Kaushal was appointed to the Board. Mr. Kaushal has served on various audit, governance and compensation committees for NASDAQ and the TSX Venture Exchange (the “TSXV”) listed companies, is a member of the Canadian Institute of Chartered Professional Accountants, has a Bachelor of Science (Chemistry) Degree and has over 30 years experience in the finance and investment industries. He has the ability to bridge the financial and scientific arenas, is a very effective negotiator, with proven leadership, motivational and relationship skills.

Listing on the Frankfurt Stock Exchange and the OTCQB

In September, 2021, Delta’s Common Shares commenced trading on the Frankfurt Stock Exchange (**Symbol: 66C**) in Germany to take advantage of the strong investment demand in Europe for companies dealing in the ESG space.

On January 19, 2022, Delta’s Common Shares commenced trading on the OTCQB Venture Market in the United States (Symbol: DCTIF) for purposes of greater liquidity and access to certain US markets.

European Market

During the third quarter of 2021, Delta expanded its commercial relationship with Doosan Power Systems (“**Doosan**”) of the UK to help commercialize this important European market for CO₂ capture projects. UK-based Doosan Power Systems, one of the larger energy infrastructure engineering, procurement, construction, maintenance, repair and operations companies in the world, builds, maintains and extends the life of power plants and energy infrastructure across the world. It unites the rich heritage of Doosan Heavy Industries and Doosan Babcock in advanced steam generation, waste-to-energy and nuclear with the global leadership of Doosan Škoda Power in the design and manufacture of turbines. The UK Government has recently announced that it has allocated £1 billion for greenhouse gas emissions mitigation projects. These new project development funds have in turn created a substantial amount of new interest by the large CO₂ emitters in the UK. With Doosan’s strategic location in Glasgow, Scotland, the Corporation believes they are the ideal partner for UK and European CO₂ capture projects. Delta has worked in a synergistic relationship in the past with Doosan, and has now secured new business opportunities in the UK and Europe with Doosan. Delta has been involved in CO₂ capture projects across the globe for over 15 years and is well-equipped to work with Doosan to jointly provide technology, process design expertise, engineering, construction and project management skills required in completing these proposals.

Impact of COVID-19

The Corporation 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 Corporation’s inability to obtain parts and other supplies required to complete a project), but the Corporation has not experienced these negative effects to date.

DESCRIPTION OF THE BUSINESS

General

The Corporation was incorporated under the ABCA on December 22, 2020. The sole business of the Corporation 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 transactions contemplated by the Asset Purchase Agreement, the Corporation did not have an active business, business operations or any material assets other than cash. The entire business of the Corporation is that associated with the Clean Energy Assets.

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

The Corporation is an engineering and consulting business that provides services to industry clients. The Corporation does not manufacture any physical products and therefore does not maintain any physical inventory. As a result, the Corporation does not have any costs associated with production or capital expenditures. The Corporation's revenue is derived from offering the product and service of engineering and process design for a customer site where the Corporation's technologies are implemented, as well as the technology licensing royalties that are required to permit the use of the technologies that the Corporation is licensing to its customers. See also "*Three Year History – Financial years ending December 31, 2018, 2019 and 2020*".

The business development objectives of the Corporation include establishing five additional regional sales offices and training five additional sales engineers. Potential locations for regional sales offices have been identified, and the Corporation is in discussions with potential industry vendors in the UK, 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 head sales office in Calgary, Alberta. See also "*Three Year History – Financial years ending December 31, 2018, 2019 and 2020*".

Target commercial customers are generally CO₂ industrial gas emitters, and include:

- emitters who are subject to carbon taxes;
- emitters who are subject to ESG requirements by its shareholders/investors and which need a carbon mitigation plan to meet their stated investment guidelines;
- companies that need CO₂ 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 collects information from potential customers on their specific CO₂ 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 CO₂. Based on the collected information, the Corporation then custom designs an optimized CO₂ capture plant to meet the customer's needs.

Delta provides products and services related to clean energy industries. The Business consists of what the Corporation considers four essential pillars of its clean technologies and business, as historically established by HTC, as follows:

1. CO₂ capture;
2. Solvent and ethanol purification;
3. Blue Hydrogen production; and
4. Carbon credit certification and trading.

See “*Description of the Business – The Four Pillars*”.

The Corporation markets its consulting and engineering services to CO₂ industrial gas emitters and other target customers to provide one or more of the four 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 Corporation, however most customers will utilize one or more of these services and in many cases the pillars are complimentary to achieving the customers’ objectives of reducing CO₂ emissions and reducing operating costs associated with such emissions.

The mandate of the Corporation 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 ESG policies and mandates, 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 Corporation expects to significantly increase its brand awareness to potential customers through the addition of sales and marketing staff in Texas, the United Arab Emirates and China, as well as reinforcing the existing marketing workforce in Canada. The Corporation receives fees for its initial engineering assessment from its suppliers, which is sufficient to maintain the ongoing financial requirements of the Corporation and its general administrative and corporate expenses; however the completion of customer projects will result in significantly greater revenues resulting from design and licensing fees, in particular from the licensing of the Corporation’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 CO₂ are increasingly making investment and business decisions based on ESG framework and considerations. The Corporation believes that it can position its products and technologies in response to the increasing demand for ESG-based corporate solutions.

Carbon Taxes

The Corporation 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.¹ The Corporation sees a business opportunity to assist emitters of CO₂ 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

¹ Government of Canada: Update to the Pan-Canada Approach to Carbon Pollution Pricing 2023-2030 <https://www.canada.ca/en/environment-climate-change/services/climate-change/pricing-pollution-how-it-will-work/carbon-pollution-pricing-federal-benchmark-information/federal-benchmark-2023-2030.html>

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 impact on CO₂ emitters, which form the majority of the Corporation’s customer base, and that such CO₂ emitters would seek the Corporation’s services 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 and targets for the reduction of GHG emissions and financial motivation for CO₂ 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 Corporation’s engineering and consulting services on a near-term and sustainable long-term basis. These objectives to limit CO₂ are further reinforced by the agreements formed at the UN Climate Change Conference in Glasgow (“COP26”) held in November 2021. The COP26 participating countries reaffirmed limiting the increase in global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5 °C, and among other agreements, also agreed on the operational details for the practical implementation of the Paris Agreement, which includes norms related to carbon markets, which allow countries struggling to meet their emissions targets to purchase emissions reductions from other nations that have already exceeded their targets.²

CO₂ Utilization for Commercial Products

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

² United Nations: Climate Action “COP26: Together for our planet” <https://www.un.org/en/climatechange/cop26>

such recaptured CO₂ to commercial and industrial markets that utilize CO₂ as an input. The Corporation is actively seeking commercial partnerships and M&A opportunities with these companies.

The Four Pillars

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

The Corporation markets its consulting and engineering services to CO₂ industrial gas emitters and other target customers to provide one or more of the four pillars within the engineering consulting packages. Not all customers will require all pillars to be built into the consulting and engineering packages provided by the Corporation, however most customers will utilize one or more of these services, and in many cases pillars are complimentary to achieving the Corporation's customers' objectives of reducing CO₂ emissions and reducing operating costs associated with such emissions.

CO₂ Capture: Over the last 16 years, the Business, as it existed with HTC, developed cost-effective CO₂ capture solutions for CO₂ enhanced heavy oil production, food grade CO₂ markets and industrial CO₂ applications. The related technology was acquired by the Corporation as part of the Asset Purchase. Trademarked as Delta's LCDesign®, the primary CO₂ capture system has been engineered on a skid using oil field fabrication techniques to reduce capital and operating costs for CO₂ production while feasibility of a project is determined and prior to the construction of a full-sized fixed CO₂ producing facility. The LCDesign® unit will capture CO₂ from power plants and other flue gas sources such as hydrogen reformers, cement plants, refineries, or diesel generators.

Hydrogen Production: The Clean Energy Assets business division of HTC acquired by the Corporation as part of the Asset Purchase, began IP 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 CO₂ 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.

The Corporation is now focused on production of Blue hydrogen which entails the capturing of CO₂ from existing steam reforming hydrogen production plants. Blue hydrogen is considered to be the interim gap between grey hydrogen (producing hydrogen from methane with no CO₂ capture) and green hydrogen, whereby hydrogen is produced from carbon free energy sources such as wind and solar power.

Carbon Credit Certification and Trading

The Carbon Rx Division was set up to manufacture eligible carbon credits from Delta's carbon capture projects world-wide. In 2008, Carbon Rx Inc. (the assets of which are now owned and operated by the Delta's Carbon Rx division – "**Carbon Rx Division**") acquired Carbon Capital Management Inc. ("**CCM**") from Front Street Capital 2004. CCM was involved in trading carbon credits from municipal waste dumps. In 2008, Carbon Rx Inc. also acquired C-Green Carbon Management Solutions Inc., a company that was involved in trading agricultural carbon credits. Carbon Rx Inc. was engaged in carbon trading on the Chicago Climate Exchange between 2003 and 2010, until the exchange ceased operations, and at that time was considered to be one of the largest carbon trading companies in Canada. It is the Corporation's belief

that there will be a resurgence of the carbon trading business to meet the emissions reduction needs of companies world-wide. Once the new protocols are established, Delta's Carbon Rx Division will be well positioned to become a leader in this market again.

The IP related to Carbon Rx Division was acquired by the Corporation as part of the Asset Purchase.

Specialized Skill and Knowledge

The Corporation believes that its success is largely dependent on the performance of its management and key employees, many of whom have specialized experience relating to the Corporation's industry, services, regulatory environment, growing customer base and business. The Board and the assembled management team have experience in the management and growth of successful emerging enterprises.

The Corporation believes that it has adequate personnel with the necessary specialized skills and knowledge to successfully execute the Corporation's business and service offerings. See also "*Risk Factors – reliance on management and key employees*".

Competitive Environment

The Corporation is well positioned in the competitive CO₂ capture market due to its Clean Energy Assets which have a greater than 15-year pedigree of active participation in the market. Delta has industry experience, proven technology and experienced personnel.

Delta is establishing new partnerships with large engineering, procurement and construction ("**EPC**") fabricators in its target markets world-wide to ensure that its CO₂ capture product is manufactured and serviced in the most competitive way possible.

Delta undertakes reviews of its technology on a continuous basis to ensure that it is offering the latest and best technological offerings, and works with research organizations such as the University of Calgary, InnoTech Alberta and the University of Austin Texas on the development of new technology.

Foreign Operations

The Corporation operates world-wide, with its head office and engineering offices located in Canada, and sales offices located in Canada, the UK, United Arab Emirates, Australia, China and the USA.

Components

The Corporation relies on third-party manufactures and suppliers to source inputs to manufacture its service offerings.

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

Intellectual Property and Intangible Properties

Delta owns various IP and other intangible properties that comprise the Business, including its currently patented System and Process for Reclaiming Single and Mixed Amine Solvents, registered in Australia, Canada, China, Europe (France, Germany, Italy, Norway) and the US. It also owns various IP and other intangible properties under the following trademarks: ATM Absorber Tower Maximizer®, Delta Purification®, Delta Reclaimer®, DeltaSolv®, Delta Absorber™, Delta Blue™, Delta Wash™,

LCDesign®, re3™, Carbon Rx Regina Protocols®, CCS FEEDengine®, CCS 1000®, CCS Pureenergy®, CCS Pureenergy 1000®, Pureenergy CCS®, CO₂ Highway®, HTC Bakken CO₂®, HTC Bakken EOR®, PDOengine®, RFS Regina Formulated Solvents®, RS®, RS Regina Solvents®, and Thermal Kinetics Optimization TKO®.

Assist holds an exclusive, sub-licensable, fully transferable, perpetual right to use the SCV Technology world-wide. See also “*Three Year History – Financial years ending December 31, 2018, 2019 and 2020*”.

Employees

As at the date of this AIF, the Corporation has 9 full-time employees, 9 of which are located in Canada, all of which are non-unionized.

RISK FACTORS

Description of Risk Factors

The following are certain risk factors relating to the business carried on by the Corporation, which prospective investors should carefully consider before deciding whether to purchase Common Shares. The Corporation will face a number of challenges in the development of its technology and in building its customer base. Due to the nature of the Corporation and the Business, and the present stage of the Business, the Corporation 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 Corporation’s ability to continue as a going concern.

The Corporation 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 CO₂ emitters. If a significant number of CO₂ emitters do not use or adopt the Corporation’s engineering designs and/or process services in the construction, completion or operation of their facilities, the Corporation’s business, financial condition, and results of operations may be materially adversely affected.

General Business Risks

Operational Risks

The Corporation will be affected by a number of operational risks and the Corporation 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 Corporation’s technologies, personal injury or death, environmental damage, adverse impacts on the Corporation’s operation, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Corporation’s future cash flows, earnings and financial condition. Also, the Corporation may be subject to or affected by liability or sustain loss for certain risks and hazards against which the Corporation cannot insure or which the Corporation may elect not to insure because of the cost. This lack of insurance coverage could have a material adverse impact on the Corporation’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 Common 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 Corporation without adversely affecting the stock price. In such event, the probability of resale of the Common Shares would be diminished.

As well, the continued operation of the Corporation 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 future revenues can be sufficiently generated. If the Corporation 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 Common Shares may be lost.

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 Corporation in creating revenues, cash flows or earnings. The value of the Common Shares may be materially adversely affected by such volatility.

Dividends

The Corporation 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 Corporation has incurred net losses since its inception. The Corporation 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 Corporation expects that its operating expenses will increase as it grows its business, including expending substantial resources for business development and marketing. In particular, the Corporation anticipates expanding to markets outside of Canada, in particular through the addition of sales staff in the United States, the UK, 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 Corporation'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 Corporation might not be able to replace them easily or at all, which may have a material adverse effect on the Corporation and its Business.

Management of Growth

The Corporation 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 Corporation'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 is anticipated to be achieved from world-wide operations from the locations mentioned above where sales offices and sales engineers are located. However, the Corporation may expand to markets outside of North America and the other markets it presently intends to expand operations and become subject to risks normally associated with conducting business in other countries. The Corporation cannot predict government positions on such things as foreign investment, IP rights or taxation. A change in government positions on these issues in jurisdictions in which the Corporation operates could materially adversely affect the Corporation and the Business.

Risks Associated with Acquisitions

As part of the Corporation's overall business strategy, the Corporation 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 operating jurisdictions. Future acquisitions may expose the Corporation to potential risks which could have a material adverse effect on the Corporation and the Business, 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 Corporation'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 clients resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval and may divert Management's attention, both of which could have a material adverse effect on the Corporation and the Business.

Insurance Coverage

The Corporation requires insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury and property damage. Although the Corporation 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 Corporation may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Corporation's financial resources, results of operations and prospects could be materially adversely affected.

Tax Risk

The Corporation will be considered to have been carrying on business in Canada for purposes of the *Income Tax Act* (Canada). 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 Corporation. While the Corporation does not foresee any adverse tax effects, there is no guarantee that governments will not impose such additional adverse tax policies in the future.

Elimination of Carbon Tax

The existence of a carbon tax in the jurisdictions in which the Corporation operates is one the factors contributing to the demand for the Corporation's products and services. In the event that a carbon tax in a jurisdiction in which the Corporation operates is eliminated from the environmental policy and legislative

regime, there is a material risk of reduced revenue. While the Corporation does not anticipate a move away from the carbon tax regime in any jurisdiction in which the Corporation currently or intends to operate in the future, there is no guarantee that applicable governments, which periodically see changes in leadership, will not eliminate their respective carbon tax regimes, which could have a material adverse effect on the Corporation's revenue and results of operations in the applicable jurisdiction(s).

Conflicts of Interest

Because directors and officers of the Corporation are or may become directors or officers of other reporting issuers or have significant shareholdings in other companies, the directors and officers of the Corporation may have a conflict of interest in conducting their duties. The Corporation 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 Corporation, a director who has such a conflict will declare their conflict and abstain from voting for or against the approval of such proposals brought before the Board at such meeting in accordance with the provisions of the ABCA. In appropriate cases the Corporation 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 Corporation 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 Corporation, the degree of risk to which the Corporation may be exposed and its financial position at that time. Other than as indicated, the Corporation has no other procedures or mechanisms to deal with conflicts of interest of its directors or officers.

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

Competitive Markets

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

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

The Corporation's ability to compete effectively will depend on, among other things, the Corporation'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 Corporation adds new customers, a decrease in the size of the Corporation'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.

Additional funding may be required

Capital expenditures and related costs with growing the Corporation's business may necessitate external equity or debt financing and there is no assurance that it will be able to secure either kind of external financing at an economically viable cost under reasonable conditions, if at all. Additional equity financing could be dilutive to Corporation's shareholders and could substantially decrease the trading price of the

Corporation's securities. The Corporation may issue securities in the future for a number of reasons. Additional debt financing, if secured, could involve restrictions being placed on financing and operating activities which could reduce the scope of the Corporation's operations or anticipated expansion, or involve forfeiting its interest in some or all of its assets, incurring financial penalties, or reducing or terminating its operations.

Shareholders may become diluted

The Corporation is authorized to issue an unlimited number of Common Shares. If the Company raises additional financing through the issuance of Common Shares (including securities convertible or exchangeable into Common Shares) or completes an acquisition or merger by issuing additional Common Shares, such issuance may substantially dilute the interests of Shareholders and reduce the value of their investment. Shareholders will have no pre-emptive rights in connection with a future issuance. The Board has the discretion to determine the price and the terms of future issuances and the market price of the Common Shares could decline as a result of issuances of new Common Shares. Moreover, additional Common Shares may be issued by the Company upon the exercise of Options and RSUs and upon the exercise of outstanding Warrants.

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

The Corporation's customers which implement engineering solutions based on the Corporation's design obtain hardware components, various subsystems and systems from a wide range of suppliers through its engineering, procurement, and construction partners. The Corporation, as a process design engineering Corporation, deals with a number of EPC fabrication companies that produce its products on site for its customers. The Corporation 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 EPC contractor.

In addition, certain raw materials and components used in the manufacture of the Corporation'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 Corporation's EPC 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 Corporation'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 Corporation, increase the Corporation'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 Corporation's products to accommodate components from different suppliers. The Corporation 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 Corporation loses any of these sources or is required to redesign its products. The Corporation 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.

Uncertainty and Adverse Changes in the Economy

Adverse changes in the economy could negatively impact the Corporation and its Business. Future economic distress may result in a decrease in demand for the Corporation's products, which could have a material adverse effect on the Corporation'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 Corporation's exposure to material losses from bad debts, any of which could have a material adverse effect on the financial condition and operating results of the Corporation.

Costs of Being a Public Company

The Corporation expects 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 be materially adversely effected. Compliance with applicable securities laws in Canada and the rules and policies 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, policies 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 the Board 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 be materially adversely effected.

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 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 the 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, including but not limited to the OTCQB and the Frankfurt Stock Exchange. Delisting of our Common Shares on any stock exchange would reduce the liquidity of the market for our Common Shares, which could materially 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 material reduction in the trading price of the Common Shares.

Dilution and Future Sales of Common Shares

We may issue additional Common Shares in the future, which may dilute a Shareholder's holding in the Corporation. 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 Corporation 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 include equity compensation as consideration which would result in further dilution to the Shareholders.

Failure to Maintain Listing

The Corporation must meet continuing listing standards to maintain the listing of the Common Shares on the CSE, the OTCQB and the Frankfurt Stock Exchange. In the event that the Corporation fails to comply with such requirements, the Corporation 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) no, or a limited amount of, news and analyst coverage of the Corporation; (iv) a decrease in the Corporation's ability to issue additional equity securities or obtain additional equity or debt financing in the future. As a public company, the Corporation is subject to evolving corporate governance and public disclosure requirements under applicable laws, which may from time to time increase both the Corporation's compliance costs and the risk of non-compliance, all of which could have a material adverse effect on the Corporation.

Ownership of the Common Shares

A significant portion of the Corporation's issued and outstanding Common Shares are 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 shareholders, which in turn could reduce the price of our Common Shares.

Risks Related to Operations

Operations in Evolving Markets

The Corporation's clean energy products are sold in rapidly evolving markets. The Corporation's clean energy technologies are in early stages of customer adoption. Accordingly, the Corporation's business and future prospects may be difficult to evaluate. The Corporation 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 Corporation'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 Corporation fails to address these and other challenges, risks and uncertainties successfully, its Business, results of operations and financial condition would be materially adversely affected.

The Corporation's Adoption of New Business Models

Forecasting the Corporation's revenues and profitability for new business models is inherently uncertain and volatile. The Corporation's actual revenues and profits for any new business models may be significantly greater or less than the Corporation's forecasts. Additionally, these new business models could fail for one or more of the Corporation's products and/or services, resulting in the loss of the Corporation'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 business opportunities.

Rapidly Evolving Markets and Technology

Continuing technological changes in the market for the Corporation's products could make its products less competitive or obsolete, either generally or for particular applications. The Corporation'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 Corporation's competitors' products.

If the Corporation 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 Corporation could experience operating losses, all of which would have a material adverse effect on the Corporation.

Defective Products or Services

Products and services designed by the Corporation involve extremely complex software programs and technologies. While the Corporation 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 Corporation's products and services before they have been released into the marketplace. In such an event, the Corporation could be required to or may find it necessary to voluntarily suspend the availability of the product or service and/or incur financial expenditures to rectify the defective product or service, which could materially adversely affect the Business and the Corporation's operating results.

Privacy Laws and Cyber-Security

The rate of privacy law-making is accelerating globally and the 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 Corporation's data and/or consumer protection practices. If so, this could result in increased litigation and/or government or court imposed fines, judgments or orders requiring that the Corporation change its data and/or consumer protection practices, which could have a material adverse effect on the Corporation's Business and reputation. Complying with these various laws could cause the Corporation to incur substantial costs or require it to change its business practices in a manner that could materially adversely affect the Corporation and/or the Business.

Regulatory Regime and Permitting Requirements

While the Corporation 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 using the Corporation's products and/or services. Failure of compliance with customary building and environmental permits at locations where the Corporation's products or services are being implemented could result in the use of such products or services being restricted, which could have a material adverse effect on the licensing revenue that the Corporation would receive for such affected products or services.

Claims Related to the Corporation's Products and Services

The Corporation's products are processes designed and engineered by Delta; and Delta is responsible for the process design, which includes the amount of CO₂ captured and its purity. A third party 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 applicable 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 Corporation's products or the misuse of the Corporation's products could also lead to product liability claims or lawsuits against it. A defect, error or failure in one of the Corporation's products could result in injury, death or property damage and significantly damage the Corporation's reputation and support for its general.

Although the Corporation maintains insurance policies, it cannot provide assurance that this insurance will be adequate to protect the Corporation 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 the Corporation. Even if the Corporation is fully insured as it relates to a claim, the claim could nevertheless diminish the Corporation's brand and divert Management's attention and resources away from the Business, which could have a negative impact on the Corporation's Business, financial condition and results of operations.

Importation and Exportation Laws affecting the Corporation's Products

The Corporation 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 Corporation's business are subject to change. The Corporation 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 Corporation's operations or sales in the past or present, however it could significantly limit them in the future. Non-compliance with applicable export regulations could potentially expose the Corporation to fines, penalties and sanctions. If the Corporation cannot obtain required government approvals under applicable regulations, the Corporation may not be able to sell its products in certain international jurisdictions, which could materially adversely affect the Corporation's financial condition and results of operations.

Litigation and Claims

In the normal course of the Corporation's operations, the Corporation 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 Business and/or the Corporation's operating results or financial condition.

Reliance on Business Partners

The Corporation relies on various business partners, including third party service providers, vendors, licensing partners, development partners, and licensees, among others, in some areas of the Corporation'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 Corporation's teams. These third parties may misappropriate the Corporation'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 Corporation's business operations. Further, disruptions in the financial markets and economic downturns may materially adversely affect the Corporation's business partners and they may not be able to continue honouring their obligations to the Corporation. Alternative arrangements and services may not be available to the Corporation on commercially reasonable terms or at all, and if available, the Corporation may experience business interruptions upon a transition to an alternative partner or vendor. If the Corporation loses one or more significant business partners, the Corporation's Business could be materially adversely effected.

Retention and Acquisition of Skilled Personnel

The loss of any member of Management could have a material adverse effect on the Corporation's 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 Corporation's Business and operating results. The expansion of marketing and sales of the Corporation's products will require the Corporation to find, hire and retain additional capable employees who can understand, explain, market and sell the Corporation's products and services. There is intense competition for capable personnel in all of these areas and the Corporation 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 Corporation 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 Corporation moves into new jurisdictions, it will need to attract and recruit skilled employees in those new jurisdictions.

Managing Growth

To manage growth and changes in strategy effectively, the Corporation 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 the Corporation intends to focus on managing its costs and expenses over the long term, the Corporation expects to invest its earnings and capital to support its growth, but may incur additional unexpected costs. If the Corporation incurs unexpected costs, it may not be able to expand quickly enough to capitalize on potential market opportunities which may have a material adverse effect on the Corporation's future Business, revenue and results from operations.

Disease Outbreaks May Negatively Impact the Corporation

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 Corporation. A pandemic could cause temporary or long-term disruptions in the Corporation's supply chains and/or delays in the delivery of the Corporation's products and services. Further, such risks could also materially adversely affect the Corporation's customers' financial condition, resulting in reduced spending for the products and services the Corporation sells. Moreover, an epidemic, pandemic, viral outbreak or other public health crisis, such as COVID-19, could cause employees to avoid the Corporation's properties, which could materially adversely affect the Corporation's ability to adequately staff and manage its Business. "Shelter-in-place" or other such orders by governmental entities could also disrupt the Corporation'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 Corporation's facilities or operations of its sourcing partners. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Corporation'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 Corporation's Business, financial condition and results of operations.

Global macro-economic conditions may have an adverse effect on the Corporation's operations and financial condition

Recent, unprecedented events including the COVID-19 pandemic, efforts to tackle global climate change and increased trade tensions between the United States and China, have had a profound impact on the global economy. Similarly, increasing risks to global economic conditions, including but not limited to, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Corporation's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and its overall liquidity. As the global economy recovers from the COVID-19 pandemic, there have been excessive supply chain constraints, including significant delays in key shipping routes, resulting in delays and increased costs in companies receiving key inputs and components. These factors could have a material adverse effect on the Corporation's financial condition and results of operations.

Foreign currency risk

The Corporation's revenues and expenses are expected to be primarily denominated in Canadian dollars, and therefore may be exposed to significant currency exchange fluctuations. The Canadian dollar relative to the United States dollar or other foreign currencies is subject to fluctuations. The Corporation will be subject to risks and losses resulting from fluctuations in the relative value of the currencies of different countries where its customers, suppliers and operations are located. While the Corporation will attempt to be prudent in managing such foreign exchange risks, there can be no assurance that the Corporation will not suffer losses from such risks in the future. Any such losses could have a material adverse impact on results of operations and cash available to support operations.

Risks Related to Intellectual Property

Protection of Intellectual Property

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

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

Patent Protection 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 a 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 and regulations, 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 or patent priority in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of patent rights or patent priority 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 the Corporation fails to maintain the patents and/or patent applications covering its material products or product candidates, our competitors might be able to enter the market using competitive products that incorporate what would otherwise have been patent protected products of the Corporation, which would have a material adverse effect on the Corporation and the 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. 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. If the validity of a material patent granted to the Corporation is successfully challenged or if it is determined that a material patent granted to the Corporation is infringing on the rights of an earlier filed patent, it may have a material adverse effect on the Corporation's Business and ability to offer its products to customers.

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, either of which may have a material adverse effect on the ability of the Corporation to use the applicable patent in the Business. It is also possible that the scope of claims granted may vary from jurisdiction to jurisdiction, which may have a material adverse effect on the ability of the Corporation to use the applicable patent in certain jurisdictions.

Intellectual Property Infringement Litigation and Claims

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

International Protection of Intellectual Property Rights

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

DIVIDENDS AND DISTRIBUTIONS

Dividends on the Common Shares are at the discretion of the Board. 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 the 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 the Board may deem relevant.

CAPITAL STRUCTURE

General Description of Capital Structure

The Corporation's authorized share structure consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. 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 the articles of the Corporation.

Common Shares

The Corporation is authorized to issue 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 Corporation 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 Corporation, whether voluntary or involuntary, holders of Common Shares are also entitled to participate, rateably, in the distribution of the assets of the Corporation, subject to the rights of the holders of any other class of shares ranking in priority to the Common Shares.

Preferred Shares

The Corporation is authorized to issue an unlimited number of preferred shares, issuable in series, each series consisting of such number of preferred shares and having such rights, privileges, restrictions and conditions as may be determined by the Board prior to the issuance thereof. With respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the preferred shares shall be entitled to preference over the Common Shares and over any other shares or series of preferred shares of the Corporation ranking junior to the preferred shares of that series. The preferred shares of any series may also be given such other preferences as may be fixed by the Board, not inconsistent with the Corporation's articles, over the Common

Shares and any other existing series of preferred shares. As of the date of this AIF, the Corporation does not have any preferred shares issued or outstanding.

Warrants

As of the date hereof, there are outstanding 19,261,500 Warrants and 1,398,750 Finders' Warrants. The table below provides a summary of the outstanding Warrants and Finders' Warrants.

Date of Issuance	Number Warrants Issued	Exercise Price	Expiry Date
January 27, 2021	18,100,000	\$0.50	January 27, 2025
January 27, 2021	1,398,750	\$0.20	January 27, 2025 ⁽¹⁾
January 29, 2021	1,075,000	\$0.50	January 29, 2025
April 16, 2021	86,500	\$0.50	April 16, 2025

Note:

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

Stock Options and Restricted Share Units

The Board has approved a stock option plan (the “**Option Plan**”). On February 19, 2021, the Board approved the grant of 5,800,000 stock options (“**Options**”) under the Option Plan, all such Options vest as to one-third (1/3) on each of the first, second and third anniversaries of the date of grant and expire on February 19, 2025. As of the date of this AIF, all 5,800,000 Options are outstanding and unvested, 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 aggregate number of outstanding Options and RSUs), representing 0.12% of the outstanding Common Shares. Each Option, upon vesting, is exercisable for one Common Share at an exercise price of \$0.20 per share. The Option Plan and the RSU Plan provide that the aggregate issuances under each of the plans do not exceed 20% of the issued and outstanding Common Shares on a non-diluted basis on each applicable date of grant of Options or RSUs, respectively. The Board will determine the directors, officers, employees, or consultants that shall be granted Options pursuant to the Option Plan.

The Board has the authority to grant Options to eligible participants under the Option Plan, 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 the exercise of an Option, and the events, if any, that give rise to a termination or expiry of the 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 the applicable Option grant, 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 Corporation to consultants, does not exceed, in aggregate, 2% of the outstanding Common Shares on the applicable 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 RSU Plan, 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 applicable date of grant of any Options under the Option Plan.

The total number of Options that may be reserved for issuance and granted to any Person under the Option Plan and RSU Plan, 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 applicable date of grant of any Options under the Option Plan.

The Option Plan will be administered by the Board, however the Board has the authority to delegate its powers, rights and obligations to a committee of the Board (the “**Committee**”).

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

Restricted Share Units

The Board has approved a restricted share unit plan (the “**RSU Plan**”). On February 19, 2021, the Board approved the issuance of 5,800,000 restricted share units (“**RSUs**”). As of the date of this AIF, 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 aggregate number of outstanding Options and RSUs), representing 0.12% of the outstanding Common Shares. Other than the 300,000 RSUs that vested on February 19, 2021, 25% of the aggregate number of RSUs issued to each holder of RSUs will vest semi-annually for a period of two years, with the first vesting date having occurred on August 19, 2021.

None of the issued and outstanding RSUs may vest or be paid out unless and until the Shareholders have approved the RSU Plan. The Board may grant RSUs to eligible participants under the RSU Plan (each, an “**RSU Participant**”) at such times as the Board in its sole and absolute discretion may determine.

The Board or, if applicable, the Committee will determine the time vesting conditions for each RSU grant, which will be set out in the RSU Participant’s RSU award agreement. Vested RSUs will be payable in cash or Common Shares, or a combination of both cash and Common Shares, issued by the Corporation at the sole discretion of the Board or the Committee, as applicable. Absent exceptional circumstances, the Corporation expects that all RSUs will be settled in Common Shares issued by the Corporation. Where the payout is to be settled in cash, the Corporation 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 redemption date, less any applicable taxes and other source deductions required to be withheld by the Corporation.

Unless permitted by the CSE or the Corporation has received disinterested Shareholder approval to do so, the total number of Common Shares issuable to Related Persons (as a group), including under the RSU Plan and Option Plan, 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 applicable date of grant of any RSU.

Furthermore, unless permitted by the CSE or the Corporation has received disinterested Shareholder approval to do so, the total number of Common Shares issuable to any one Person, including under the RSU Plan and Option Plan, 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 applicable date of grant of any RSU.

A grant of RSUs will not entitle any RSU Participant to rights as a Shareholder of the Corporation prior to receipt of any Common Shares issuable upon redemption of the RSUs. 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 Corporation for which the record date is prior to the date on which the RSU Participant becomes record owners of any such Common Shares issuable upon redemption of the RSUs.

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

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

Consolidated Capitalization

The following table sets forth the consolidated capitalization, on a fully diluted basis, of the Corporation as of the date hereof.

Designation of Security	Authorized	Number Outstanding
Common Shares	Unlimited	58,523,100
Warrants exercisable for Common Shares	N/A	19,261,500
Finders Warrants exercisable for Common Shares	N/A	1,398,750
Options	N/A	5,800,000
RSUs	N/A	5,800,000
	Total	90,783,350

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares have been listed and posted for trading on the CSE as of August 19, 2021 under the symbol "DELT". As of February 17, 2022, the one week high was \$0.90 and the one week low was \$0.26. The Common Shares are also listed on the OTCQB and listed on the Frankfurt Stock Exchange.

The following table summarizes trading prices and volumes of the Common Shares on the CSE since the Listing Date.

<u>Month of Trading</u>	<u>Price Range (\$)</u>		<u>Total Volume (#)</u>
	<u>High</u>	<u>Low</u>	
2021			
Aug 19 – Aug 31	0.71	0.50	317,040
Sept 1 – Sept 30	0.90	0.60	1,220,892
Oct 1 – Oct 31	0.75	0.55	275,309
Nov 1 – Nov 30	0.85	0.48	1,288,649
Dec 1 – Dec 31	0.61	0.38	2,172,355
2022			
Jan 1 – Jan 31	0.42	0.33	614,167
Feb 1 – Feb 17	0.40	0.26	397,805

Prior Sales

The following table sets forth securities issued by the Corporation from incorporation that are not listed or quoted on a marketplace during the year ended December 31, 2021 and to the date of this AIF. The Common Shares of the Corporation are listed on the CSE, the OTCQB and the Frankfurt Stock Exchange.

Date of Issuance	Type of Security	Number of Securities Issued	Issuance/Exercise Price per Security
January 27, 2021	Warrants	18,100,000 ⁽¹⁾	\$0.50
January 27, 2021	Finders' Warrants	1,398,750 ⁽²⁾	\$0.20
January 29, 2021	Warrants	1,075,000 ⁽¹⁾	\$0.50
February 19, 2021	Options	5,800,000	\$0.20
February 19, 2021	RSUs	5,800,000	-
April 16, 2021	Warrants	86,500 ⁽¹⁾	\$0.50
November 2, 2021	Stock Options	500,000 ⁽³⁾	

Notes:

- (1) Issued as part of the Units sold pursuant to the Private Placement.
- (2) Issued to finders under the Private Placement.
- (3) To be issued as compensation for Services to Circadian Group

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

As at the end of Delta's most recently completed financial year, only 100 Class A common shares (which were subsequently redesignated as Common Shares) were issued and outstanding, and as Delta was a private company at the time, the transfer of such shares were all subject to prior written consent of the Board.

Prior to the Listing Date, director Lionel Kambeitz (the "**Escrow Holder**") executed an escrow agreement with the Corporation and Odyssey Trust Company substantially in the form attached as an Appendix to National Policy 46-201 (Form 46-201F1) (the "**CSE Escrow Agreement**") in respect of an aggregate of 1,500,000 Common Shares and 750,000 Common Shares issuable upon the exercise of Warrants held by the Escrow Holder (collectively, the "**Escrow Securities**").

In accordance with the terms of the CSE Escrow Agreement, 10% of such Escrow Securities were released from escrow on August 19, 2021, and 15% of such Escrow Securities shall be released from escrow every 6 months thereafter, subject to acceleration provisions as provided for in the CSE Escrow Agreement.

The following table sets out the number of Common Shares of Delta that are subject to escrow and the percentage that number represents of the issued and outstanding Common Shares.

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

The CSE Escrow Agreement provides that the 2,250,000 Escrow Securities are held in escrow by Odyssey Trust Company 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 CSE Escrow Agreement. In the event of the bankruptcy of the Escrow Holder, in accordance with the CSE Escrow Agreement, the Escrow Securities held by the Escrow Holder may be transferred to the trustees in bankruptcy or such Person(s) legally entitled to the Escrow Securities, which Escrow Securities will remain in escrow subject to the CSE Escrow Agreement. In the event of the death of the Escrow Holder, in accordance with the CSE Escrow Agreement, the Escrow Securities held by the Escrow Holder will be released from escrow.

Securities acquired by purchasers under the Private Placement (including the Escrow Securities set out above) and by HTC under the Asset Purchase Agreement are subject to a pooling arrangement, pursuant to which there an aggregate of 58,523,000 Common Shares and 19,261,500 Warrants are released from the pooling arrangement on the following basis:

- (i) In respect of the 38,523,000 Common Shares and 19,261,500 Warrants issued pursuant to the Private Placement, 7,704,600 Common Shares and 3,852,300 Warrants were released on August 19, 2021 and an additional 7,704,600 Common Shares and 3,852,300 Warrants were released on November 19, 2021. As of the date of this AIF, 23,113,800 Common Shares and 11,556,900 Warrants issued pursuant to the Private Placement will be released in accordance with the release schedule in equal tranches on the three-month anniversary of the Listing Date, which existed at the time of issuance but has since been satisfied in part, with the remaining tranches to be released upon the six, nine and twelve month anniversaries of the Listing Date.
- (ii) In respect of the 20,000,000 Common Shares issued as the Consideration Shares pursuant to the Asset Purchase, 2,000,000 Common Shares were released on the Listing Date. An additional 2,000,000 Common Shares were released on November 19, 2021. The remaining 16,000,000 Common Shares will be released over a period of 24 months from the Listing Date whereby 2,000,000 Common Shares will be released every three months following the Listing Date, and the final 4,000,000 Common Shares will be released on the date that is 24 months following the Listings Date.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth the names of the directors and officers of the Corporation, the province of residence, position with the Corporation, principal occupation during the five preceding years and the number and percentage (on a non-diluted basis) of Common Shares which are beneficially owned, directly or indirectly, or over which control or direction is to be exercised, by each of the Corporation's directors and officers:

Name, Province and Country of Residence	Principal Occupation, Business or Employment and Committee Members	Common Shares Owned or Controlled	First Elected or Nominated as a Director
Lionel Kambeitz ⁽¹⁾ Saskatchewan, Canada	Chairman and CEO of the Corporation; Chairman and CEO of HTC	1,500,990 ⁽⁴⁾ (2.56%)	December 2020
Jeffrey Allison ⁽²⁾⁽³⁾ Alberta, Canada	President of the Corporation; Senior Vice President of HTC	1,000 ⁽⁵⁾ (<0.1%)	December 2020
Wayne Bernakevitch ⁽¹⁾⁽²⁾⁽³⁾ Saskatchewan, Canada	Corporate Counsel, McDougall Gauley LLP	500 (<0.1%)	December 2020

Garth Fredrickson ⁽²⁾ Saskatchewan, Canada	President of Friona Development and Consulting Ltd. and Vice-President of Bison Properties Limited	Nil	December 2020
Nitin Kaushal Ontario, Canada	President of Anik Capital Corporation (March 2020 to Present); Managing Director of PWC Corporate Finance (April 2012 to February 2020)	250,000 (<0.1%)	September 2021
Jacelyn Case Regina, Canada	CFO & Corporate Secretary of the Corporation	500 (<0.1%)	December 2020

Notes:

- (1) Member of the nominating committee of the Board.
- (2) Member of the Audit Committee.
- (3) Member of the compensation committee of the Board.
- (4) 990 of the Common Shares are held indirectly through corporations controlled by Mr. Kambeitz.
- (5) 500 of the Common Shares are held indirectly through a corporation controlled by Mr. Allison.

Cease Trade Orders

Save and except as set forth below, none of the Corporation’s directors or executive officers is, as at the date of this AIF, or has been within the ten years before the date of this AIF, a director, CEO or CFO of any corporation (including the Corporation) 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 corporation access to any exemption under securities legislation that was issued while the director, CEO or CFO was acting in the capacity as director, CEO or CFO; or
- a cease trade order, an order similar to a cease trade order or an order that denied the corporation access to any exemption under securities legislation that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

On May 4, 2021, the Financial and Consumer Affairs Authority of Saskatchewan (the “**FCAA**”) issued a Management Cease Trade Order (the “**MCTO**”) in respect of 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 Filings**”). HTC filed the HTC Filings on July 30, 2021 and the MCTO was revoked by the FCAA on August 3, 2021. At the time the MCTO was issued and at all times when it was in force, and as of the date of this AIF: Lionel Kambeitz serves as the Chairman, CEO and as a director of HTC; Jeff Allison serves as the senior vice president and a director of HTC; and Wayne Bernakevitch and Garth Fredrickson serve as directors of HTC.

Nitin Kaushal served as a director of 3 Sixty Risk Solutions Ltd. (“**3 Sixty**”) from June 2019 to April 12, 2021. On June 9, 2020, 3 Sixty announced that it was not able to file its annual financial statements and accompanying management’s discussion and analysis for the financial year ended December 31, 2019 within the period prescribed for such filings. 3 Sixty made an application for a MCTO and on June 18, 2020 the MCTO was issued by the OSC and restricted all trading in securities of 3 Sixty by its directors and officers until two business days following the completion of the required filings. On July 15, 2020, the OSC revoked the MCTO and issued a failure-to-file cease trade order (the “**FFCTO**”) in replacement of it, ordering that all trading in the securities of 3 Sixty would cease, except in accordance with the conditions

of the FFCTO, if any, for so long as the FFCTO remains in effect. Nitin Kaushal resigned as a director of 3 Sixty on April 12, 2021.

Corporate Bankruptcies

Other than as disclosed below, none of Delta's directors or executive officers, has, within the ten years prior to the date of this AIF, 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 corporation, 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 TSXV 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 and Insolvency Act* (Canada), 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 of Queen's Bench of Alberta approved the Proposal and on March 12, 2018, KLE received the TSXV'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 Corporation or Shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation 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 the Corporation and its 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. In particular, four of the directors and three of the officers of the Corporation are also directors and/or officers of HTC, which holds 20,000,000 Common Shares (representing approximately 34.17% of the issued and outstanding Common Shares on a non-diluted basis).

PROMOTERS

Lionel Kambeitz, the CEO of the Corporation, may be considered a promoter of the Corporation within the meaning of Canadian securities legislation. Mr. Kambeitz owns, controls or directs 1,500,990 Common

Shares (representing approximately 2.56% of the Common Shares on a non-diluted basis) and 750,000 Warrants.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the best of Corporation's knowledge, there are no material legal proceedings by or against the Corporation or affecting any of its interests as of the date of this AIF, nor are we aware that any such proceedings are contemplated. Furthermore, there are no: (a) penalties or sanctions imposed against the Corporation 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 Corporation that would likely be considered important to a reasonable investor in making an investment decision in the Corporation; or (c) settlement agreements the Corporation 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 AIF, 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.

TRANSFER AGENT AND REGISTRAR

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

MATERIAL CONTRACTS

Except for the contracts entered into in the ordinary course of business, this AIF includes a summary description of our material agreements. The summary description of the material agreements in this AIF 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 SEDAR under our profile. Investors are encouraged to read the full text of such material agreements.

- The Asset Purchase Agreement
- The CSE Escrow Agreement

INTEREST OF EXPERTS

Name of Experts

The following are the Persons who were named as having prepared or certified a statement, report or valuation in this AIF either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the Person:

- Ernst & Young LLP, the Corporation’s independent auditing firm (within the meaning of the rules of Professional Conduct of the Chartered Professional Accountants of British Columbia), has been engaged to provide audit services to the Corporation.

Interests of Experts

No Person whose profession or business who is named as having prepared or certified a report, valuation, statement, or opinion described or included in the AIF, or whose profession or business gives authority to a report, valuation, statement, or opinion described or included in the AIF, holds any registered or beneficial interest, direct or indirect, in any of our securities or other property of the Corporation or one of our associates or affiliates and no such Person, or any director, officer or employee of such Person, 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.

AUDIT COMMITTEE

The Audit Committee will meet with the CEO and CFO of the Corporation 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 chair of the Audit Committee (the “**Chair**”) but considers the Chair 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 Corporation’s Audit Committee Charter is attached here to as Schedule “A”.

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 Corporation is a “venture issuer” for the purposes of NI 52-110. As such, the Corporation 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 Corporation.
- (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 Corporation'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 below.

Lionel Kambeitz, Chief Executive Officer and Director

Lionel Kambeitz is a recognized business development professional. Mr. Kambeitz currently serves as Chairman and CEO of the Corporation 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 start-ups.

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.

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.

Reliance on Certain Exemptions

Since the Corporation 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 Corporation's most recently completed financial period has the Corporation 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 Corporation'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 Corporation by the external auditors, subject to any exceptions provided in NI 52-110.

External Auditor Service Fees

Audit Fees

The aggregate fees billed by the Corporation's external auditor in each of the last two fiscal years for audit services were \$Nil in 2020.

Audit – Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements that are not reported under "Audit Fees" above were \$Nil in 2020.

Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and tax planning were \$nil in 2020.

All Other Fees

The aggregate fees billed in each of the last two fiscal years for other professional services rendered by the Corporation's external auditor amounted to \$Nil in 2020.

ADDITIONAL INFORMATION

Additional Information

Additional information relating to the Corporation is available under the Corporation's profile on SEDAR at www.sedar.com. Additional financial information is provided in the Corporation's Financial Statements and management's discussion and analysis thereon, which may be obtained upon request from Delta's head office or may be viewed on the Corporation's website (www.deltacleantech.ca) or profile on SEDAR. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the (final) prospectus of the Corporation dated August 13, 2021 available on SEDAR and will be included in the management information circular for its next annual meeting of securityholders, which shall be filed on SEDAR in accordance with applicable securities laws.

Schedule “A”



AUDIT COMMITTEE CHARTER

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”), of Delta CleanTech Inc. and its subsidiaries, (the “**Corporation**”), designed to assist the Board in monitoring (1) the integrity of the financial statements of the Corporation; (2) the adequacy of the Corporation’s internal controls; (3) the independence and performance of the Corporation’s external auditor; and (4) conflict of interest transactions.

I. **ROLES AND RESPONSIBILITIES**

- A. **Maintenance of Charter.** The Committee shall review and reassess the adequacy of this formal written Charter on at least an annual basis.
- B. **Financial Reporting.** The Committee shall review and make recommendations to the Board regarding the adequacy of the Corporation’s financial statements and compliance of such statements with financial standards. In particular, and without limiting such responsibilities, the Committee shall:

With respect to the Annual Audited Financial Statements:

- Review and discuss with management and with the Corporation’s external auditor the Corporation’s audited financial statements, management discussion and analysis (“**MD&A**”) and news releases regarding annual financial results before the Corporation publicly discloses this information.
- Review an analysis prepared by management and the external auditor of significant financial reporting issues and judgments made in connection with the preparation of the Corporation’s audited financial statements.
- Discuss with the external auditor the matters required to be discussed by National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (as may be modified or supplemented) relating to the conduct of the audit.
- Based on the foregoing, indicate to the Board whether the Committee recommends that the audited financial statements be included in the Corporation’s Annual Report, which includes the MD&A.

With respect to Interim Unaudited Financial Statements:

- Review and discuss with management and the external auditor the Corporation’s interim unaudited financial statements, MD&A and news releases regarding interim financial results before the Corporation publicly discloses this information. The review may be conducted through a designated representative member of the Committee.

- Discuss with the external auditor the matters required to be discussed by National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*.
- Approve interim unaudited financial statements and interim MD&A on behalf of the Board, if so delegated.

Generally:

- Be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and annually assess the adequacy of those procedures.

C. **Internal Controls.** The Committee shall evaluate and report to the Board regarding the adequacy of the Corporation's financial controls. In particular, the Committee shall:

- Ensure that the external auditor is aware that the Committee is to be informed of all control problems identified.
- Ensure that the external auditor is in good standing with the Canadian Public Accountability Board (CPAB) and enquire if there are any sanctions imposed by the CPAB on the external auditor.
- Review with the Corporation's counsel legal matters that may have a material impact on the financial statements.
- Review the effectiveness of systems for monitoring compliance with law, regulations and instruments relating to financial reporting.
- Receive periodic updates from management, legal counsel, and the external auditor concerning financial compliance.
- Establish procedures of the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters.
- Establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

D. **Relationship with External Auditor.** The Committee shall:

- Interview, evaluate and make recommendations to the Board with respect to the nomination and retention of or replacement of, the external auditor.
- Ensure receipt from external auditor of a formal written statement delineating all relationships between the external auditor and the Corporation.
- Actively engage in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor.
- Take, or recommend that the Board take, appropriate action to oversee the independence of the external auditor.
- Review and approve the compensation to be paid to the external auditor.
- Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation.
- Review and resolve disagreements between management and the external auditor regarding financial reporting.
- Pre-approve all non-audit services to be provided to the Corporation or any subsidiary by the external auditor in accordance with subsection 2.3(4) and sections, 2.4 and 2.6 of Instrument 52-110 *Audit Committees* ("NI 52-110").
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

Notwithstanding the foregoing, the external auditor shall be ultimately accountable to the Board and the Committee, as representatives of Shareholders. The Board, upon recommendation from the Committee, shall have ultimate authority and responsibility to select, evaluate and, where appropriate, replace the external auditor (or to nominate the external auditor to be proposed for shareholder approval in any information circular).

E. Conflict of Interest Transactions.

The Committee shall:

- Review potential conflict of interest situations including transactions between the Corporation and its officers, directors and significant shareholders not in their capacities as such.
- Make recommendations to the Board regarding the disposition of conflict of interest transactions in accordance with applicable law.

II. MEMBERSHIP REQUIREMENTS

- The Committee shall consist of at least three directors chosen by the Board.
- Subject to the provisions of this Section II, a majority of the members of the Committee shall not be executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation.
- If a circumstance arises that affects the business or operations of the Corporation, and the Committee reasonably conclude that the circumstance can be best addressed by a member of the Committee becoming an executive officer or employee of the Corporation, then the member so appointed, may serve in that position until the later of the next annual meeting of the Corporation or the date that is six months after the date on which the circumstance arose.
- If a member becomes a control person of the Corporation or of an affiliate of the Corporation, for reasons outside the member's reasonable control, that member may serve on the Committee until the later of the next annual meeting of the Corporation or the date that is six months after the event which caused the member to become a control person.
- If a vacancy on the Committee arises as a result of the death, incapacity or resignation of a member and the Board is required to fill the vacancy, then the Board may fill such vacancy, regardless of the fact that such appointed individual is an executive officer, employee or control person of the Corporation or of an affiliate of the Corporation, and such member may serve as a member of the Committee, until the later of the next annual meeting of the Corporation or the date that is six months from the day the vacancy was created.
- At least one member of the Committee shall be able to read and understand a set of financial statements, including the Corporation's balance sheet, income statement, and cash flow statement, or will become able to do so within a reasonable period of time after his or her appointment to the Committee.
- At least one member of the Committee shall have past employment experience in finance of accounting, requisite professional certification in accounting, of comparable experience of background (such as a position as a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities), which results in financial sophistication recognized financial or accounting expertise.
- The Board shall ensure, as far as possible, that at least one independent director serves on the Committee.

III. STRUCTURE AND POWERS

- The Committee shall appoint one of its members to act as a chairperson, either generally or with respect to each meeting.

- The Committee chairperson shall review and approve an agenda in advance of each meeting.
- The Committee shall meet at least annually or more frequently as circumstances dictate.
- The Committee shall have the authority to engage independent legal counsel and other advisors as it determines necessary to carry out its duties, and to set and pay the compensation for any advisors employed by the Committee.
- The Committee shall have the authority to communicate directly with the internal and external auditors.
- The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or external auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- The Committee shall possess the power to conduct any investigation appropriate to fulfilling its responsibilities.
- The Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of the requirements in subsection 2.3(4) of NI 52-110, and such pre-approval must be presented to the Committee at its first scheduled meeting following such pre-approval.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the external auditor. Nor is it the duty of the Committee to conduct investigations or to assure compliance with laws and regulations and the Corporation's Corporate Governance Policies and Practices.

IV. MEETINGS

- The quorum for a meeting of the Committee is a majority of the members of the Committee.
- The members of the Committee must elect a chair from among their number and may determine their own procedures.
- The Committee may establish its own agenda that it will provide to the Board in advance.
- The external auditor is entitled to receive reasonable notice of every meeting of the Committee and to attend and be heard thereat.
- A member of the Committee or the external auditor may call a meeting of the Committee.
- The Committee may hold meetings by telephone conference call where each member can hear the other members or pass matters that would otherwise be approved at a meeting by all members signing consent resolutions in lieu of holding a meeting.
- The Committee will meet with the President and with the Chief Financial Officer of the Corporation, at least annually to review the financial affairs of the Corporation.
- The Committee will meet with the external auditor of the Corporation at least annually, at such time as it deems appropriate, to review the external auditor's examination and report.
- The chair of the Committee must convene a meeting of the Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board or the Shareholders.
- The Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board's meeting at which those recommendations are presented.
- The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meeting of the Board.