MANAGEMENT DISCUSSION AND ANALYSIS

1ST QUARTER END
MARCH 31, 2022

Delta
CLEANTECH
CAPTURING SUSTAINABILITY

INTRODUCTION

The following Management's Discussion and Analysis ("**MD&A**") is prepared as of March 31, 2022 and should be read together with the Delta CleanTech Inc. ("**Delta**" or the "**Corporation**") unaudited interim condensed consolidated financial statements for the period ending March 31, 2022 (the "**Period**") and related notes attached thereto (collectively referred to as the "**Financial Statements**"), which are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are stated in Canadian dollars unless otherwise indicated. The Corporation has adopted National Instrument 51-102F1 as the guideline in representing the MD&A. Terms used but not defined in this MD&A shall bear the meaning as set out in Part 1 of National Instruments ("**NI**") 51-102 and NI 14-101 *Definitions* and accounting terms that are not defined herein shall bear the meaning as described or used in IFRS applicable to publicly accountable enterprises.

This MD&A is dated May 27, 2022.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

Additional information related to the Corporation is available for view on SEDAR at www.sedar.com.

Corporate Overview

Delta is a clean energy technology business that is dedicated to providing proven clean technology solutions that address the Environmental Social Governance ("**ESG**") needs of corporations. The principal activity of ***Delta*** consists of the following five business sectors:

1) CO_2 capture;
2) Hydrogen Production (CO_2 capture);
3) Solvent and Ethanol Purification;
4) Methane Collection and Destruction; and
5) Carbon Credit Validation, Certification, and Trading.

Delta provides the above services by bundling its patented process design intellectual property, with CO_2 capture, methane destruction and solvent purification. The proprietary and patented technologies are designed to reduce the cost of carbon capture, methane destruction, and solvent and ethanol purification creating compliance and voluntary offset carbon credits. Delta's projects are engineered to lower capital and operating costs, while at the same time delivering superior performance through energy reduction and lowering emissions. Further, **Delta Purification®** is a solvent and glycol purification division, focused in the field of purifying, reclaiming, recycling and reusing solvents and glycols, providing energy processors and heavy industry participants the option of reclaiming and not disposing of these waste materials in underground disposal wells.

DELTA CLEANTECH INC.

Delta has developed proprietary extraction and purification systems for the energy business sector that have been designed to extract CO_2 and waste solids from gases and liquids.

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

CO_2 Capture & Utilization

ESG is driving Identity Preserved Waste ("**IPW**") Solutions. An ESG audit will consider IPW and in the process, retain ownership for its disposed waste. ***Delta's*** IPW solutions (CO_2 capture, methane destruction and liquids reclamation) assists with mitigating this liability issue for companies.

The advanced adoption and success of electric vehicle transportation refocuses the call for decarbonized electricity, which can be achieved through ***Delta's*** CO_2 capture/utilization IP, while renewable energy such as wind and solar become a growing and larger part of the energy mix in the next 25 years. Hydrocarbon combustion for electricity production will dominate the electric grid and CO_2 capture/utilization is required.

Quarterly Events *(see Delta's website for additional information)*

Delta featured speaker at Gravitas Securities 5th Annual Growth Conference
February 28th, 2022
Delta CleanTech Announces Carbon Credit Origination and Certification Technology Licensing Agreement with Carbon RX
February 22nd, 2022
Natural Resources Canada Contracts Delta CleanTech for CO_2 Capture Costing Database
February 14th, 2022
Delta CleanTech Leading CO_2 Capture into 2022
February 11th, 2022
DELTA CLEANTECH ANNOUNCES CO_2 CAPTURE MODELING AGREEMENT WITH ASPENTECH
February 9th, 2022
DELTA CLEANTECH ANNOUNCES OTCQB MARKET LISTING
January 21, 2022
DELTA CLEANTECH ACCELERATES INTO CHINESE MARKET WITH JOINT VENTURE SIGNING RECEPTION
January 18, 2022

President's Comments:

The year 2021 was a proactive, exciting, and productive year for CO_2 carbon capture, the clean energy sector, as well as for ***Delta*** as a new public company. ***Delta*** developed new partnerships and cultivated business relationships with over 60 energy industry, and other industrial companies that are looking for a CO_2 mitigation solution. It is anticipated that many of these companies will be making CO_2 capture infrastructure purchase decisions in 2022 and 2023. ***Delta***'s 2022 business development docket has more qualified projects and anticipated prospects than anytime in the 17- year history of its Clean Energy Asset operations in: coalfired power generation, cement manufacturing, natural gas power generation, natural gas cleanup and other energy decarbonization projects.

The year 2022 began with the expansion and accelerated growth of ***Delta***'s wholly owned subsidiary, Carbon RX Inc. ("**Carbon RX**"), a carbon credit origination, aggregation, tokenization, and streaming business, originally founded in 2006 as North American pioneer in the voluntary carbon credit market. This was followed by ***Delta*** being selected by the National Research Council Canada ("**NRC**"), as the preferred supplier of a CO_2 capture costing database. This NRC preferred supplier selection demonsrates globally, the recognition of ***Delta***'s expertise in this field by the Government of Canada.

Recent announcement by the Government of Canada regarding 50% tax incentives for carbon capture projects, further enhances ***Delta***'s business operations as this incentive project is expected to hyper accellerate the carbon capture market over the next few years.
Delta's new listing on the USA OTCQB will position the Corporation for additional market acceptance in the USA.

Solvent, Glycol and Ethanol Reclamation Systems

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

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

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

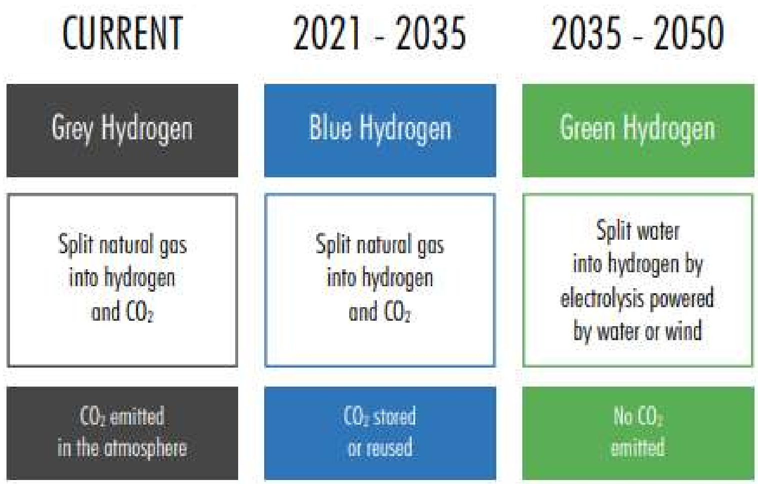
- **Delta Solvent Reclaiming System™** - Reclaiming hydrocarbon-based and other solvents, such as single, mixed, and formulated amines, for use in natural gas processing, ethanol-based solvents and post-combustion CO_2 capturing processes.

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

Hydrogen Fuel Production and Related CO_2 Capture

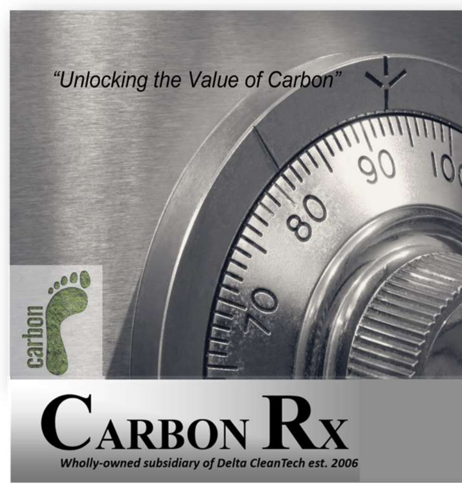
Grey hydrogen accounts for some 95% of the hydrogen produced in the world today using processes such as steam methane reforming.

Delta's approach is to integrate its low-cost design, known as the LCDesign®, and its carbon capture technology within the existing large grey hydrogen plants (retrofit), in order to convert these plants to Blue Hydrogen production as well as capturing CO_2 on newly installed blue hydrogen plants.



Carbon Origination and Streaming

***Delta's* Carbon RX™** IP has been utilized for carbon credit origination, aggregation and trading on the Chicago Climate Exchange beginning 2006. The trading system utilized, consisted of the trading platform, the clearing and settlement platform, and the registry.



It is intended that the trading of compliance carbon credits and fidelity validation of voluntary offset carbon credits will become an integral part of ***Delta***'s customers' overall carbon program as the Corporation integrates its' carbon origination and streaming platform.

SELECTED FINANCIAL INFORMATION

In Canadian Dollars	Year ending December 31, 2021
Total revenue	375,000
Operating loss	(2,598,370)
Interest income	15,715
Interest expense	(2,074)
Listing fees	(562,441)
Stock compensation expense	(1,042,631)
Loss on sale of assets	(11,792)
Fair value loss on listed common shares	(56,643)
Net and comprehensive loss	(4,258,236)
Total assets	7,532,823
Lease liability	52,981
Increase in cash	759,905

CURRENT ENVIRONMENT

The current state of the economy continues to evolve, and the full effects of inflation are not known. The war in Ukraine is causing a severe increase in the prices of food, energy, and metals and continues to weaken supply chain disruptions. COVID-19 has worsened in China contributing to an already weak global supply chain. Although the development of successful vaccines and broad deployment of a vaccination program during 2021 signals a turning point in the pandemic, the proliferation of variants of concerns indicate that the pandemic will continue to impact the Canadian and global economies for the foreseeable future. The Canadian economy remains strong, and employment is healthy. As the global economy recovers, so does demand for carbon recapture and purification through commitments to moving towards net-zero emissions by 2050.

REVENUES

	Three months ended March 31, 2021	Three months ended March 31, 2022
Total Revenues	$ 25,000	$116,700

Total revenues during the current Period were $116,700 compared to $25,000 in the prior Period. The revenue earnings during both periods relate to engineering and consulting contracts in place that align under the CO_2 capture business sector. ***Delta's*** ability to showcase its new technology at tradeshows, conferences, competitions, and other means has gained traction as the global economy recovers. Global opportunities continue to present themselves as clean technology solutions are sought to address ESG and as ***Delta*** expands its operations in UK, China, and USA.

OPERATING EXPENSES

	Three months ended March 31, 2021	Three months ended March 31, 2022
Operating wages and benefits	$55,883	$125,732
Consulting and contractor costs	138,678	148,265
Business development	80,946	87,750
General and administrative	$138,025	$269,673

Operating wages and benefits category consists of the wages, salaries, and short-term benefits of the employees of the Corporation. Expenses during the 3-month period ending March 31, 2022 (“**Q1**”) were $125,732 (March 31, 2021 - $55,883). The Period is reflective of three months’ operations, whereas the prior period business didn’t commence until after HTC Purenergy Inc.’s clean energy assets (“**Clean Energy Assets**”) were sold to ***Delta*** at the end of January 2021 pursuant to the asset purchase agreement (“**Purchase Agreement**”). The Period represents reasonable incurrence through the Period.

Consulting and contractor costs consist of costs incurred to advance the technology at ***Delta.*** Expenses in Q1 were $148,265 (March 31, 2021 - $138,678). The Period costs reflect an increase due to strengthened marketing initiatives.

Business development consists of salaries and consulting costs incurred to advance the business of ***Delta***. Expenses in Q1 were $87,750 (March 31, 2021 - $80,946). The Period costs reflect an increase due to strengthened marketing initiatives.

General and administrative costs for Q1 were $269,673 (March 31, 2021 - $138,025). The Period is reflective of three months’ operations, whereas the prior period business didn’t commence until after the acquisition of the Clean Energy Assets, representing a two-month cycle. The expenses included in general and administrative are licensing, insurance, nominal rent, information technology, travel and other expenses which are expected to remain consistent.

AMORTIZATION

	Three months ended March 31, 2021	Three months ended March 31, 2022
Amortization	$47,466	$78,701

Amortization for the Period was $78,701 and $47,466 respectively. Amortization consists of expenses taken on property, plant and equipment, right-of-use assets, patents, and the remaining other intangible assets.

OPERATING LOSS

	Three months ended March 31, 2021	Three months ended March 31, 2022
Operating loss	$(724,558)	$(639,982)

The Corporation had an operating loss for the Period of $(639,982) (March 31, 2021 - $(724,558)). The loss is primarily driven by delayed revenue growth due to uncertain CO_2 mitigation legislative programs during the Periods, combined with operating wages and consulting costs that are required to advance the technologies, and general and administrative costs incurred during the Period. The previous period costs reflect an increase due to occurrence of shares issuance costs.

STOCK COMPENSATION EXPENSE

	Three months ended March 31, 2021	Three months ended March 31, 2022
Stock compensation expense	$-	$215,392

Stock compensation expense is the costs associated with stock options and restricted share unit ("**RSU**") expenses during the Period. On February 15, 2022, 300,000 vested RSU's were exercised. The balance of the vested RSU's have not been exercised and are expected to convert to stock.

NET AND COMPREHENSIVE LOSS

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net and comprehensive loss	$(754,169)	$(800,428)

Included in net and comprehensive loss are interest and the change in the fair value of ***Delta***'s listed common shares ("**Common Shares**"). Interest on the lease liabilities for Q1 was $361 (March 31, 2021 - $464). Fair value gain on listed Common Shares includes the unrealized gains and losses on investments classified and measured at fair value through profit and loss ("**FVTPL**") of $49,198 gain for the Period and a loss of $29,147 for the comparative prior period representing the net change in the carrying value of the investments to the quoted value in the Period.

The net and comprehensive loss for the period is $(800,428) (March 31, 2021 - $(754,169)). The loss is primarily driven by slow revenue growth during the Period, combined with operating wages and consulting costs that are required to advance the technologies combined with share issuance costs, stock compensation expenses derived from costs relating the stock options and RSU's during the Period.

TOTAL ASSETS

Total assets for the Period were $6,755,700 compared to $7,532,823 as at December 31, 2021. The decrease is attributable to reduced cash on hand due to operational needs offset by increased accounts receivables and reduced property plant and equipment, right-of-use assets, intangible asset values from regular amortization.

PATENTS

	Total $
Cost:	
Balance, December 31, 2021	12,244
Additions	39,746
Balance, March 31, 2022	**51,991**
Accumulated amortization:	
Balance, December 31, 2021	334
Amortization	335
Balance, March 31, 2022	**669**
Carrying amounts:	
Balance, March 31, 2022	**51,322**

	Total $
Cost:	
Balance, December 31, 2020	-
Additions	12,244
Balance, December 31, 2021	**12,244**
Accumulated amortization:	
Balance, December 31, 2020	-
Amortization	334
Balance, December 31, 2021	**334**
Carrying amounts:	
Balance, December 31, 2021	**11,910**

Delta has completed the WTO patenting, commercialization and the construction and commissioning of the **Delta Purification System®**. Reclaiming hydrocarbon-based and other solvents, such as single, mixed, and formulated amines, for use in natural gas processing of ethanol-based solvents and post combustion CO_2 capturing processes.

INTANGIBLE ASSETS

	PDOengine® $	LCDesign® CCS $	Delta Reclaimer® System $	CO_2 Technologies Pty Ltd IP $	Carbon Rx™ IP $
Cost:					
Balance, December 31, 2021	700,000	815,000	815,000	414,000	2,744,000
Additions	-	-	-	-	-
Balance, March 31, 2022	**700,000**	**815,000**	**815,000**	**414,000**	**2,744,000**
Accumulated amortization:					
Balance, December 31, 2021	64,168	74,708	74,708	17,250	230,834
Amortization	17,500	20,375	20,375	5,175	63,424
Balance, March 31, 2022	**81,668**	**95,083**	**95,083**	**22,425**	**294,259**
Carrying amounts:					
Balance, March 31, 2022	**618,332**	**719,917**	**917,917**	**391,575**	**2,449,741**

	PDOengine® $	LCDesign® CCS $	Delta Reclaimer® System $	CO_2 Technologies Pty Ltd IP $	Carbon Rx™ IP $
Cost:					
Balance, December 31, 2020	-	-	-		-
Acquisition	700,000	815,000	815,000	414,000	2,744,000
Balance, December 31, 2021	**700,000**	**815,000**	**815,000**	**414,000**	**2,744,000**
Accumulated amortization:					
Balance, December 31, 2020	-	-	-	-	-
Amortization	64,168	74,708	74,708	17,250	230,834
Balance, December 31, 2021	**64,168**	**74,708**	**74,708**	**17,250**	**230,834**
Carrying amounts:					
Balance, December 31, 2021	**635,832**	**740,292**	**740,292**	**396,750**	**2,513,166**

Goodwill

	Total $
Cost:	
Balance, December 31, 2021	365,622
Balance, March 31, 2022	**365,622**
Balance, December 31, 2020	-
Acquisition	365,622
Balance, December 31, 2021	**365,622**

CURRENT LIABILITIES

Current liabilities are $182,702 for the Period (March 31, 2021 - $374,789). The balance is primarily comprised of accounts payable and accrued liabilities, and current portions of the lease liabilities. The reduction in the Period is reflective of settlement of debts.

CASH FLOW

Cash flows used in operating activities were $(802,838) which is primarily attributable to the net loss of $(800,428) offset by reversing amortization and stock compensation expense as they are non-cash items along with the change in working capital. Comparative prior period operating activities is reflective of reduced operational time period, reduced activity and also attributable to the net loss of $(754,169).

Cash flows used in investing activities were $448,504 during the Period and $(4,116,416) in the comparative prior period. The Period represents GIC redemption plus interest earning offset by acquired property and equipment, patents and lease payments. The prior comparative period use of funds was largely affected by the Corporation's GIC purchased for $4,000,000 in cash as well as invested in Plexus Technologies Corp. for $100,000 cash during the period, offset by acquired property and equipment, patents and lease payments.

Cash flows provided by financing activities were $Nil in during the Period (March 31, 2021 - $7,211,423). ***Delta*** raised $7,326,094 pursuant to a private placement during the first quarter of 2021 ("**Private Placement**"). Share issuance costs have been offset against the raise.

The net change in cash position was a decrease of $(356,518) for the Period, as a result of the cash flows used in operating activities, used in investing activities as outlined above. The net change in cash position in the prior year was an increase of $2,506,365, as a result of the cash flows used in operating activities, used in investing activities, and generated from investing activities as outlined above.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

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

During the Period, the Corporation paid $55,874 (March 31, 2021 - $52,417) for legal services for a law firm that a director is a partner of. As of March 31, 2022, there are $Nil amounts owing to the law firm (March 31, 2021- $Nil).

Clearview Financial Services Inc. ("**Clearview**") is a related party due to one common director. During the Period, the Corporation paid $18,750 in consulting and $2,400 in rent expense. At March 31, 2022, there are amounts payable of $Nil (March 31, 2021 - $7,477).

KF Group of Companies ("**KF Group**") is a related party due to one common director. During the period, the Corporation paid $11,965 in rent expense (March 31, 2021 - $5,940). At December 31, 2021, there are amounts payable of $Nil (March 31, 2021 - $Nil).

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

DIRECTOR AND OFFICER COMPENSATION

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

For the period ended	March 31, 2022	March 31, 2021
Operating wages and consulting		
Salaries and short-term benefits	$ 52,000	$ 38,477
Consulting	21,150	21,150
Stock based compensation		
Options and RSU's	32,877	-
Total key management compensation	$ 106,027	$ 59,627

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

The Corporation has employment agreements with its Chairman and CEO, and CFO, and a consulting agreement with its President. Yearly compensation is paid in accordance with the remuneration package agreed upon by the compensation committee and the individual respectively.

Under the Chairman and CEO employment agreement, the Corporation may terminate the agreement without cause, and the employee may terminate for good cause, and in both instances: (i) the Corporation shall be liable to pay, in lieu of notice, or any combination of both, a severance equal to 36 months, based on the base salary and bonus commitments; (ii) all unvested Stock Options and/or RSU will immediately vest and be exercisable. In the event of a change in control, all unvested securities granted or issued shall automatically vest and, at the option of the employee, the employee may resign and be entitled to a lump sum payment equal to the value of his base salary and any bonus, equal to 36 months.

During the Period, $Nil were paid in director fees (March 31, 2021 - $Nil). In addition to their salaries, senior management and directors also participate in the Corporation's share-based compensation plans.

ADDITIONAL INFORMATION ON DELTA CLEANTECH

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

RISKS AND UNCERTAINTIES

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

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

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

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

CHANGES IN ACCOUNTING PRINCIPLES

Standards issued but not yet effective

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

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

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

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

Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising from liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments to IFRS 3 apply to annual reporting periods beginning on or after January 1, 2022. The Corporation is currently assessing the impact of the amendments.

Amendments to IAS 8: Definition of Accounting Estimates
In February 2021, the IASB published "Definition of Accounting Estimates" to help entities to distinguish between accounting policies and accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.

The amendments are effective for annual periods beginning on or after January 1, 2023, and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.
The amendments are not expected to have a material impact on the Company.

Amendments to IFRS 3 - Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Fair value measurement of financial instruments

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

Asset impairment

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

Estimated useful lives of patents and intangibles

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

Stock compensation and warrants

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

FINANCIAL INSTRUMENTS

For all current assets and liabilities, the difference between cost and fair value is assumed to be negligible due to the short-term maturities of these items. The following table provides a summary, by class and level on the fair value hierarchy, of the financial assets and liabilities that are measured at fair value, together with the carrying amounts included in the Consolidated Statements of Financial Position, as at March 31, 2022 and December 31, 2020:

		March 31, 2022		December 31, 2021	
	Level	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets					
Amortized cost					
Accounts receivable and accrued receivables		$ 136,777	$ 136,777	$ 19,646	$ 19,646
Fair value through profit and loss					
Cash	1	403,397	403,397	759,915	759,915
Guaranteed investment certificate	1	3,000,000	3,000,000	3,500,000	3,500,000
Listed Common Shares	1	147,453	147,453	98,255	98,255
Unlisted common shares	3	100,000	100,000	100,000	100,000
Financial Liabilities					
Amortized cost					
Accounts payable and accrued liabilities		146,125	146,125	326,198	326,198
Lease liabilities		40,967	40,967	52,981	52,981

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

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

Interest from financial instruments is recognized in finance costs.

FINANCIAL RISK MANAGEMENT

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

Credit risk

The risk of financial loss in the event of failure of a customer or counterparty to a financial instrument to meet its contractual obligation is defined as credit risk. The Corporation's principal exposure to credit risk is in respect to its accounts receivable. In order to reduce the risk on its accounts receivable, the Corporation has adopted credit policies which mandate performing an ongoing credit review of all its customers and establishing allowances for bad debts when the amounts are not collectible. The allowance for bad debt at March 31, 2022 was $Nil.

Due to the nature of ***Delta's*** operations, Management considers accounts receivable outstanding for 90 days or less, to be current amounts. Over 90 days are also considered current, if extended terms exist and security is provided, or amounts are subject to contract restrictions and performance markers. The aging of the Corporations accounts receivable at March 31, 2022 is as follows:

	Current	Over 90 Days	Total
Aging of accounts receivable at March 31, 2022	$ 133,505	$ 3,272	$ 136,777
Aging of accounts receivable at December 31, 2021	$ 17,048	$ 2,598	$ 19,646

Currency risk

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

The Canadian dollar equivalent amounts of the balances denominated in US funds at March 31, 2022 are:

	March 31, 2022	December 31, 2021
	$	**$**
Cash	332	597

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's only interest-bearing financial instrument is the GIC that it holds as at March 31, 2022 at a fixed rate of interest.

Liquidity risk

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

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

March 31, 2022	< 1 year	1-2 years	3-5 years	Thereafter	Total
Accounts payable and accrued liabilities	$ 46,125	$ -	$	$ -	$ 146,125
Lease liability	36,577	4,390	-	-	40,967
Balance	**$ 182,702**	**$ 4,390**	**$ -**	**$ -**	**$ 182,702**

December 31, 2021	< 1 year	1-2 years	3-5 years	Thereafter	Total
Accounts payable and accrued liabilities	$ 326,198	$ -	$-	$ -	$ 326,198
Lease liability	48,591	4,390	-	-	52,981
Balance	**$ 374,789**	**$ 4,390**	**$ -**	**$ -**	**$ 379,179**

SUBSEQUENT EVENTS

On April 29, 2022, Mr. Allison accepted the appointment of Chief Executive Officer and Mr. Bernakevitch accepted the appointment as Chairman to the Board.

COVID-19

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

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

Signed “Jeffrey Allison”
JEFFREY ALLISON
PRESIDENT

Signed “Jacelyn Case”
JACELYN CASE
CFO

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

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

The unaudited interim condensed consolidated financial statements for the period ending March 31, 2022 (“**Financial Statements**”) have been prepared by management in accordance with International Financial Reporting Standards in Canada. Management is responsible for ensuring that these Financial Statements, which include amounts based upon estimates and judgment, are consistent with other information and operating data contained in management’s discussion and analysis for the period ending March 31, 2022 (“**MD&A**”) and reflect Delta’s business transactions and financial position.

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

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

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

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

Signed “Jeffrey Allison”
JEFFREY ALLISON
PRESIDENT

Signed “Jacelyn Case”
JACELYN CASE
CFO

BOARD OF DIRECTORS & SENIOR OFFICERS
Of the Corporation as at March 31, 2022

Directors:	Lionel Kambeitz, Regina, Saskatchewan, Jeffrey Allison, Calgary, Alberta, Wayne Bernakevitch, Regina, Saskatchewan, Garth Fredrickson Regina, Saskatchewan, Nitin Kaushal Richmond Hill, Ontario.
Senior Officers:	Jeffrey Allison, President Jacelyn Case, CFO
Committees of the Board of Directors:	Audit Committee Compensation Committee Nominating Committee
Members of Audit Committee:	Lionel Kambeitz, Garth Fredrickson and Wayne Bernakevitch
Members of Compensation Committee:	Jeffrey Allison and Wayne Bernakevitch
Members of Nominating Committee:	Lionel Kambeitz and Wayne Bernakevitch

SHAREHOLDER INFORMATION

Stock exchange: Canadian Securities Exchange & Frankfurt Stock Exchange

Stock symbol: CSE:DELT; FRA:66C; OTCQB:DCTIF

Common Shares outstanding as of March 31, 2022: 58,823,100

Head office and Investor relations address:

DELTA CLEANTECH INC.
#2308 Palisade Drive SW
Calgary, Alberta T2V 3V1
Telephone: (306) 352-6132
Fax: (306) 545-3262
E-mail: investorinfo@deltacleantech.ca

Sales and Marketing Offices

Canada:
Regina, Sask.
Calgary, Alberta

Registrar and Transfer Agent:

Odyssey Trust Company
1230, 300 – 5th Avenue S. W.
Calgary, Alberta T2P 3C4

Banks: **RBC**

Auditors: **Ernst & Young, Calgary, AB**

Legal Counsel: **McDougall Gauley, Barristers and Solicitors**, Regina Saskatchewan
Gowling WLG, Calgary Alberta

Dividend policy:

No dividends have been paid on any common shares of the Corporation since the date of inception, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

Duplicate Communications:

Some shareholders may receive more than one copy of the annual report and proxy-related material. This is generally due to ownership of registered shares in addition to non-registered shares; holding shares in more than one account; or purchasing shares from more than one stock brokerage firm. Every effort is made to avoid such duplication. Shareholders who receive duplicate mailings should notify the investor relations department at the above address.