No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell such securities. The securities offered by this Prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States of America or to, or for the benefit or account of, U.S. persons (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act ("U.S. Persons"), except in transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution"

AMENDED AND RESTATED PROSPECTUS
(amending and restating the final prospectus dated July 14, 2023)

INITIAL PUBLIC OFFERING **August 28, 2023**

HYBRID POWER SOLUTIONS INC.

$3,000,000 - $5,000,000
Minimum Offering: 7,500,000 Units
Maximum Offering: 12,500,000 Units

Price: $0.40 per Unit

Hybrid Power Solutions Inc. (the "**Company**" or "**HPS**") is offering (the "**Offering**") for sale to the public a minimum (the "**Minimum Offering**") of 7,500,000 units (the "**Units**") and a maximum (the "**Maximum Offering**") of 12,500,000 Units of the Company at a price of $0.40 per Unit (the "**Offering Price**"). Each Unit is comprised of one common share in the capital of the Company (an "**Offering Share**") and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant entitles the holder thereof to acquire one additional common share in the capital of the Company (a "**Warrant Share**") upon payment of the exercise price of $0.60 at any time prior to 4:00 p.m. (Vancouver time) on the date which is 24 months from the closing date of the Offering (the "**Closing Date**"), subject to the Accelerated Exercise Period (as defined herein). The Warrants will be created and issued pursuant to the terms of a warrant indenture (the "**Warrant Indenture**") to be dated on or about the Closing Date (as defined herein) between the Company and Odyssey Trust Company (the "**Warrant Agent**"), as warrant agent thereunder. Research Capital Corporation (the "**Agent**") has agreed to act as agent for the Offering on a best-efforts basis. The Offering Price of the Units was determined by arm's length negotiation between the Agent and the Company in accordance with the policies of the Canadian Securities Exchange (the "**CSE**").

	Price to the Public	Agent's Commission(1)(2)(3)	Net Proceeds to the Company(4)
Per Unit	$0.40	$0.032	$0.368
Minimum Offering	$3,000,000	$240,000	$2,760,000
Maximum Offering	$5,000,000	$400,000	$4,600,000

Notes:

(1) The Company has agreed to pay the Agent, on the Closing Date (defined herein), a cash commission (the "**Agent's Commission**") equal to 8.0% of the gross proceeds of the Offering (including in respect of any exercise of the Over-Allotment Option (defined herein), if any); provided that the Agent's Commission shall be reduced to 4.0% on sales to purchasers ("**Purchasers**") designated by the Company to the Agent (the "**President's List Purchasers**"). See "*Plan of Distribution*". The Agent's Commission set forth in this table reflects the Agent's Commission payable in respect of Purchasers who are

not President's List Purchasers. In addition, the Agent will be paid a corporate finance fee of $45,000, plus GST for providing corporate finance services in connection with the brokered portion of the $0.20 Financing (defined herein) and the Offering (the "**Corporate Finance Fee**"). The Corporate Finance fee will be payable from the proceeds of the Offering.

(2) The Company has agreed to issue to the Agent, agent's compensation options (the "**Agent's Warrants**") to purchase that number of Units (the "**Agent's Units**") equal to 8.0% of the aggregate number of Units sold under the Offering (including in respect of any exercise of the Over-Allotment Option, if any) to Purchasers other than President's List Purchasers, and 4.0% of the total number of Units sold under the Offering to the President's List Purchasers. See "*Plan of Distribution*" and "*Description of Securities Distributed*". Each Agent's Warrant is exercisable at a price of $0.40 per Agent's Unit for a period of 24 months from the Closing Date (defined herein), subject to acceleration. This Prospectus qualifies the issuance of the Agent's Warrants.

(3) The Company has granted to the Agent an over-allotment option (the "**Over-Allotment Option**"), exercisable in whole or in part, at the sole discretion of the Agent, at any time not later than 48 hours prior to the Closing Date (as hereinafter defined), to purchase from the Company up to an additional 15% of the aggregate number of Units issued pursuant to the Offering (the "**Additional Units**") at the Offering Price to cover the Agent's over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Agent to acquire Additional Units at the Offering Price. Assuming the maximum Offering, if the Over-Allotment Option is exercised in full, and assuming no sales to President's List Purchasers, the total "Price to the Public", "Agent's Fee" and "Net Proceeds to the Company" will be $5,750,000, $460,000 and $5,290,000 respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Units issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Agent's overallocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

(4) After deducting the Agent's Commission (assuming no sales to President's List Purchasers) but before deducting the balance of the Corporate Finance Fee payable being $45,000 plus GST and the remaining expenses of the Offering estimated to be $150,000 which, together with the Agent's Commission, will be paid by the Company out of the gross proceeds of the Offering. See "*Use of Proceeds*".

The following table sets out the number of securities issuable by the Company to, or at the option of, the Agent.

Agent's Position	Number of securities available for Minimum Offering	Number of securities available for Maximum Offering	Exercise Period or Acquisition Date	Exercise Price or Acquisition Price
Over-Allotment Option	–	1,875,000 Additional Units	Not later than 48 hours prior to the Closing Date	$0.40 per Additional Unit
Agent's Warrants(1)	600,000 Agent's Warrants	1,000,000 Agent's Warrants(2)	24 Months from the Closing Date	$0.40 per Agent's Unit

Notes:

(1) Assumes no President's List Purchasers.

(2) If the Over-Allotment Option is exercised, an additional 150,000 Agent's Warrants would be issued.

There is no market through which these securities may be sold and Purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "*Risk Factors*".

The Company has received conditional approval to list the Common Shares (as defined herein) on the CSE. Listing of the Common Shares will be subject to the Company fulfilling all of the listing requirements of the CSE.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

The Company is not a related or connected issuer (as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*) to the Agent.

The Offering is not underwritten nor guaranteed by any person. The Agent, as exclusive agent of the Company for the purposes of the Offering, conditionally offers the Units on a best-efforts basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agent in accordance with the Agency Agreement referred to under "*Plan of Distribution*" and subject to approval of certain legal matters on behalf of the Company by Morton Law LLP and on behalf of the Agent by Vantage Law Corporation. Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the Agent reserves the right to close the subscription books at any time without notice.

The Offering is being made on a best-efforts basis and is subject to a minimum aggregate subscription of 7,500,000 Units ($3,000,000) within ninety (90) days of the Effective Date (as defined herein). All subscription funds received will be held by the Agent and if subscriptions in the amount of the Minimum Offering are not received within the ninety (90) day period, subscription monies will be returned to Purchasers without interest or deduction. If the Minimum Offering is not fully subscribed within ninety (90) days from the Effective Date, the Offering may continue if the Company files and receives a receipt for an amended and restated preliminary prospectus and the amended and restated preliminary prospectus has been sent to all Purchasers who subscribed during the initial ninety (90) day period from the Effective Date. The maximum distribution period for the Offering is 180 days from the Effective Date. See "*Plan of Distribution*".

An investment in the securities of the Company is highly speculative and involves significant risks that should be carefully considered by prospective Purchasers before purchasing such securities. The risks outlined in this Prospectus should be carefully reviewed and considered by prospective Purchasers in connection with an investment in such securities. An investment in the Units is suitable only for those Purchasers who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment. See "*Risk Factors*".

Prospective Purchasers should rely only on the information contained in this Prospectus. Neither the Agent nor the Company has authorized anyone to provide you with different information. The Company is not making an offer of these securities in any jurisdiction where the offer is not permitted. Purchasers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front of this Prospectus. If a material change occurs before the Closing of the Offering, the Company would be required to file an amendment to this Prospectus as soon as practicable, and in any event, within 10 days after the material change occurred.

AGENT:

Research Capital Corporation
1920-1075 West Georgia Street
Vancouver, BC V6E 3C9

Telephone: 778-373-4100

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GLOSSARY

In this Prospectus, unless the context otherwise requires, the following words and phrases shall have the meanings set forth below:

"$**0.02 Closing Date**" means July 27, 2022;

"$0.02 Conversion" has the meaning ascribed to it under "*Description of the Business*";

"$**0.02 Conversion Date**" has the meaning ascribed to it under "*Description of the Business*";

"$**0.02 Conversion Price**" has the meaning ascribed to is under "*Description of the Business*"

"$**0.02 Debenture**" has the meaning ascribed to it under "*Description of the Business*";

"$0.02 Debenture Extended Maturity Date" means July 27, 2027;

"$**0.02 Debenture Maturity Date**" means July 27, 2024;

"$**0.02 Debenture Principal Amount**" has the meaning ascribed to it under "*Description of the Business*";

"$**0.02 Financing**" means the financing of convertible debentures completed on July 27, 2022, and as further described under "*Description of the Business*";

"$**0.02 Shares**" had the meaning ascribed to it under "*Description of Business*";

"$**0.02 Voluntary Resale Restrictions**" has the meaning ascribed to it under "*Disclosure of Outstanding Security Data*";

"**$0.20 Agent's Warrants**" has the meaning ascribed to it under "*Description of the Business*";

"$**0.20 Closing Date**" means August 19, 2022;

"$0.20 Conversion" has the meaning ascribed to it under "*Description of the Business*";

"$**0.20 Conversion Date**" has the meaning ascribed to it under "*Description of the Business*";

"$**0.20 Conversion Price**" has the meaning ascribed to is under "*Description of the Business*";

"$**0.20 Debenture**" has the meaning ascribed to it under "*Description of the Business*";

"**$0.20 Debenture Extended Maturity Date**" means August 19, 2027;

"**$0.20 Debenture Indenture**" has the meaning ascribed to it under "*Description of the Business*";

"$**0.20 Debenture Maturity Date**" means August 19, 2024;

"$**0.20 Debenture Principal Amount**" has the meaning ascribed to it under "*Description of the Business*";

"$**0.20 Financing**" means the financing of convertible debentures completed on August 19, 2022, and as further described under "*Description of the Business*";

“**$0.20 IPO Miss**” has the meaning ascribed to it under “*Disclosure of Outstanding Security Data*”;

“**$0.20 Shares**” has the meaning ascribed to it under “*Description of the Business*”;

“**$0.20 Units**” has the meaning ascribed to it under “*Description of the Business*”;

“$**0.20 Voluntary Resale Restrictions**” has the meaning ascribed to it under “*Disclosure of Outstanding Security Data”;*

“$**0.30 Financing**” means the private placement of Common Shares completed on February 9, 2023 and March 24, 2023, and as further described under “*Description of the Business*”;

“**$0.30 Agent’s Warrants**” has the meaning ascribed to it under “*Description of the Business*”;

“$**0.30 First Closing Date**” means February 9, 2023;

“**$0.30 First Tranche**” has the meaning ascribed to it under “*Description of the Business*”;

“**$0.30 Second Closing Date**” means March 24, 2023;

“**$0.30 Second Tranche**” has the meaning ascribed to it under “*Description of the Business*”;

“**$0.30 Shares**” has the meaning ascribed to it under “*Description of the Business*”;

“**$10 Million Revenue Event**” has the meaning ascribed to it under “*Disclosure of Outstanding Security Data”;*

“**$30 Million Revenue Event**” has the meaning ascribed to it under “*Disclosure of Outstanding Security Data”;*

“**Accelerated Exercise Period**” has the meaning ascribed to it under “*Description of the Business*”;

“**Additional Units**” has the meaning ascribed to it on page ii of the Prospectus;

“**Agency Agreement**” means the agency agreement to be entered into between the Agent and the Company relating to the Offering;

“**Agent**” means Research Capital Corporation;

“**Agent’s Commission**” has the meaning ascribed to it on the face page of the Prospectus;

“**Agent’s Warrants**” has the meaning ascribed to it on the face page of this Prospectus;

“**Agent’s Unit**” has the meaning ascribed to it on the face page of this Prospectus;

“**Audit Committee**” means the audit committee of the Board;

“**Awards**” has the meaning ascribed to it under “*Options to Purchase Securities – Omnibus Equity Incentive Plan*”;

"**Batt Packs**" means the Company's proprietary portable power packs as more particularly described under "*Description of the Business*";

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended, including all regulations promulgated thereunder;

"**BCSC**" means the British Columbia Securities Commission;

"**Board of Directors**" or the "**Board**" means the board of directors of the Company, as constituted from time to time;

"**Business Day**" means a day, other than Saturdays, Sundays and statutory holidays, when the banks conducting business in the city of Vancouver, British Columbia are generally open for the transaction of banking business;

"**CAGR**" means compound annual growth rate;

"**CEO Agreement**" has the meaning ascribed to it under "*Employment, Consulting and Management Agreements*";

"**Closing**" means the closing of the Offering;

"**Closing Date**" has the meaning ascribed to it on the face page of the Prospectus;

"**Common Share**" means a common share in the capital of the Company;

"**Company**" or "**HPS**" means Hybrid Power Solutions Inc., together with its successors and assigns;

"**Compensation Committee**" means the compensation committee of the Board;

"**Consultant**" as the meaning ascribed to it under "*Employment, Consulting and Management Agreements*";

"**Consulting Agreements**" has the meaning ascribed to it under "*Employment, Consulting and Management Agreements*";

"**Corporate Finance Fee**" has the meaning ascribed to it on page ii of this Prospectus;

"**COVID-19**" means the novel coronavirus outbreak which causes the disease COVID-19;

"**CSA**" means the Canadian Securities Administrators;

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

"**Debenture Warrant**" has the meaning ascribed to it under "*Description of the Business*";

"**Debenture Warrant Indenture**" has the meaning ascribed to it under "*Description of the Business*";

"**Debenture Warrant Shares**" has the meaning ascribed to it under "*Description of the Business*";

"**Deferred Plans**" has the meaning the meaning ascribed to it under "*Eligibility for Investment*";

“**Director Services Agreements**” has the meaning ascribed to it under “*Employment, Consulting and Management Agreements*”;

“**DPSP**” means deferred profit sharing plan;

“**DSUs**” has the meaning ascribed to it under *“Options to Purchase Securities – Omnibus Equity Incentive Plan”*;

“**Effective Date**” means the date that a Final Receipt is issued or deemed to be issued by each of the Securities Commissions in accordance with the procedures for prospectus review in multiple jurisdictions provided for under NP 11-202 and MI 11-102;

“**Escrow Agreement**” means the escrow agreement to be dated as of the Closing Date between Odyssey Trust Company, as escrow agent, the Company, and certain principals of the Company, referred to under “*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer”*;

“**Escrow Shareholders**” has the meaning the meaning ascribed to it under “*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer – Escrow under NP 46-201*”;

“**Escrowed Securities**” has the meaning the meaning ascribed to it under “*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer – Escrow under NP 46-201*”;

“**Exercise Event**” has the meaning ascribed to it under “*Disclosure of Outstanding Security Data*”;

“**Exercise Period**” has the meaning ascribed to it under “*Disclosure of Outstanding Security Data*”;

“**Extended Milestone Period 1**” has the meaning ascribed to it under “*Disclosure of Outstanding Security Data*”;

“**Extended Milestone Period 2**” has the meaning ascribed to it under “*Disclosure of Outstanding Security Data*”;

“**Final Receipt**” means the final receipt issued by the securities regulatory authorities in the Qualifying Jurisdictions for this Prospectus;

“**Financial Statements**” means the audited consolidated financial statements of the Company as at and for the 6 month period ended November 30, 2022 and the year ended May 31, 2022, together with the notes thereto and the report of the auditors thereon, as well as the consolidated financial statements of the Company as at and for the 9 month period ended February 28, 2023, together with the notes thereto, which are attached as Schedule A to this Prospectus;

“**First Subdivision**” has the meaning ascribed to it under “*Description of the Business*”;

“**General Security Agreements**” has the meaning ascribed to it under “*Description of the Business*”;

“**Going Public Transaction**” means (I) the listing of the Common Shares on a recognized stock exchange in Canada or United States; or (II) the completion of a transaction (including a qualifying transaction, reverse takeover, reverse or forward triangular merger, amalgamation, merger, share exchange, plan of arrangement, business combination or similar transaction) between the Company and another company (or companies) which results in the shareholders of the Company receiving, in exchange for their securities, securities of a company listed on a recognized stock exchange in Canada or United States;

"**IFRS**" means the International Financial Reporting Standards;

"**Insider**" has the meaning ascribed to it in the applicable securities laws as more particularly defined in "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer";*

"**IPO**" has the meaning ascribed to it under "*Disclosure of Outstanding Security Data*";

"**IPO Miss**" has the meaning ascribed to it under "*Disclosure of Outstanding Security Data*";

"**HPSI**" has the meaning ascribed to it under "*Corporate Structure*";

"**HPS Solar**" means HPS Solar Inc., an Ontario corporation, which is a wholly-owned subsidiary of the Company;

"**Listing Date**" means the date on which the Common Shares are listed for trading on the CSE;

"**Management Performance Warrants**" has the meaning ascribed to it under "*Disclosure of Outstanding Security Data*";

"**Maximum Offering**" has the meaning ascribed to it on the face page of this Prospectus;

"**MD&A**" means management's discussion and analysis;

"**MI 11-102**" means Multilateral Instrument 11-102- *Passport System*;

"**Minimum Offering**" has the meaning ascribed to it on the fact page of this Prospectus;

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees* of the CSA*;*

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices* of the CSA;

"**NP 11-202**" means National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions*;

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings*;

"**OBCA**" means the *Business Corporations Act* (Ontario);

"**OEM**" means original equipment manufacturer;

"**Offered Securities**" means the Units, Offering Shares, the Warrants, the Warrant Shares, the Additional Units and securities issuable upon conversion of the Additional Units;

"**Offering**" has the meaning ascribed to it on the face page of this Prospectus;

"**Offering Price**" has the meaning ascribed to it on the face page of this Prospectus;

"**Offering Share**" has the meaning ascribed to it on the face page of this Prospectus;

"**Options**" means options to purchase Common Shares granted by the Board of Directors to certain directors, officers, employees and consultants of the Company pursuant to the Plan (defined herein);

"**Outside Date**" has the meaning ascribed to it under "*Disclosure of Outstanding Security Data*";

"Over-Allotment Option" means the option granted by the Company to the Agent exercisable by the Agent at any time not later than 48 hours prior to the Closing Date to sell up to an additional number of Units equal to 15% of the Units (defined previously as the "Additional Units") sold in the Offering on the same terms;

"**Performance Warrants**" has the meaning ascribed to it under "*Disclosure of Outstanding Security Data*";

"**Plan**" means the omnibus equity incentive compensation plan of the Company, as more particularly described under "*Options to Purchase Securities – Omnibus Equity Incentive Plan*";

"**Power Tower**" has the meaning ascribed to it under *"Business of the Company – Products and Services – Residential Solar" Power Tower"*;

"**Preliminary Prospectus**" has the meaning ascribed to it under "*Disclosure of Outstanding Security Data*";

"**Preliminary Prospectus Delay**" has the meaning ascribed to it under "*Disclosure of Outstanding Security Data*";

"**President's List Purchaser**" has the meaning ascribed to it on the face page of this Prospectus;

"Promoter" means a person who:

(a) acting alone or in concert with one or more other persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the Company; or

(b) in connection with the founding, organization or substantial reorganization of the business of the Company, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the Company's own securities or 10% or more of the proceeds from the sale of a class of the issuer's own securities of a particular issue,

but does not include a person who:

(c) receives securities or proceeds referred to in paragraph (b) solely:

(i) as underwriting commissions, or
(ii) in consideration for property, and

(d) does not otherwise take part in founding, organizing or substantially reorganizing the business;

"Prospectus" means this prospectus and any appendices, schedules or attachments hereto;

"**PSUs**" has the meaning ascribed to it under *"Options to Purchase Securities – Omnibus Equity Incentive Plan"*;

"**Purchaser**" means a person or other entity that purchases Units under the Offering;

"**Qualifying Jurisdictions**" means the provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Newfoundland and Labrador;

"**RDSP**" means the registered disability savings plan;

"**RESP**" means the registered education savings plan;

"**RRIF**" means the registered retirement income fund;

"**RRSP**" means the registered retirement savings plan;

"**RSUs**" has the meaning ascribed to it under *"Options to Purchase Securities – Omnibus Equity Incentive Plan"*;

"**SARs**" has the meaning ascribed to it under *"Options to Purchase Securities – Omnibus Equity Incentive Plan"*;

"**Second Subdivision**" has the meaning ascribed to it under "*Description of the Business*";

"**Secured Debentures**" has the meaning ascribed to it under "*Description of the Business*";

"**Secured Debenture Maturity Date**" means August 18, 2024;

"**Securities Commissions**" means, collectively, the securities commissions or similar regulatory authorities in the Qualifying Jurisdictions;

"**Selling Firms**" means licensed dealers, brokers and investment dealers retained by the Agent in respect of the Offering;

"**Strategic Advisory Committee**" means the strategic advisory committee of the Company;

"**Strategic Advisory Services**" has the meaning ascribed to it under "*Employment, Consulting and Management Agreements*";

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

"**TFSA**" means tax-free savings account;

"**Treewalk**" means Treewalk Consulting Inc., the consulting firm owned beneficially by Mr. McAulay;

"**Treewalk Agreement**" has the meaning ascribed to it under "*Employment, Consulting and Management Agreements*";

"**Treewalk Payment Agreement**" has the meaning ascribed to it under "*Description of the Business*";

"**Treewalk Promissory Note**" has the meaning ascribed to it under "*Description of the Business*";

"**Units**" has the meaning ascribed to it on the face page of this Prospectus;

“**U.S. Person**” has the meaning ascribed to it in Rule 902(k) of Regulation S under the U.S. Securities Act;

“**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended;

“**U.S.**” or “**United States**” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

“**Warrant**” has the meaning ascribed to it on the face page of this Prospectus;

“**Warrant Agent**” means Odyssey Trust Company;

“**Warrant Indenture**” has the meaning ascribed to it on the face page of this Prospectus; and

“**Warrant Share**” has the meaning ascribed to it on the face page of this Prospectus.

TECHNICAL GLOSSARY

In this Prospectus, unless the context otherwise requires, the following words and phrases shall have the meanings set forth below:

"**°C**" means a scale of temperature on the Celsius scale;

"**ESS**" means energy storage systems;

"**LiFePO4**" means lithium iron phosphate;

"**kWh**" means kilowatt-hour;

"**mWh**" means megawatt-hour;

"**New Facility**" has the meaning ascribed to it under "*Description of the Business*";

"**W**" means watt; and

"**Wh**" means watt-hour; and

"**V**" means volts.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus constitute forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "**forward-looking statements**"). Forward-looking statements may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. The use of any of the words "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", and other similar expressions are intended to identify forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Accordingly, Purchasers should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. In addition, this Prospectus may contain forward-looking statements attributed to third party industry sources.

In particular, this Prospectus contains forward-looking statements pertaining to the following:

- the Company becoming a reporting issuer in British Columbia, Alberta, Saskatchewan, Ontario, and Newfoundland and Labrador and receipt of a final receipt from the Securities Commissions.
- the listing of the Common Shares on the CSE.
- the total funds expected to be available to the Company, use of available funds and principal purposes of the Company.

- the Company’s business objectives and milestones and the target completion dates and costs associated with each objective, including expanding the Company’s franchise operation, opening a new distribution center and training facility in Northern Ontario, establishing a U.S. location and partnering with third party logistic services in the United States to expand and grow sales in the United States.
- the Company’s ability to add in-house expertise for its operations.
- the Company’s proposed product and service offerings, and product divisions, including expanding its franchise network of solar installation providers in Canada and the United States.
- the Company’s anticipated competition in the clean energy and portable battery market, including but not limited to, the ability to obtain qualified staff such as engineers and tech personnel.
- the Company’s proposed marketing plan and advertising methods such as tradeshows, partnership with major retailers, digital marketing efforts which includes paid advertising, original video content, live webinars, and online content collaborations.
- the Company’s ability to utilize industry-expertise, licensed and proprietary technology (such as patents, intellectual property and technical designs) to develop and manufacture its products and to form strategic partnerships with franchise solar installers.
- the Company’s business strategy, strength and focus.
- the Company’s target market including industrial, public sector, residential and recreational customers.
- future market conditions, including increased customer demand conditions, the expectation that portable battery packs and solar energy will continue to be a growing segment of the clean energy and technology movement.
- growth, trends and attitudes regarding portable battery packs and solar energy in Canada and increased reliance on fuel-free portable power products.
- the Company’s expectations regarding its revenue, expenses, production, operations, costs, cash flows and future growth.
- the Company’s anticipated cash needs and its needs for additional financing.
- conditions in the financial markets generally, and with respect to this Prospectus, for small capitalization commercial/technologies companies specifically.
- proposed expenditures under “*Use of Proceeds*”.
- the granting of regulatory approvals.
- the timing for receipt of regulatory approvals.
- projections of market prices and costs and the related sensitivity of distributions.
- treatment under governmental regulatory regimes and tax laws, and capital expenditure programs.
- expectations with respect to the Company’s future working capital position.
- capital expenditure programs.
- the anticipated compensation of directors and officers for the year ended May 31, 2023.
- estimated audit fees for the financial year ended May 31, 2022 and the six months ended November 30, 2022.
- the completion of the Offering.

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. With respect to forward-looking statements contained in this Prospectus, assumptions have been made regarding, among other things:

- the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner;
- the impact of any changes in law;
- the regulatory framework governing royalties, taxes and environmental matters in Canada and any other jurisdictions in which the Company may conduct its business in the future;
- future development plans for the Company's assets unfolding as currently envisioned;
- future capital expenditures to be made by the Company;
- future cash flows from production meeting the expectations stated herein;
- future sources of funding for the Company's capital program;
- the Company's future debt levels;
- the Company's ability to engage and retain qualified key personnel and employees;
- the intentions of the Company's Board of Directors with respect to the executive compensation plans and corporate governance programs described herein;
- the impact of increasing competition on the Company;
- the Company's ability to obtain financing on acceptable terms, or at all;
- general business and economic conditions;
- the products and technology offered by the Company's competitors;
- the maintenance of the Company's current good relationships with its franchisees, suppliers, service providers, manufacturers and other third parties;
- business strategy, including budgets, projected costs, projected capital expenditures, taxes, plans, objectives, potential synergies and industry trends;
- expectations concerning the size and growth of the portable power market; and
- the performance, style, value, and efficiency of the Company's products and services compared to its competitors' products and services.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Prospectus:

- competition for, among other things, capital, skilled personnel, and access to equipment and services required for development, production and manufacturing;
- changes in exchange rates, laws of U.S. or laws of Canada affecting foreign trade, taxation and investment;
- failure to realize the anticipated benefits of acquisitions; and
- the other factors discussed under "*Risk Factors*".

Readers are cautioned that the foregoing lists of factors are not exhaustive.

The material factors and assumptions used in developing the forward-looking statements are based on the assumptions of the Company, including future commodity prices, costs and expected inflation, as well as the Company's planned capital expenditure program, and other prospects. Due to the nature of the industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities, which may become available to the Company. Accordingly, while the Company anticipates that it will have the ability to spend the funds available to it as stated in this Prospectus, there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent. The Company's business objectives and other factors that management will consider in assessing the Company's participation in acquisition or development opportunities are described under "*Description of the Business*".

The forward-looking statements contained in this Prospectus are expressly qualified by this cautionary statement. Except as required under applicable securities laws, the Company does not undertake or assume any obligation to publicly update or revise any forward-looking statements. Purchasers should read this entire Prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment in the Units.

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS

Prospective Purchasers should rely on only information contained in this Prospectus or incorporated by reference herein. The Company has not authorized anyone to provide different or additional information from that contained in this Prospectus. The distribution or possession of this Prospectus in or from certain jurisdictions may be restricted by law. This Prospectus is not an offer to sell any of the securities mentioned herein and is not soliciting an offer to buy any of the securities mentioned herein in any jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or to any person to whom it is not permitted to make such offer or sale. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or of any sale of the securities mentioned herein. The Company's business, financial condition, results of operations and prospects may have changed since that date. Information contained in this Prospectus should not be construed as legal, tax or financial advice and readers are urged to consult with their own professional advisors in connection therewith.

CURRENCY PRESENTATION

Unless otherwise indicated, all references to monetary amounts in this Prospectus are denominated in Canadian dollars. The consolidated Financial Statements of the Company included herein are reported in Canadian dollars and are prepared in accordance with the International Financial Reporting Standards (previously defined as the "**IFRS**"). Unless otherwise indicated, all references to "$" and "dollars" in this Prospectus refer to Canadian dollars. References to "US$" in this Prospectus refer to United States dollars.

MARKET AND INDUSTRY DATA

This Prospectus includes market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by management of the Company on the basis of its knowledge of and experience in the industry in which the Company operates (including management's estimates and assumptions relating to the industry based on that knowledge). The Company believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, none of the Company, the Agent, or their management has independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying economic assumptions relied upon by such sources.

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Reference is made to the Glossary for the definitions of certain terms used in this Prospectus and in this summary.

The Company:	The Company is a Canadian clean energy company specializing in producing, developing and installing direct-to-consumer clean technology products such as portable power packs and stationary energy storage. See "*Description of the Business"*.
The Offering:	The Company is offering a minimum of 7,500,000 Units and a maximum of 12,500,000 Units for sale in British Columbia, Alberta, Saskatchewan, Ontario, and Newfoundland and Labrador for aggregate gross proceeds of between $3,000,000 and $5,000,000 subject to the exercise of the Over-Allotment Option. Each Unit is comprised of one Offering Share and one-half of one Warrant. Each whole Warrant is exercisable to acquire one Warrant Share at an exercise price of $0.60 for a period of 24 months, subject to acceleration. See "*Plan of Distribution*".
Offering Price:	$0.40 per Unit.
Over-Allotment Option:	The Company has granted to the Agent the Over-Allotment Option, exercisable in whole or in part, at the sole discretion of the Agent, at any time not later than 48 hours prior to the Closing Date, to purchase from the Company up to 1,875,000 Additional Units at the Offering Price to cover over-allocations, if any, and for market stabilization purpose. See "*Plan of Distribution*".
Agent:	The Agent has been appointed to act as the Company's agent pursuant to the Agency Agreement to conduct the Offering on a best efforts basis. See "*Plan of Distribution*".
Agent's Compensation:	The Agent will receive the Agent's Commission equal to 8.0% of the gross proceeds of the Offering (including in respect of any exercise of the Over-Allotment Option, if any) provided that the Agent's Commission shall be reduced to 4.0% on sales to President's List Purchasers, and the Agent's Warrants entitling the Agent to purchase that number of Agent's Units as is equal to 8.0% of the number of Units sold under the Offering (including in respect of any exercise of the Over-Allotment Option, if any) at a price of $0.40 per Agent's Unit for a period of 24 months from the Closing Date, provided that the Agent's Warrants entitling the Agent to purchase that number of Agent's Units shall be reduced to 4.0% on sales to President's List Purchasers. The Agent will receive a Corporate Finance Fee of $45,000 (plus GST) in connection with the Offering and the brokered portion of the $0.20 Financing and the Agent will also be reimbursed by the Company for its expenses and fees, including the reasonable fees and disbursements of the Agent's counsel not to exceed $70,000 (before taxes and disbursements), subject to extenuating circumstances wherein the Company and Agent will agree upon a revised amount. See "*Plan of Distribution*".

Use of Proceeds: The Company will receive gross proceeds from the sale of the Units of $3,000,000 in the case of the Minimum Offering and $5,000,000 in the case of the Maximum Offering. These funds after deduction of the balance of the Corporate Finance Fee payable, the Agent's Commission, and the costs and expenses of the Offering will be combined with the Company's estimated working capital of approximately $47,069 as at July 31, 2023 and net proceeds of $500,000 from the Secured Debentures for a total of $3,109,819 in the case of the Minimum Offering and $4,949,819 in the case of the Maximum Offering. The Company intends to use these funds as follows:

Principal Purposes	Amount	
	Minimum Offering	Maximum Offering
US Market Expansion	$300,000	$830,000
Marketing and Outreach	$600,000(1)	$1,436,376(1)
Expand Facility and Automation	$250,000	$470,000
Research and Development	Nil	$250,000
General Administrative Expenses	$1,285,016(2)	$1,285,016(2)
Secured Debenture Repayment	$594,444(3)	$594,444(3)
Unallocated working capital	$80,359	$83,982
TOTAL:	**$3,109,819**(4)	**$4,949,819**(4)

Notes:
(1) Refer to "*Use of Proceeds*" for a more detailed summary of planned expenditures.
(2) Refer to "*Use of Proceeds*" for a breakdown of general and administrative costs.
(3) Refer to "*Description of the Business*" for a more detailed summary of the Secured Debenture Repayment
(4) This excludes the proceeds to the Company from the issuance of Additional Units that may be issued upon the exercise of the Over-Allotment Option. In the event that the Over-Allotment Option is exercised, any proceeds from the issuance of Additional Units will be added to unallocated working capital.

The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary.

Risk Factors: The Company's future development and operating results may be different from those expected as at the date of this Prospectus.

The Company faces various risks related to health epidemics, pandemics and similar outbreaks, including COVID-19, which may have material adverse effects on its business, financial position, results of operations and/or cash flows. Other risk factors include, but are not limited to, the Company's ability to expand business in existing markets, adverse or negative publicity regarding the Company, the Company's limited operating history, inability to protect intellectual property; competition; reliance on third parties; management has limited experience with the requirements and demands of managing a publicly traded company; product liability; reporting issuer status; additional financing; no established market for its securities; the share price may not represent the Company's performance or intrinsic fair value; price volatility of publicly traded securities; dilution; the Company's reliance on key personnel, government regulations and economic conditions. Purchasers should carefully consider all such risks.

An investment in the Company's securities is highly speculative. The Company has a limited operating history. In addition, the Company's business is subject to the risks normally encountered in the clean energy industry such as research and development risks, supply chain risks, operating risks, the marketability of, and prices for its products, inability to protect intellectual property, competition with companies having greater resources, the need for capital, fluctuations in the market price and demand for portable power products and the regulation of the clean energy and battery industry by various levels of government. The success of its business plan cannot be assured. Purchasers must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company. In addition to the other information contained in this Prospectus, prospective Purchasers should carefully review and consider the risk factors discussed in greater detail in "*Risk Factors*" before a decision is made to invest in the Units. Such risks may not be the only risks facing the Company. Additional risks not currently known may also impair the Company's business operations and results of operation.

Eligibility for Investment: In the opinion of Legacy Tax & Trust Lawyers, special tax counsel to the Company, the Offering Shares, the Warrants and the Warrant Shares, if issued on the date hereof, would be "qualified investments" under the Tax Act for a trust governed by an DPSP, RRSP, RRIF, RESP, RDSP, DPSP and TFSA provided that (i) in the case of the Offering Shares and Warrant Shares, the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE), and (ii) in the case of the Warrants, the Common Shares are listed on a designated stock exchange (which currently includes the CSE), and the Company deals at arm's length with each person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, such DPSP, RRSP, RRIF, RESP, RDSP, or TFSA. Note that the Company must rely on the CSE to list the Common Shares on the CSE and have them posted for trading prior to the issuance of the Offering Shares, the Warrants and the Warrant Shares. If the Common Shares are not so listed at the Closing and the Company is not otherwise a "public corporation", as that term is defined in the Tax Act, at that time, the Offering Shares, the Warrants and the Warrant Shares will not be "qualified investments" at that time. The Offering Shares, the Warrants and the Warrant Shares may be a "prohibited investment" giving rise to a penalty tax despite being "qualified investments". See the discussion under "*Eligibility for Investment*" for further details.

Currency: Unless otherwise indicated, all currency amounts herein are stated in Canadian Dollars.

Summary of Financial Information:

The following tables summarize selected financial information reported by the Company for the financial years ended May 31, 2022 and 2021 and the six months ended November 30, 2022 and the nine months ended February 28, 2023, which information has been derived from the consolidated financial statements of the Company as at and for the 6 month period ended November 30, 2022 and the year ended May 31, 2022, together with the notes thereto and the report of the auditors thereon and as at the and for the 9 month period ended February 28, 2023 (the "**Financial Statements**") and should be read in conjunction with such Financial Statements and related notes and Management's Discussion & Analysis of Financial Condition and the Results of Operations for the consolidated financial statements of the Company as at and for the 9 month period ended February 28, 2023 and the year ended May 31, 2022 that are included elsewhere in this Prospectus. See "*Management's Discussion and Analysis – Selected Financial Information*".

	For the nine months ended February 28, 2023	**For the six months ended November 30, 2022**	**For the year ended May 31, 2022**	**For the year ended May 31, 2021**
Details	**$**	**$**	**$**	**$**
Statement of Financial Position				
Current assets	1,811,748	1,626,028	1,089,996	476,893
Total assets	2,513,409	2,277,057	1,385,996	481,810
Current liabilities	4,164,660	3,734,881	2,209,973	490,343
Total liabilities	4,583,061	4,174,255	2,477,656	696,772

	For the nine months ended February 28, 2023	**For the six months ended November 30, 2022**	**For the year ended May 31, 2022**	**For the year ended May 31, 2021**
Details	**$**	**$**	**$**	**$**
Operations				
Revenue	2,767,472	2,049,500	1,837,980	658,689
Expenses	2,538,089	1,795,440	1,394,666	690,336
Net loss for the period	(1,555,108)	(1,062,717)	(876,698)	(241,242)
Comprehensive loss for the period	(1,498,990)	(1,006,599)	(876,698)	(241,242)
Loss per share	(0.06)	(0.04)	(0.03)	(0.01)
Dividends paid	-	-	-	-

Directors and Officers of the Company:

Francois Renaud-Byrne – *President, CEO, Treasurer and Director*
Alex McAulay – *CFO, Corporate Secretary and Director*
Paul Gorman – *Director*
Angelo Catenaro – *Director*
Stephen Davidson – *Director*

Listing:	There is currently no market through which the Common Shares may be sold. The Company has received conditional approval to list its Common Shares on the CSE. Listing is subject to the Company fulfilling all of the listing requirements of the CSE. See "*Plan of Distribution*".

CORPORATE STRUCTURE

Name and Incorporation

The Company previously operated under the name HPSI Holdings Inc. ("**HPSI**"), which was originally incorporated as Hybrid Power Solutions Inc. on December 7, 2015 under the OBCA. On June 13, 2022, HPSI continued its existence out of Ontario and into British Columbia under the BCBCA. The Company's registered and records office is at 1200 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8, and its head office is at 208 – 333 Terminal Avenue, Vancouver, BC, V6A 4C1.

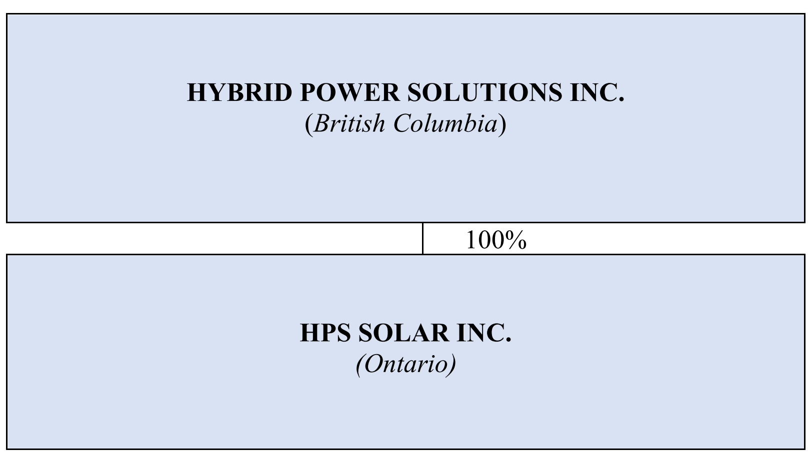
HPSI's former parent company, Hybrid Power Solutions Inc. (formerly, 2494760 Ontario Inc.) was incorporated under the OBCA on December 7, 2015. On July 22, 2022, it continued out of the jurisdiction of Ontario under the OBCA and into the jurisdiction of British Columbia under the BCBCA.

On July 22, 2022, HPSI Holdings Inc. and its former parent Hybrid Power Solutions Inc. (formerly, 2494760 Ontario Inc.) completed a vertical short-form amalgamation into a single corporate entity to form the Company under the BCBCA. In connection with the vertical amalgamation, HPSI Holdings Inc. changed its name to Hybrid Power Solutions Inc., which is the current name of the Company.

The Company's Common Shares do not currently trade on any stock exchange. The Company has received conditional approval to list its Common Shares on the CSE under the symbol "HPSS". Listing of the Common Shares will be subject to the Company fulfilling all of the listing requirements of the CSE.

Intercorporate Relationships

The Company has one wholly-owned subsidiary: HPS Solar Inc. (previously defined as "**HPS Solar**"), which was incorporated on March 17, 2022 under the OBCA. HPS Solar's registered and records office is at 288 Judson Street, Unit #5, Etobicoke, Ontario, M8Z 5T6.. The chart below sets out the intercorporate relationship between the Company and its subsidiary:



DESCRIPTION OF THE BUSINESS

History

Financings and Issuances of the Company's Securities

On December 9, 2015, the Company issued 100 Common Shares at $1.00 per Common Share which were subsequently subdivided into 24,124,795 Common Shares pursuant to the First Subdivision and the Second Subdivision (as defined below), for an effective price of $0.0001 per Common Share.

On June 1, 2018, the Company issued 11 Common Shares at $10,379.36 per Common Share which were subsequently subdivided into 2,653,728 Common Shares pursuant to the First Subdivision and the Second Subdivision (as defined below) for an effective price of $0.043 per Common Share.

On July 23, 2022, the Company completed a subdivision of its issued and outstanding common shares on a 1 existing common share for 10,000 post-subdivision common shares basis (the "**First Subdivision**"). Pursuant to the First Subdivision, the Company issued an additional 1,109,889 Common Shares *pro rata* to the holders of each existing share outstanding as at the record date of July 23, 2022. As a result thereof, the Company had 1,110,000 Common Shares issued and outstanding at such date.

On July 25, 2022, the Company issued 4,000 Common Shares at a deemed price of $3.603604 per Common Share, and 741 Common Shares at a deemed price of $4.504505 per Common Share in full and final settlement of sales commission in the amount of $17,750.66 owed to an employee of the Company pursuant to an employment agreement. The Company also issued 4,440 Common Shares at a deemed price of $4.504505 per Common Share in connection with the grant of a sales bonus to the employee.

On July 26, 2022, the Company completed a second subdivision of its issued and outstanding common shares on a 1 existing common share for 24.12479488340 post-subdivision common shares basis (the "**Second Subdivision**"). Pursuant to the Second Subdivision, the Company issued an additional 25,880,819 Common Shares *pro rata* to the holders of each existing share outstanding as at the record date of July 26, 2022. As a result, the Company had 27,000,000 Common Shares issued and outstanding at such date.

On July 27, 2022 (the "**$0.02 Closing Date**"), the Company completed a non-brokered private placement (the "**$0.02 Financing**") of unsecured non-transferrable convertible debentures (the **"$0.02 Debentures**") for an aggregate principal amount of $328,500 (the "**$0.02 Debenture Principal Amount**"). The $0.02 Debentures bear no interest mature on July 27, 2024 (the "**$0.02 Debenture Maturity Date**"). If the Company completes a Going Public Transaction, the $0.02 Debentures Principal Amount will automatically be converted into Common Shares (the "**$0.02 Shares**") at a price of $0.02 per share (the "**$0.02 Conversion Price**") on either the Listing Date or a date that is within 10 business days (before or after) of the Listing Date (the "$**0.02 Conversion Date**"), subject to any applicable stock exchange acceptance and securities laws. See "*Disclosure of Outstanding Security Data - $0.02 Debentures*".

On August 19, 2022, (the "**$0.20 Closing Date**"), the Company completed a private placement (the **"$0.20 Financing**") on a brokered and non-brokered basis (the brokered portion of which was completed with the Agent) of unsecured non-transferrable convertible debentures (the "**$0.20 Debentures**") for an aggregate principal amount of $1,628,500 (the "**$0.20 Debenture Principal Amount**"). The $0.20 Debentures were issued pursuant to a debenture indenture dated August 19, 2022 (the "**$0.20 Debenture Indenture**") entered into with Odyssey Trust Company as debenture trustee. A copy of the $0.20 Debenture Indenture will be filed by the Company under its corporate profile on SEDAR. The $0.20 Debentures bear no interest and mature on August 19, 2024 (the "**$0.20 Debenture Maturity Date**"). If the Company completes a

Going Public Transaction, the $0.20 Debenture Principal Amount will automatically be converted into units of the Company (the "**$0.20 Units**") at a price of $0.20 per unit (the "**$0.20 Conversion Price**") on either the Listing Date or a date that is within 10 business days (before or after) of the Listing Date (the "$**0.20 Conversion Date**"), subject to any applicable stock exchange acceptance and securities laws. In connection with the brokered portion of the $0.20 Financing, the Company issued an aggregate of 221,000 agent warrants (the **"$0.20 Agent's Warrants**"), exercisable to purchase an additional Common Share of the Company at a price of $0.20 for a period of two years from the $0.20 Closing Date.

Each $0.20 Unit will be comprised of one Common Share (the "**$0.20 Shares**") and one-half of one transferable common share purchase warrant (each whole warrant, a "**Debenture Warrant**"). Each Debenture Warrant is exercisable into one common share (the "**Debenture Warrant Shares**") at $0.60 per Debenture Warrant Share for a period of two years from the $0.20 Conversion Date, subject to acceleration, such that, if the daily volume weighted average trading price of the Common Shares (on the stock exchange where the Common Shares are listed for trading and the majority of the trading volume occurs) exceeds $0.80 on each of those 15 consecutive days, then the Debenture Warrants will expire in 30 days following written notice by the Company (the "**Accelerated Exercise Period**") unless exercised prior to such date. Any Insiders who are unable to exercise their Debenture Warrant due to any 'blackout period' being in effect during the term of their Warrants will automatically have their Accelerated Exercise Period extended by the aggregate time of the blackout period(s). The Debenture Warrants will be created and issued pursuant to the terms of a warrant indenture (the "**Debenture Warrant Indenture**") to be dated on or about the $0.20 Conversion Date between the Company and Odyssey Trust Company, as warrant agent thereunder. A copy of the Debenture Warrant Indenture will be filed on SEDAR under the Company's profile following the $0.20 Conversion Date. See "*Disclosure of Outstanding Security Data - $0.20 Debentures*".

On February 9, 2023 (the "**$0.30 First Closing Date**"), the Company completed a private placement (the "**$0.30 First Tranche**") and issued 946,000 Common Shares through a brokered private placement with the Agent, and 66,667 Common Shares on a non-brokered basis, for a total of 1,012,667 Common Shares at a price of $0.30 per Common Share for gross proceeds of $303,800. In connection with the $0.30 First Tranche, the Company also issued 37,840 agent warrants (the "**$0.30 Agent's Warrants**"), exercisable to purchase an additional Common Share of the Company at a price of $0.30 for a period of two years from the $0.30 First Closing Date.

On March 24, 2023 (the "**$0.30 Second Closing Date**"), the Company completed a private placement (the "**$0.30 Second Tranche**") and issued 1,999,664 Common Shares through a brokered private placement with the Agent, and 2,087,669 Common Shares on a non-brokered basis, for a total of 4,087,333 Common Shares at a price of $0.30 per Common Share for gross proceeds of $1,226,200. In connection with the $0.30 Second Tranche, the Company also issued 89,166 $0.30 Agent's Warrants, exercisable to purchase an additional Common Share of the Company at a price of $0.30 for a period of two years from the $0.30 Second Closing Date.

The Common Shares issued in the $0.30 Financing are subject to a voluntary contractual hold period and cannot be traded for period of four-months after the Listing Date.

The Company has allocated funds the from the previous financings to growth, increasing inventory balance, updating internal systems and implementing a new inventory management system and increased general and administrative costs associated with launching the Prospectus. The Company has also allocated funds to creating its franchise service line, described herein, and hiring more employees, which has allowed for increased sales and decreased lead times.

On August 18, 2023, the Company issued secured convertible debentures (the "**Secured Debentures**") in the aggregate principal amount of approximately $594,444 to KW Capital Partners Limited, an arm's length lender in consideration for gross subscription proceeds of $535,000. The Secured Debentures mature on August 18, 2024 (the "**Secured Debenture Maturity Date**"), and are secured against the assets and properties of the Company and HPS Solar by general security agreements (the "**General Security Agreements**"). The General Securities Agreements are dated August 18, 2023, and mortgages, charges, and places a security interest in all of the Company and HPS Solar's present and after acquired personal property, in favour of the lender, until the Company's obligations under the Secured Debentures are satisfied. The Secured Debentures are convertible, at the lender's option, into up to 1,857,638 Common Shares of the Company at a price of $0.32 per share, any time after issuance for so long as the indebtedness under the Secured Debentures remains outstanding, subject to adjustment. The Company agreed the use of proceeds for the Secured Debentures is for the ongoing development of the Company's business model and for general working capital purposes. See "*Disclosure of Outstanding Security Data - Secured Debentures*".

On August 28, 2023, the Company entered into a payment agreement with Treewalk (the "**Treewalk Payment Agreement**") pursuant to which the Company agreed to pay and settle an aggregate amount of $688,137.50 of *bona-fide* debt owed to Treewalk for accounting, financial, and administrative services provided under the Treewalk Agreement under the Treewalk Agreement as follows:

(a) the Company issued a promissory note (the "**Treewalk Promissory Note**") in the principal amount of $100,000, with interest rate of 15% per annum, which principal amount and accrued interest, if any, are repayable on the earlier of: (i) August 28, 2025; and (ii) the completion of an equity financing(s) by the Company (occurring after the completion of the Offering) for minimum gross proceeds of $3,000,000;

(b) the Company paid Treewalk $38,137.50 for certain consulting services provided by Treewalk to the Company under the Treewalk Agreement;

(c) the Company will pay Treewalk $400,000 on Closing of the Offering; and

(d) the Company will facilitate a $150,000 investment by Treewalk in the Offering at the Offering Price, pursuant to which the Company will issue Treewalk 375,000 Units.

Business of the Company

General Overview

The Company specializes in developing, manufacturing and installing direct-to-consumer cleantech products. The Company has three main operational divisions: it (i) develops and produces portable residential and commercial battery products; (ii) operates a franchise network of solar power installers; and (iii) offers customized energy solutions for commercial scaled systems for a variety of industrial markets, including the mining, railway, public transit, and construction sectors.

The Company operates in one reportable segment being the manufacturing of portable lithium-ion battery systems (fuel-free generators) and customized energy solutions.

In 2015, Francois Renaud-Byrne, founder and Chief Executive Officer of the Company, created HPS with a vision of designing and developing an electrified version of industrial equipment that has historically been operated by gas and diesel.

In August 2016, the Company began working on custom original equipment manufacturer ("**OEM**") projects. As an OEM, the Company was engaged to complete research and development, prototyping, and manufacturing for customized energy solutions for third-party projects. See *"Business of the Company – Products and Services – Custom OEM Solutions."*

In February 2017, the Company began designing and developing its proprietary portable power packs known as "**Batt Packs**". Batt Packs are fuel-free, portable power packs capable of powering large tools and equipment similarly to gas or diesel generators but without the accompanying fuel, fumes, noise, or maintenance. By 2020, the Company had produced over 300 Batt Packs which were predominantly sold to the mining and transit industries. The Company also expanded the product line to include multiple add-ons and larger battery capacity models. As of the date of this Prospectus, portable power products represented approximately 60% of the Company's revenue. See *"Business of the Company – Products and Services – Portable Power Packs: Batt Packs"*.

In late 2020, the Company launched its line of residential solar products consisting of the Power Tower, an all-in-one solar inverter, which is compatible with PT5 and PT14 lithium batteries, which are batteries produced by the Company. These stationary energy storage units act like a residential scale power plant. These products were designed in collaboration with solar installers resulting in a solar and backup power system that is straightforward to install and operate. As of the date of this Prospectus, solar-related products represent approximately 39% of the Company's revenue. See *"Business of the Company – Products and Services – Residential Solar: Power Tower"*.

In March 2022, the Company incorporated HPS Solar, a wholly-owned subsidiary dedicated to launching and scaling its residential solar installation franchise. HPS Solar utilizes the Company's network of solar power installers and the solar products developed within that division of the Company's business. See *"Business of the Company – Products and Services – Solar Installation Franchises."*

Products and Services

The Company currently produces two kinds of products: portable power packs known as "Batt-Packs" and residential stationary energy storage known as "Power Towers."

The Company's wholly owned subsidiary, HPS Solar, provides solar installation services to offer a seamless turnkey customer experience.

<u>Portable Power Packs: Batt Packs</u>

The Company's Canadian-made portable battery packs, referred to as Batt Packs, range from 3,000 watts ("**W"**) to 7,000 W and 2.5 kilowatt hours ("**kWh**") to 7.2 kWh of stored energy and can be used both indoors (including in confined spaces) and outdoors. Batt Packs offer completely fuel-free power with no fumes, no fuel requirements, and little to no sound.

Pictured from left to right: Batt Pack Jupiter, Batt Pack Energy, and Batt Pack Pro fuel-free generators

The Batt Packs can be charged in multiple ways, including regular wall outlet charging, solar charging and via vehicle engines. They can be easily charged, transported and then used, making them suitable for industrial customers who can recharge the unit off-shift and use them on-shift. A solar charging feature allows customers to plug in almost any solar panel to recharge the unit, essentially turning the Batt Pack into a "plug and play" off-grid power plant that can be used long-term when in remote areas. For customers with mobile operations, such as mobile mechanics, recreation vehicle owners, and tire repair crews, the Batt Pack can also be charged with a vehicle battery. The Company anticipates varied target markets for Batt Packs from mining operations to construction rentals.

When launched, the Batt Pack was one of the only fuel-free power packs available on the market. Although many overseas competitors have since emerged, the Company believes that the Batt Packs have a competitive edge. In terms of power, the Batt Packs' smallest units generate 3,000 W, compared to the general industry average outputs of 1,000 W – 1,500 W.[1] Additionally, the Batt Packs have an anticipated lifespan of 10 to 20 years, depending on usage level, and are designed to require no maintenance. Furthermore, in terms of safety, the Company believes that the battery chemistry of Batt Packs, which utilize lithium iron phosphate ("**LiFePO4**"), are safer compared to power packs using lithium nickel manganese cobalt ("**NMC**") oxide batteries. The Company conducted tests to evaluate their puncture and over-charge capability and found that the LiFePO4 battery has a lower thermal runaway temperature (the threshold temperature at which increased thermal runaway, a process whereby increased temperature causes further increases in temperature, will occur). Specific testing to validate these findings were made by penetrating cells causing them to fail catastrophically.[2] A lower thermal runaway temperature reduces the risk of the battery entering thermal runaway, and if it does, there is a longer period of time for the battery to release its energy, therefore resulting in less explosive reactions if punctured.
Batt Packs are built to operate in almost all-weather conditions for 365-day operation and are designed to be both reliable and convenient for use outdoors, such as at job sites or as cottage dock power.

Residential Solar: Power Tower

The "**Power Tower**" is a line of products that convert solar energy into usable electrical energy. These products were designed in collaboration with solar power installers. The Power Tower has a maximum power output of 6,000 W and can charge up to 3,500 W of solar energy. The Power Tower was designed to handle a large bank of batteries and specifically can accommodate up to 24 modules of the Company's PT5 and P14 batteries.

[1] See, e.g. https://simpliphipower.com/product/big-genny/
https://ca.jackery.com/products/explorer-500w-portable-power-station
https://www.mightymaxbattery.com/shop/lifepo4/12v-100ah-lithium-replacement-battery-for-off-grid-rv-solar-system/

[2] Evaluation of the Thermal Impact from Battery Packs from Electric Vehicles in Underground Mining Environment by Daniel Marques De Almeida (2019) (Sudbury, Ontario).

The Power Tower is designed to be simple and reliable for consumers to use, and the Company believes that it is easier to install compared to competing products on the market. On average, the Power Tower takes three hours to install, whereas competing products generally require a longer installation time because the competing products do not come pre-wired. The Company's Head of Franchising has installed inverters from competing companies and has assisted in designing a product that is pre-wired to reduce installation time. This reduction in installation time enables the Company to complete more installations per season with less customer training. Additionally, the Power Tower units come in one box, fully wired and complete with all that is needed for installation. The "plug and play" nature of the system is advantageous for professional installers and for homeowners who want to self-install. In the event of a power outage from the grid, the Power Tower automatically switches to battery power, providing a silent, fuel-free backup power. The system can also be used as a straight backup system without any solar input.

From left to right foreground: PT14 Lithium Battery, Power Tower All-in-One Inverter, PT5 Lithium Battery. Canadian Solar solar panel (non- HPS products) is pictured behind for effect.

The Power Tower series of products also contains the Company's PT5 and PT14 LiPePO4 batteries. These batteries are designed to be scalable based on consumer need, and they are compatible with other solar inverters on the market. The Company believes that LiPePO4 batteries are the safest battery chemistry available on the market[3] and have a much longer lifespan than lead acid batteries. The LiPePO4 batteries can last for up to 3,000 to 10,000 charge and discharge cycles, while other batteries, such as MNC and lead acid batteries, have shorter lifespans with only 1,200 (for MNC) and 300 (for lead acid) cycles, respectively.[4]

The Power Tower product line also includes the PT batteries series, which has seen commercial success The Company offers two different models, the PT5 and the PT14, which offer 5 kWh and 14 kWh of energy respectively. These 48V LiFePO4 batteries have a built-in heating system, allowing them to operate in temperatures as low as -30°C and to be stored at temperatures as low as -40°C. The PT5 and PT14 batteries represent approximately 25-35% of the Company's total yearly revenue, which revenue has increased year-over-year.

Solar Installation Franchises

HPS Solar, the Company's subsidiary, launched a franchise network of solar power installers in Canada in

[3] Evaluation of the Thermal Impact from Battery Packs from Electric Vehicles in Underground Mining Environment by Daniel Marques De Almeida (2019) (Sudbury, Ontario)
[4] Based on manufacturer specifications, specifically Mighty Max (Lead Acid) and Jackery (MNC).

March 2022. The solar installation franchise division of the Company's business is currently operational, however, this division represents less than 1% of the Company's revenues. The purpose of the solar installation division of business is to encourage the sale of more of the Company's products and to offer customers a seamless installation and maintenance experience. The Company collects an initial franchising fee from each franchisee, and then a royalty fee on each solar unit sold. The Company has four solar power installation franchisees as of the date of this Prospectus, with a goal of having a total of 10 franchises within the 12 months following the Listing Date. However there is no guarantee that the Company will meet this goal. The Company intends to expand into the United States following the Listing Date, with the goal of acquiring two franchisees in the United States by fourth quarter of 2023. However, there is no guarantee that the Company will meet this goal. The Company has an onboarding and support process for its franchisees including upfront and ongoing training, centralized customer support, and product and service warranties. The Company also provides franchisees marketing and advertising and further provides flexible financing options to customers of the franchisees. The Company's franchise business is in its early stages and the Company does not have sufficient financial history related to this line of business. See *"Risk Factors"* for more information.

Custom OEM Solutions

The Company also offers OEM services, through which it designs and manufactures custom, commercial-scaled systems such as containerized solutions and energy storage system ("**ESS**") microgrid custom solutions (offering 300 kWh to 6 mWh of power). This is done for other manufacturers, including a battery system developed for a third party's unmanned military ground vehicle. Under these OEM services, the Company is the OEM, assisting with research and development, prototyping and production on licensed projects for these other manufacturers. As of the date of this Prospectus, the Company's OEM services represent less than 1% of the Company's revenues.

Customers and Suppliers

The Company does not currently have fixed or long-term contracts, either with its suppliers or customers. The Company's major customers purchase inventory as they require for their businesses. The Company's major customers, which represent 54% of the Company's total customers, are all industrial and are geographically located in North America (95% in Canada and 5% in the United States). 84% of the Company's major customers are purchasing power products and 16% are purchasing solar products.

Similarly, the Company purchases materials from its suppliers on an on-demand basis. The Company's major suppliers are located globally, specifically, 23% are in Canada, 43% in the United States and 21% from other countries. 77% of the major suppliers supply power products and 23% supply solar products.

Regulatory Framework

The Company ensures that all of its products, both portable and residential, comply with applicable compliance standards. HPS complies with Underwriters Laboratories Inc. ("**UL**") (a global safety science company headquartered in Illinois) standards, and if a product does not comply with UL standards, HPS ensures that their products are inspected by the Electrical Safety Authority ("**ESA**"), an electrical safety organization in Ontario, to meet the Canadian Standard Association ("**CSA**") standards. Leading in development and in testing standards, inspection and certification around the world, "the CSA Group is a global organization dedicated to safety, social good and sustainability."[5]

[5] https://www.csagroup.org/about-csa-group/

The Company's portable products, including the Batt Pack Energy, Batt Pack Pro, and Batt Pack Jupiter, are ESA-inspected to the CSA standard, although currently, these products are unregulated and do not have regulatory requirements they must meet to be sold to consumers. The Company intends to comply with any new UL standards that may be developed in the future.

The Company's residential solar products are ESA-inspected to the CSA standard upon installation. The Power Towers follow the UL standard 1741, a standard for safety inverters, convertors, controllers and interconnection System Equipment for Use With Distributed Energy Resources.[6]

Not all of the Company's products are subject to the same regulations, as UL standards do not exist for each product. The Company complies with all industry standards available to each product and all products are ESA-inspected to the CSA standards. In the Company's opinion, for those products for which there are not UL standards, as well as for products that have a smaller volume of production or undergo frequent design changes, the industry practice is an ESA inspection to the meet the CSA standards.

Marketing Plan

Market Trends and Characteristics

The Company's portable products target multiple market segments. The Company's primary target market is the portable generator market which is expected to grow from USD4.4 billion in 2022 to USD15.1 billion by 2027, at a CAGR of 27.9%.[7] The portable generator market can be divided into the consumer backup power, construction, railway, oil and gas and military market segments. The Company's portable products also target emergency backup power customers looking for something easy and portable that can be stored in their homes and be used quickly when required. This growing market has little historical data but addresses a growing need for emergency preparedness throughout the world.

While some market segments saw a decrease in growth over 2021, the residential solar segment saw growth in the market. [8] Residential solar installations in the U.S. grew by 40% over 2021, the highest level of annual growth since 2015.[8] The Company believes that the residential solar market is underserved and in need of innovation. Solar accounted for 50% of all new electricity-generating capacity added to the U.S. grid in 2022, the fourth consecutive year that solar was the top technology for new additions.[8]

In addition to increased government investment, the energy market is also experiencing a shift to consumer energy independence. The Company believes that consumers are demanding services that provide them with financial payback or savings in addition to the benefits of a backup power system. The Company's residential solar products, which are shipped with battery backup allowing for customers to both produce and store power, are aimed to allow purchasers to run their entire household "off-grid" when the power grid is down. With the rise in climate-induced emergencies, the Company anticipates the increasing popularity of power systems which allow unlimited usage unaffected by fuel shortages and electrical outages.

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[6]Grid Supporting Functions / UL 1741 SA - Outback Power Inc," accessed September 7, 2022, https://outbackpower.com/downloads/documents/grid_support/outback_082017_SA_Grid_Supporting_Functions_summary.pdf.

[7] https://www.marketsandmarkets.com/Market-Reports/battery-energy-storage-system-market-112809494.html

[8] https://www.seia.org/research-resources/solar-market-insight-report-2022-year-review

Market Needs

Mobile Power Products

The Company believes that customers interested in portable power products value mobile power that is easy to use and maintain. Each specific consumer market has different needs but most can be met with a properly configured line of products. The Company believes that customers are generally looking for the power and portability of gas generators with the advantages of all-electric systems, namely, fume-free and quiet power products that can be used indoors with little to no operating or maintenance costs. Customers also expect a high-power output to weight ratio and run times that can meet their varied needs. A construction crew may need an entire shift's worth of energy (8 to 12 hours of heavy usage), while a household may need backup power to run small appliances for two to three days with the option for solar charging assistance. Solar charging allows the Company's power products to operate continuously while their alternator charging capability allows for rapid mobile recharging off-grid, using vehicles such as trucks, RVs, or boats. The Company's cold weather automatic heating system allows for operation in almost any climate, whereas traditional lithium batteries do not allow for charging at temperatures below freezing. The cold weather heating systems measure temperature in segments of the systems deemed to be most likely to reach hot and cold extremes. Using this data, the heating system can be engaged to warm up the battery cells to a temperature surpassing the minimum temperature requirements for the specific battery chemistry. The warming process can be achieved through resistive heating or through more advanced methods currently under development.

Residential Solar Market

Residential solar consumers are looking for easy-to-use power systems that can serve as backup power systems and reduce their overall power costs. The Company understands its target customers as looking for effective and attractive products that are simple to understand, responsive to their needs, and have plain language instructions. The Company anticipates that climate change will result in a growing demand for solar power, as customers seek energy independence. Solar power products provide customers with a means to lower their utility bills and be better equipped for emergencies without relying on grid power. The rising interest in emergency preparedness and solar power has led to a need for a unified approach to the purchase and installation of solar power systems that is standardized and harmonious. In other words, the Company believes that there is a need for a consistent and organized way for customers to purchase and install solar power systems, which will make the process easier and more accessible to the general public.

The solar-energy market accounted for 50% of all new electricity generating capacity in the US in 2022.[9] As the solar-energy market is growing year-over-year it is the Company's belief that it has designed a product that will allow it to be competitive in the market. In addition, there is a forecast that there will be a 7.0% growth for the residential solar market in 2023 and it is expected to quadruple in size over the next decade.[12] In Canada, solar energy grew 25.9% in 2022, specifically in Alberta, which accounts for almost all of the solar energy growth.[12] The Company believes that, based on the discussed market projections, that there is opportunity to increase its solar installation franchisee business**.**

Additionally, the solar market has seen a rise in government programs to either eliminate fossil fuel use or incentivize renewable energy in the commercial and residential sector. For example, as at the date of this Prospectus, the Canadian government offers grants for up to $5,000 to offset costs of eligible residential renewable energy installations.[10] The Canadian government is also providing a contribution of up to $600

[9] https://www.seia.org/research-resources/solar-market-insight-report-2022-year-review
[10] https://www.seia.org/research-resources/solar-market-insight-report-2022-year-review

towards the cost of pre-and post-retrofit EnerGuide Evaluations.[13] Lastly, the Canadian government is providing individuals access, in certain circumstances, to interest-free loans of up to $40,000 with a repayment term of 10 years, to encourage residential retrofits to renewable energy sources.[13]

Production and Services

Product Production

Production of all HPS products starts with a baseline module composed of raw cells. These modules include all necessary wiring, temperature probes and sensors to allow for safe operation. Once the module is assembled and/or welded, the necessary control circuits are added, along with a battery management system. The battery management system maintains the proper safety limitations and ensures continued performance, long term cell balancing, and other functional tasks. Depending on the product, additional inverter, chargers, solar charges and other converters are added to complete the final product.

Franchise Solar Installation

To ascertain the peak and average electricity usage for each client, franchise solar installers review the client's electrical bills or a list of home appliances. From there, the installer can size a solar array, with an inverter and the necessary battery storage, to provide backup power or full off-grid operation, depending on the client's needs. Once the client obtains necessary permits, the installer will then install the HPS products.

Sales and Distribution Plan

The Company intends to implement a multi-faceted strategy to support and drive growth across the Company's various product and service categories.

Business-to-Business Sales Strategy

The Company currently employs four sales representatives to support the sales and growth of HPS products across various regions and categories.

Three of the Company's sales representatives are focused on industrial and commercial clients in sectors such as mining, railway, transit and construction. The sales team also supports with finding and onboarding new distributors to sell the Company's products.

One of the Company's sales representatives is focused primarily on finding and onboarding franchises in Canada, specifically within Ontario and British Columbia.

The sales strategy for 2023 is to establish the Company's presence in Canada as a national residential installer and to continue to grow its market share of portable power packs in the US, primarily through California given the State of California's new ban on gasoline and diesel generators.[11] Growing franchise representation in Canada is a key part of growing the Company's brand presence in Canada as each new franchise opening is supported by a localized marketing campaign. Marketing represents the Company's main tool for increasing sales in Canada while the sales team will spearhead the expansion in the U.S. market. This creates a significant opportunity as the Company believes that its product is one of few that can serve both the commercial and industrial market as well as the household consumer market.

The Company has recently hired a dedicated digital marketing manager to manage paid advertising initiatives and the Company's e-mail marketing strategy. This individual will be responsible for creating

[11] https://powerpalusa.com/blogs/news/its-official-gas-powered-generators-ban-passes-in-california.

and managing advertisement campaigns to generate install leads for HPS Solar's franchise installers. This individual will also be responsible for developing advertisement campaigns for four key strategies : (i) promoting HPS' portable power pack line of products; (ii) promoting the education arm of the Company's business in the form of in-person and online courses, including resources; (iii) generating interest and leads for new franchise regions; and (iv) general brand awareness campaigns.

The Company is also planning to hire a social media manager to help manage its social media channels and drive organic growth in its community. The Company is pairing the above with an aggressive content creation strategy. The Company plans to work with a copywriter to assist in crafting its e-mail marketing campaigns, create bi-weekly blog post content, and ad-hoc downloadable resources. For the digital graphics side of content creation, the Company will be working with a range of creative individuals to help increase its content library and continue to hone in on its brand voice and image. This will be a mix of hired photographers, partner content creators, and agencies.

Franchise Strategy

To reach new franchisees, the Company has a dedicated sales representative focused on finding and qualifying potential candidates. The Company is also partnering up with trade-specific digital and print platforms to promote the opportunity in a variety of ways (webinars, dedicated e-mail blasts, sponsored articles and editorials) and plans to engage a public relation agency to execute a public relations strategy to obtain earned media coverage to improve brand recognition and promote the franchise opportunity. One of the biggest challenges the Company currently faces with franchising is a lack of brand awareness. The Company plans on hiring a public relations agency to assist the Company in gaining earned media coverage. The Company aims to improve its brand visibility as well as provide credibility on the website/marketing collateral in the form of 'as seen in' marketing. The Company intends to engage a public relations agency within four months of the IPO to assist with the Company's vision out of the Marketing and Outreach allotment of the use of proceeds and has allocated approximately $15,000 to this initiative.

Direct-to-Consumer Sales and Website

Currently, the Company sells direct-to-consumer through its website (www.hybridps.ca) and via phone and e-mail client inquiries. The Company is planning a website refresh to reflect the changes that the business is undergoing and to offer a more comprehensive and educational user experience.

The Company will be working with eCommerce Canada through the Canada Digital Adoption Program to develop a plan for the website and its digital strategy. The plan will cover all aspects of the website and user experience, as well as digital marketing efforts, including paid advertising on social media platforms and search engines. The Company intends to combine paid advertising for lead generation with an aggressive written and video content strategy to improve search engine optimization and brand awareness.

The Company has completed phase-one of its website launch, including updating the functionality and navigation of the website, updating product information, adding additional comparisons, and increasing overall user experience, and will begin to focus on phase-two shortly. Phase-two will include the development of the Company's extended warranty program, the education arm (in person/online course hub), launch of the resource center (guides, tutorials, etc.) and the implementation of the wholesale website portal. This is a phased approach that the Company aims to complete by the end of December 2023.

The Company has also hired a full-time in-house customer care representative who is responsible for managing all phone, general e-mail and live web chat communication.

Approximately 75% of the Company's total sales for the two most recently completed financial years were attributable to portable power packs and solar and off grid packages.

Video Content

The Company's digital marketing plan for 2023 places a strong focus on video content. The Company intends to create a library of original content focused on education and transparency. Each of the Company's products will have a "product spotlight" video, as well as comparison videos to help customers determine which product is best for them. The Company will also be launching their "pro series", which will include videos specifically for distributors and installers, including troubleshooting and installation guides. For the general public, the Company also intends to launch a series of educational videos on battery and solar basics and intends to host a series of live webinars on a bi-monthly or quarterly basis. All video content produced will be primarily distributed on YouTube, with the intent to repost that content to other platforms as well, such as LinkedIn and the Company's website.

The Company has engaged a consulting firm to create three months of content creation as a trial period in consideration for up to $21,000. The content will include long-form video content for YouTube, short-form video content for YouTube, Instagram, and TikTok, raw video content for website and future use, and photography for the website and social media.

While there currently exists at least one video on YouTube, with over 2,000,000 views, in which a content creator presented a favourable review of an older model of the Batt Pack (without being sponsored by the Company), the Company seeks to partner with several content creators and influencers to secure a mix of reviews, brand promotion and content creation. At this time, the Company has secured a partnership with a YouTuber to review its new Batt Pack Pro.

Key Competitors

Portable Power Products

The portable power space is largely supplied by Chinese "cost leader" products, some of which are rebranded and sold by American and European companies. These products typically use lower quality cells, such as cells in MNC and lead acid batteries, that offer fewer charging cycles. These products are geared toward consumers with intermittent usage patterns primarily in the outdoor adventure space and backup power space. Competing products include Goal Zero, Jackery, Eco Flow, Delta Power, and Milwaukee. Jackery brand products, for example, operate with 1,500W of power, cannot operate in less than -10C, and have 1000 battery cycles.[12]

Whereas the Company's competitors are primarily focused on portable power for residential use, the Company is focused on creating products for commercial clients. While the Company is competing with companies that have greater resources, a larger marketing budget, connections and distributions, and a well-established name, HPS's portal power products are "pro" grade designed to be used with large tools and equipment, rather than use in the residential space. HPS considers Goal Zero, established in 2009, to be its greatest competitor, in the portable power products market, as it most closely aligns with HPS's primary business objectives. As Goal Zero has an established name in the portable energy space, it is the closest competitor to HPS's products; however, it does not have the same outdoor rating that HPS has, nor does it have the same charging capacity for commercial sites.[13] The Company's portable power products have an

[12] https://www.jackery.com/products/solar-generator-1500-pro.
[13] https://www.goalzero.com/collections/portable-power-stations.

ingress protection rating of IP44, as part of the IP Code published by the International Electrotechnical Commission, meaning that the products are suitable for outdoor use. When comparing other fuel-free solar generators, it is the Company's belief that the Goal Zero Yeti 6000x is the most comparable to HPS' BattPack Pro. While the Company has compared the BattPack Pro to the Goal Zero Yeti 6000x in the below table, the Goal Zero Yeti 6000x is the most similar competitor, in the Company's opinion, to any of the Company's fuel-free solar generators, because they have similar energy storage capacity and customers often ask how the Company's products compare to them.

	Goal Zero Yeti 6000x	**Batt Pack Pro**
Vehicle Charging Power (W)	160	750
Grid Charging Power(W)	600(1)	1000
Solar Charging Power (W)	600(1)	5500
Power (W)	2,000	5,000
Surge (W)	3,500	10,000
Energy (Wh)	6,000	5,000
Cycles	500	3,500
Water Resistant	No	Yes
Operating Temperature	0ºC to 40 ºC	-30ºC to 45 ºC
Charging Temperature	0ºC to 40 ºC	-30ºC to 45 ºC
Battery Chemistry	NMC	LiFePo4
Made In	China	Canada

Note:
(1) Grid and Solar charging power cannot be used at the same time, this solar generator will only be able to draw power from one source at a time.

Residential Solar Products

The residential solar market in Canada is primarily driven by small installation companies (one to five employees) using a variety of manufacturers for their solar installs. The U.S. market is also dominated by smaller installation firms with some notably larger players such as Sunrun, Titan Solar Power and Freedom Forever. The key manufacturers of solar components are Outback Solar, Magnum, Schneider, Simpliphi, Discover Solar and Tesla. No company offers a manufacturer-to-customer turnkey solution. The Company believes that it offers a manufacturer-to-customer turnkey solution in Canada with greater quality, features and compatibility than most of what is currently available in the market.

HPS' current inverter product has all of the components pre-wired in the box that is delivered to the customer, whereas other competing inverter companies have multiple boxes with items that require wiring once received by the customer. HPS aimed to make a product that could be pulled out of the box and assembled by the customer or installer with ease.

The current disadvantage of the Power Tower product is that it only comes in one size, which may not fit the needs of certain customers; however, the PT4 and PT15 batteries are compatible with the majority of inverters on the market. As the Company is primarily an energy storage power company, HPS works with other inverter companies, who can use the Company's PT battery line for their inverter products. Additionally, the PT battery series are currently not outdoor graded. The Company is currently working on upgrading its PT battery series to be outdoor graded. As this development is already underway, the Company does not anticipate using the proceeds of the Offering towards this development.

Simpliphi, which was established in 2002, has built a significant presence in the U.S. with their tenure in the residential solar product space. Simpliphi offers batteries, inverters, and power storage products. Simpliphi has greater resources, vast market presence, greater production and distribution capabilities, stronger brand recognition and greater marketing resources than the Company. There is no guarantee that the Company will be able to compete with more established competitors such as Simpliphi. A differentiating factor between the Company and Simpliphi is that the Company offers inverters, solar panels and installation from its franchise network offering as a complete package to the customer.

Custom OEM Solutions

The Company's largest competitor for OEM services is Custom Power. Custom Power is a premier, customer battery back and battery management circuity designer and manufacturer, specializing in complex medical, aerospace, defense, and industrial applications.[14] Custom Power was founded in 1965 and began designing OEM batteries in 1995. The Company cannot guarantee that it can compete with Custom Power as they may have greater resources, a greater market presence and great production and distribution capabilities. The Company sees Custom Power as a competitor as they have been in the market longer than the Company and have a greater market experience.

Specialized Skills and Knowledge

The nature of the Company's business requires specialized skills and knowledge, including expertise in solar energy product manufacturing and production, engineering, sales and marketing, and finance, operations, design and content creation. Increased competition for engineer and technology personnel may make it more difficult to hire and retain competent employees, independent contractors and consultants and may affect the Company's ability to grow at the pace it desires. However, the Company does not currently anticipate any significant difficulties in locating and retaining appropriate personnel that possess the skill and knowledge required to carry on its business.

Pricing Strategy

The Company's products are priced as a premium product, and as such, the Company's does not wish to compete as a cost leader. Rather, the Company's focus is on the quality of its products. The Company aim to produce and manufacture premium high-performance products which are priced accordingly in the market. The Company sources the battery cells and inverters necessary for the manufacturing of the Company's product internationally, which can have different lead times. However, the Company operates in a volatile market, and lead times, sourcing, pricing and availability is subject to unexpected change.. See *"Risk Factors"* for more information.

Intangible Properties

The Company's goal is to obtain, maintain, and enforce patent rights for its products, processes, methods of use and other proprietary technologies, preserve its trade secrets, and operate without infringing on the proprietary rights of other parties.

Registered Trademarks

The Company has registered the following trademarks:

Jurisdiction	Trademark	Registration Number	Registration Date	Status
Canada	BATT PACK	TMA1,031,179	June 25, 2019	Registered
Canada	POWERPROTECT	2,191,708	June 14, 2020	Registered

[14] https://www.custompower.com/about-us/

The term of a registered trademark in Canada is ten years from the date of registration. A Canadian trademark registration may be renewed for periods of ten years so long as the trademark is in use in commerce. An application for renewal must be filed within six months before the expiration date of the registration or within the six-month grace period after the expiration date of the registration.

Trademark Applications

The Company has filed the following trademark applications:

Jurisdiction	Trademark	Application Number	Filing Date	Status
Canada	HYBRID POWER	2,167,722	February 18, 2022	Awaiting Examination
Canada	HPS SOLAR	2,168,057	February 22, 2022	Awaiting Examination
Canada	HYBRID POWER SOLUTIONS	2,169,603	March 1, 2022	Awaiting Examination
Canada	POWER TOWER	2,039,539	July 14, 2020	Awaiting Advertisement
United States	HYBRID POWER	97/554,379	August 18, 2022	Awaiting Examination
United States	HPS SOLAR	97/555,674	August 19, 2022	Awaiting Examination
United States	POWERPROTECT	97/574,955	September 1, 2022	Awaiting Examination
United States	POWER TOWER	97/481,982	June 29, 2022	Awaiting Examination

The trademarking process can take up to twenty-four (24) months to complete and can be challenged during the process. At this time, the Company is unable to confirm whether the trademarks it has applied for will be approved, refused, and/or ultimately registered.

Patent Applications

The Company has filed three patent applications as of the date of this Prospectus, as detailed below:

Name	Type of Patent	Application Number	Filing Date	Status	Name of Inventor
Battery Pack and Method of Operation Therefor	Non-provisional, utility	CA 3039270	October 3, 2017	Examination Requested	Francois Renaud-Byrne
Intelligent Battery System and Method of Operation	Non-provisional, utility	42769725	May 19, 2021	Pending	Francois Renaud-Byrne, Michael Pinosa, Xiongyi Cui
A Portable Power System and Use Thereof	Provisional, technology	63423579	November 8, 2022	Pending	Francois Renaud-Byrne, Michael Pinosa, Xiongyi Cui

The first patent is for a battery pack that includes a battery, at least one sensor configured to read battery operation data, an external connection port, and a battery management system. The battery management system is coupled to the external and stores machine-executable instructions that, when executed, cause the battery management system to communicate battery operation data collected from the battery to an external load.

The second patent application is for a modulate battery system. The Company filed this patent in May 2021. This is a 48V (direct current) scalable battery system to be used as an energy source. Multiple batteries can be connected together to create a large energy storage system for any application. The batteries are able to communicate together to allow for multiple to be used at once. The expected timeline for a patent grant is two years from filing, and as such, the Company expects this patent to be granted in 2023, however, the actual grant date is subject to factors outside of the Company's control.

The third patent application is for Batt Pack Energy, a portable alternating current power source utilizing a battery as energy storage to replace traditional diesel and gas generators. The system was made to withstand harsh conditions to also be used in industrial applications. The Company filed this patent application as a provisional patent application in November 2022. A provisional patent acts as a placeholder patent for an idea for a 12-month period. During the provisional patent period, the inventors further develop and market test their idea. At the expiry of the 12-month period, the Company intends to file a non-provisional patent application in order to retain the November 2022 date as the beginning of the period of patent protection.

The Company will seek to obtain, where appropriate, the broadest intellectual property protection possible for its product candidates, proprietary information and proprietary technologies through patents. Even patent protection, however, may not always afford the Company with complete protection against competitors who seek to circumvent any patents the Company obtains. If the Company fails to adequately protect or enforce its intellectual property rights or secure rights to patents of others, the value of its intellectual property rights would diminish.

Lease Agreement

The Company has entered into a lease agreement dated April 6, 2023, with Francois Renaud-Byrne as landlord (the "**Lease**"), pursuant to which the Company agreed to rent 2.4 acres of land in Northern Ontario for a term of 10 years, at a rate of $28,800 per year, increasing 3.5% annually. Under the Lease, the Company has the right to construct a new facility (the "**New Facility**") which will serve as a distribution center as well as a training facility for the Company and its subsidiary (see "*Changes Expected to Occur During the 12 Months after Listing – Canadian Training Facility"*). Mr. Byrne is a director and officer of the Company and declared his interest in the Lease and abstained from voting on the approval of the Lease.

Economic Dependence

There are no contracts upon which the Company's business is substantially dependent.

Changes to Contracts

There are no contracts that are reasonably expected to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts.

Environmental Protection

The Company does not expect financial and operational effects or effects on capital expenditures due to environmental protection requirements other than abiding to best practices that are standard for technology companies. The Company has no need at this time to implement social or environmental policies that are fundamental to its operations.

Employees

The Company currently has approximately 24 employees and 4 contractors.

Changes Expected to Occur During the 12 Months after Listing

Canadian Training Facility

The Company aims to open the New Facility in Northern Ontario which will serve as a distribution center as well as a training facility for the Company and its subsidiary. For the construction of the New Facility, the Company was quoted a total cost of $1,000,000 by an arm's length construction company. This cost includes all equipment, tools, excavation benching, and labor. The Company has secured an aggregate amount of $750,000 worth of financing in order to fund the construction of the New Facility through a $300,000 mortgage, a $250,000 loan and a $200,000 grant. The Company anticipates that the remaining $250,000 of the estimated $1,000,000 in construction costs will be allocated from the proceeds of the Offering. Once the New Facility is operational, the Company intends to increase the amount of testing equipment and purchase new automation technology to improve the efficiency of the production process. With the current progress, management of the Company notes that the Company is on track for completion of the New Facility by October 2023 barring any significant delays. In June 2023, the Company is aiming to have 5,000 tons of fill poured and stamped down, after which concrete will be poured for two weeks. The New Facility building has been prefabricated and is currently on site, awaiting fill and concrete pour. Management of the Company anticipates that construction of the New Facility building will take about two weeks once concrete is poured and set.

The Company currently has a limited capacity for testing products which is a bottleneck for the manufacturing process and slows down the distribution. The process of testing a battery with testing equipment takes approximately 48 to 72 hours. Currently, the Company can test four batteries at the same time, allowing for a range of approximately 45 to 60 batteries to be tested each month. By investing in new testing equipment, the Company anticipates being able to test 8 batteries (in the case of the Minimum Offering) or 16 batteries (in the case of the Maximum Offering) at the same time, which would allow the Company to increase its current testing capacity from 45 batteries to up to 240 batteries a month. If the Company completes the Maximum Offering, the Company anticipates quadrupling the number of batteries that it is able to test, which would subsequently increase the amount of inventory available to the Company to sell on a monthly basis. By increasing testing equipment, the Company will increase the number of products that can be tested concurrently and decrease the turnaround time for the customer.

The Company also intends to increase productivity and efficiency by investing in new automation equipment that will allow the Company to shift from made-to-order building to a larger inventory which will decrease lead time for customers. The Company is considering three models of automation rigs to potentially acquire, however it will only be looking at investing in one at this time. The Company is looking into (i) a computer numerical control machine (a program that will cut steel and materials and machine that removes material); (ii) a sheet metal laser cutter; and (iii) cell welder/ welding machine. By automating production and increasing efficiency, the Company expects to increase its production capacity, reduce costs, and remain competitive in the market.

US Market Expansion

The Company intends to secure a warehouse in the United States to serve as a distribution center for its products in the United States. By establishing a warehouse in the United States, the Company anticipates improving its overall competitiveness in the U.S. market. Once the Company has secured a distribution center, it intends to launch two portable power products in the United States. To ensure efficient distribution of their products, the Company further intends to engage five distributors across the United States. These distributors will be responsible for introducing the products to different regions and helping the Company to reach a wider market.

Product Development

The Company's product development strategy focuses on creating innovative solutions that have not yet been achieved in the market. The Company's experienced engineering and product team are constantly exploring new technologies and materials to improve the user experience, performance, and reliability of the Company's portable power products and residential solar systems. Some examples are satellite communication, GPS locating and remote troubleshooting both for consumers and commercial fleet managers. The Company is currently in product development of new products that will enhance the existing product line and expand HPS's market reach. The Company's primary product development is centered around decreasing the customers installation time of its products, increasing versatility of their product line and introducing an updated version of its cloud-based monitoring system to allow customers to monitor their products from anywhere in the world using a web app.

The Company intends to develop a new solar panel that addresses several key challenges facing the solar energy industry and intends to use a portion of the use of proceeds to research and develop this new product. The Company is working on developing a solar panel product that will have less installation materials and minimal solar mechanical racking required. Less materials to install will lead to decreased installation time as compared to the Company's competitor products as well as other products in the Company's current production line. The Company has dedicated $90,000 toward the product development of the new solar panels.

The updated web app will show input sources, energy output load, power from the grid, state of the product's charge, temperature data, and whether there are any faults. The development process involves extensive research, prototyping and testing to ensure that the products meet or exceed customer expectations and experience. By investing in product development, the Company aims to be at the forefront of technological innovation in its sector and maintain its competitive edge. The Company intends to use $10,000 of the proceeds of the Offering to complete the updated web app.

USE OF PROCEEDS

Funds Available

Upon completion of the Offering, the Company expects to receive gross proceeds of $3,000,000 in the case of the Minimum Offering and $5,000,000 in the case of the Maximum Offering (assuming no exercise of the Over-Allotment Option). The estimated net proceeds of the Offering, after deducting the balance of the Corporate Finance Fee payable, the Agent's Commission and payment of the remaining costs of the Offering, assuming no President's List Purchasers (estimated to be $437,250 for the Minimum Offering and $597,250 for the Maximum Offering), are $2,562,750 in the case of the Minimum Offering and $4,402,750 in the case of the Maximum Offering. Estimated expenses of the Offering are set out in the table below.

The proceeds of the Offering will be combined with the Company's working capital of approximately $47,069 as at July 31, 2023 and net proceeds from the offering of Secured Debentures of approximately $500,000.

Source of Funds	**Available Funds**	
	Minimum Offering	**Maximum Offering**
Gross proceeds from the Offering	$3,000,000[(1)]	$5,000,000[(1)]
Less: Agent's Commission	$240,000	$400,000
Less: Corporate finance fee payable, including GST	$47,250	$47,250
Less: Remaining Costs and Expenses of Offering[(2)]	$150,000	$150,000
Net Proceeds	$2,562,750	$4,402,750
Working capital of the Issuer as at July 31, 2023[(3)]	$47,069	$47,069
Net proceeds from the offering of Secured Debentures	$500,000	$500,000
Total available funds:	**$3,109,819[(4)]**	**$4,949,819[(4)]**

Notes:

(1) This excludes the proceeds to the Company from the issuance of Additional Units that may be issued upon the exercise of the Over-Allotment Option.

(2) This amount, amongst other items, includes Agent's expenses including legal expenses and out of pocket reasonable expenses.

(3) Includes available cash of $Nil. The working capital figure is reduced from the February 28, 2023 interim financial statements as convertible debt was included in the February 28, 2023 working capital figure as a current liability. In anticipation of the Listing Date, the July 31, 2023 working capital figure excludes convertible debt, which will be converted to equity on the Listing Date. Additionally, between February 28, 2023, and June 30, 2023, the Company repaid its outstanding credit card balances from revenue funds,

(4) This figure represents the estimated net proceeds of the Offering (assuming no exercise of the Over-Allotment Option and assuming no President's List Purchasers) after payment of the Agent's Commission, Corporate Finance Fee and the estimated expenses of the Offering. In the event that the Over-Allotment Option is exercised, the Company intends to use the additional proceeds for working capital.

If the Over-Allotment Option is exercised in full (and assuming no President's List Purchasers), the Company will receive additional net proceeds of $690,000, after deducting the Agent's Commission, but before deducting the other expenses of the Offering. Should the Over-Allotment Option be exercised, the additional funds will be added to the unallocated working capital.

Principal Purposes

The principal purposes for which the funds available to the Company upon completion of the Minimum Offering and Maximum Offering will be used as follows:

Principal Purposes	**Amount**	
	Minimum Offering	**Maximum Offering**
U.S. Market Expansion	$300,000(1)	$830,000(2)
Marketing and Outreach	$600,000(3)	$1,436,376(4)
Facility Expansion and Automation	$250,000(5)(6)	$470,000(5)(7)
Research and Development	Nil	$250,000(8)
General Administrative Expenses	$1,285,016(9)	$1,285,016(9)
Repayment of Secured Debentures	$594,444(10)	$594,444(10)
Unallocated working capital	$80,359	$83,982
TOTAL:	**$3,109,819**	**$4,949,819**

__**Notes:**__

(1) U.S. Market Expansion expenses in the event of the Minimum Offering include: (i) $40,000 for establishing a U.S.-based warehouse; (ii) $130,000 for salaries of sales staff (iii) $30,000 for establishing relationships with distributors; and (iv) $100,000 for launching products in the U.S. market.

(2) U.S. Market Expansion expenses in the event of the Maximum Offering include: (i) $40,000 for establishing a U.S.-based warehouse; (ii) $360,000 for salaries of sales staff (iii) $30,000 for establishing relationships with distributors; and (iv) $400,000 for launching products in the U.S. market.

(3) Marketing and Outreach expenses in the event of the Minimum Offering include (i) $500,000 for investor and stock promotion; and (ii) $100,000 for branding development.

(4) Marketing and Outreach expenses in the event of the Maximum Offering include: (i) $886,376 for investor and stock promotion; and (ii) $500,000 for branding development; and (iii) $50,000 for exhibiting at U.S. based tradeshows.

(5) A portion of this cost is expected to be covered by the Northern Ontario Heritage Fund Corporation (NOHFC) as loan/grant, which the Company anticipates to be $250,000 in the form of a loan and a $200,000 grant.

(6) Facility Expansion and Automation expenses in the event of the Minimum Offering include: (i) $250,000 for completion of the New Facility.

(7) Facility Expansion and Automation expenses in the event of the Maximum Offering include: (i) $250,000 for completion of the New Facility; (ii) $120,000 for testing equipment; and (iii) $100,000 for production facilities buildout.

(8) Research and Development expenses will only be incurred if the Company reaches the Maximum Offering and it will not seek certification of the Batt Pack if the Maximum Offering is not met. If the Maximum Offering is reached, Research and Development expenses will include: (i) $100,000 for development of solar panel product; and (ii) $150,000 for Batt Pack certifications.

(9) General administrative expenses consist of advertising, salaries, rent, professional fees, office expenses, and other miscellaneous. See "*Administrative Costs*" below.

(10) The Secured Debentures mature on August 18, 2024. This amount will be repayable to the holder on the Secured Debenture Maturity Date unless all or a portion of the Secured Debentures are converted by the holder into Common Shares of the Company on or prior to such date. See "*Repayment of Secured Debentures*" for further details.

The primary use of funds is to meet increased demand for the Company's products. Part of the funds will go towards the 6,800 square-foot New Facility, which will be used primarily for battery assembly, and the remainder for increasing marketing and sales initiatives.

The Company may decide to raise more funds through additional equity financings in the next 12 months, if the Board believes it is in the best interests of the Company to do so, which may result in dilution of prospective Purchasers' shareholdings. There are no assurances that the Company will be able to raise such funds on terms acceptable to the Company or at all.

The Company has historically generated negative cash flows and there is no assurance that the Company will not experience negative cash flow from operations in the future. For the fiscal year ended May 31, 2022, the Company sustained net losses from operations of $876,698 and had negative cash flow from operating activities of $93,615. All funds available to the Company will be used to fund future and anticipated negative cash flow from its operating activities.

The Company intends to spend the net funds available to it as stated in this Prospectus. Notwithstanding the foregoing, there may be situations where, due to change of circumstance, outlook, research results and or business judgment, reallocation of funds is necessary in order for the Company to achieve its overall business objectives.

Administrative Costs

Upon completion of the Offering, the Company's working capital available to fund ongoing operations will be sufficient to meet its administrative costs for the following 12 months. An estimate of the general and administrative expenses of the Company for the 12 months following completion of the Offering is as follows:

Item	Budget
Advertising	$37,351
Administrative and office	$199,882(1)
Debt servicing fees	$107,343
Professional fees	$85,807(2)
Sales expense	$50,475
Salaries	$773,873
Tools and equipment maintenance	$30,285
TOTAL:	**$1,285,016**

Notes:

(1) Administrative and office includes items such as rent, insurance, lease expenses, bank charges, training, etc.

(2) The Company notes that this projected amount professional fees in the 12 months following the Listing Date is lower than the $829,155 incurred in the nine month interim period ended February 28, 2023, as the amount disclosed in the February 28, 2023 financial statements is an anomaly due to costs associated with the Offering and Listing.

Business Objectives and Milestones

Assuming completion of the Maximum Offering, the primary business objectives for the next twelve months are:

Objectives[(1)]	Target Date	Cost
U.S Market Expansion		**$830,000**
Establish U.S-based warehouse	Q4 2023 – Q1 2024	$400,000[(2)]
Establish relationship with 5 distributors across the U.S.	Q4 2023 – Q1 2024	$30,000[(11)]
Launch Batt Pack product, BPP, in the U.S.	Q4 2023	$250,000[(3)]
Launch Batt Pack product, BPE, in the U.S.	Q1 2024	$150,000[(4)]
Marketing and Outreach	**Q4 2023**	**$1,436,376**[(5)]
Facility Expansion and Automation		**$470,000**
Completion of New Facility	Q4 2023	$250,000[(11)]
Increase Testing Capacity	Q4 2023 -Q1 2024	$120,000[(6)]
Production facilities buildout	Q4 2023- Q1 2024	$100,000[(7)]
Research and Development		**$250,000**
Development of next generation solar panels	Q3 2023 – Q2 2024	$100,000[(8)]
Certification of Batt Packs [(9)]	Q4 2023 – Q3 2024	$150,000[(10)]
Repayment of Secured Debentures	**Q3 2024**	**$594,444**[(12)]

Notes:

(1) These objectives reflect the Company's current expectations and are subject to a number of known and unknown risks, uncertainties and other factors which may cause the Issuer's actual results, performance or achievements to be materially different from the above short term objectives listed above. See "*Risk Factors*".

(2) If the Company only reaches the Minimum Offering, the Company expects it will only use $200,000 of the use of proceeds to complete the U.S. based warehouse objective.

(3) If the Company completes the Minimum Offering, the Company expects it will only use $100,000 of the use of proceeds to complete the launch of the BPP product in the U.S.

(4) If the Company completes the Minimum Offering, the Company expects it will use $NIL of the use of proceeds to complete the launch of the BPE product in the U.S.

(5) If the Company completes the Minimum Offering, the Company expects it will use $600,000 of the use of proceeds to complete the Marketing and Outreach objective.

(6) If the Company completes the Minimum Offering, the Company expects it will use $NIL of its use of proceeds to complete Increase in Testing Capacity

(7) If the Company completes the Minimum Offering, the Company expects it will use $NIL of the proceeds to complete the productions facilities buildout.

(8) If the Company completes the Minimum Offering, the Company will use $NIL of its use of proceeds to complete Development of next generation solar panels objective.

(9) The certifications include the residential and converter, UL, Intertek, and CSA certifications.

(10) If the Company completes the Minimum Offering, the Company will use $NIL of its use of proceeds to complete Certification of Batt Packs objective.

(11) This amount will be applicable to the Minimum Offering as well.

(12) The Secured Debentures mature on August 18, 2024. This amount will be repayable to the holder on the Secured Debenture Maturity Date unless all or a portion of the Secured Debentures are converted by the holder into Common Shares of the Company on or prior to such date. See "*Repayment of Secured Debentures*" for further details.

U.S. Market Expansion

The Company intends to grow its distribution and market presence in the United States. In order to compete in the market, the Company needs to establish a distribution center, and then select distribution partners to assist with market presence and awareness in select regions. Lastly, the Company intends to enter the U.S. market with two products: the Batt Pack Pro and the Batt Pack Energy. A small presence will allow the Company to gain better market perception in the U.S. and create a home base for expanding its U.S. sales force.

Establish a U.S. Based Warehouse

The Company intends to use a portion of the proceeds of the Offering to secure a secondary distribution center in the United States to establish a stronger market presence in what the Company believes would be a potentially lucrative market. The Company has allocated $40,000 of the Offering to find a distribution center. The allocation of the Offering for the distribution center is for the anticipated rent only, the company does not intend to engage any intermediaries. If the Minimum Offering is achieved, the Company intends to allocate $40,000 to find a distribution center location and $185,000 to salaries for three additional sales staff in the United States. If the Maximum Offering is achieved, the Company intends to allocate $40,000 to find a distribution center location and $360,000 to salaries for six additional sales staff in the United States. Currently, the Company has a very limited market presence in the United States. By securing a secondary distribution in the United States, the Company believes it will have the opportunity to increase revenue growth, reduce shipping costs, improve customer service, and shorten delivery times, which can result in increased customer satisfaction and loyalty. By establishing a warehouse in the United States, the Company can improve their overall competitiveness in the market.

Establish Relationships with Five Distributors across the U.S.

The Company intends to allocate a portion of the proceeds of the Offering towards establishing relationships with multiple distributors in the United States. The Company will allocate $30,000 of the Offering to establish relationships with five distributors across the U.S., to establish a strong foothold in a new market and expand its market reach. The proceeds will be allocated to sourcing, sales efforts, travel, and other costs required to find the distributors and needed to build relationships. By establishing relationships with multiple distributors, the Company believes that it would reach a wider range of customers and access a larger distribution network. Additionally, working with multiple distributors, the Company aims to enhance its competitive edge as well as provide greater flexibility and scalability for future growth. To ensure efficient distribution of their products, the Company intends to engage five distributors across the United States. These distributors will be responsible for introducing the products to different regions and helping the Company to reach a wider market. The Company has not identified any distributors as at the date of this Prospectus.

Launch Batt Pack product, Batt Pack Pro and Batt Pack Energy in the U.S.

The Company has identified an opportunity to expand its market reach and increase revenue by launching two of its products in the United States. If the Minimum Offering is achieved, the Company will allocate $100,000 to dedicate to manufacturing and building inventory in the United States for the Batt Pack Pro product. If the Maximum Offering is achieved, the Company will be allocating $400,000 to dedicate to manufacturing and building inventory in the United States for the two Batt Pack products. The allocation of funds is the direct cost of inventory, warehousing, and shipping. The decision to launch these products in the United States is driven by the Company's desire to expand its market reach and establish a presence in this new market with already established products. These products are currently available in Canada. By making these products available in the new United States distribution center, the Company can effectively tap into a new and potentially lucrative market and capitalize on the established demand for these products.

Marketing and Outreach

If the Minimum Offering is completed, the Company intends to allocate $600,000 for marketing and outreach initiatives The Company intends to use $500,000 of the funds to engage investor and stock promotion agencies and $100,000 for branding development. If the Maximum Offering, the Company intends to allocate $1,436,376 for marketing and outreach initiatives. The Company intends to use $886,376 for investor and stock promotion related activities, $500,000 for branding development and $50,000 for exhibiting at U.S. based tradeshows.

Public Relations, Investor and Stock Promotion

The Company plans on hiring public relations, investor and stock promotion agencies to assist the Company. These firms have not been engaged as at the date of this Prospectus. The Company intends to use $500,000 for the cost of hiring a public relations agency within four months of the IPO and rendering their services if the Minimum Offering is reached and $886,376 if the Maximum Offering is reached.

Branding Development

The Company plans to work with a copywriter to assist in crafting its e-mail marketing campaigns, create bi-weekly blog post content, and ad-hoc downloadable resources. For the digital graphics side of content creation, the Company will be working with a range of creative individuals to help increase its content library and continue to hone in on its brand voice and image. The Company anticipates this will be a mix of hired photographers, partner content creators and agencies which have not been identified at this time. The Company is also looking to engage with several content creators and influencers to secure a mix of reviews, brand promotion and content creation. The Company intends to allocate $100,000 if the Minimum Offering is achieved and $500,000 if the Maximum Offering is achieved for the expenses of hiring branding agencies and multi-media consultants.

U.S. Based Tradeshows

The Company sees value in exhibiting in the U.S. as it plans for permanent expansion into the United States. The Company has registered for the Solar Power International trade show in Las Vegas, which it attended last year. The Company intends to participate in additional U.S. trade shows only if the Maximum Offering is reached. If the Maximum Offering is reached, the Company has allocated $50,000 for exhibiting in U.S.-based tradeshows, with the funds to be used for booth fees, tradeshow exhibition costs, shipping material and inventory to the tradeshow, travel costs, and marketing materials for tradeshow attendees. Exhibiting in U.S.-based tradeshows will increase the Company's exposure in the U.S. market and create connections with potential future customers.

Facility Expansion and Automation

The Company aims to open the New Facility which will serve as a distribution center as well as a training facility for the Company and its subsidiary. Once the Company's New Facility is operational, the Company intends to increase the amount of testing equipment and purchase new automation technology to improve the efficiency of the production process. The Company currently has a limited capacity for testing products which is a bottleneck for the manufacturing process and slows down the distribution.

Completion of New Facility

The Company has entered into the Lease, pursuant to which the Company agreed to rent 2.4 acres of land in Ontario for a term of 10 years, at a rate of $28,800 per year, such rent which increases 3.5% annually. The Company has begun constructing the New Facility and has spent approximately $300,000, as of the date of this Prospectus, on this project. Given the construction quote that the Company has received, and the financial assistance the Company has secured, the Company requires the allotment of $250,000 from the Offering to complete construction on the New Facility and have it be operational. This New Facility will serve as a distribution center for the Company as well as a training facility for its subsidiary. This multi-purpose space will allow for a central distribution center which can be used to manufacture, produce, and train. The Company believes that once complete, the New Facility will enable the Company to increase production and capacity and revenue, streamline the production process for improved product quality, and achieve cost savings through greater efficiency.

Increase Testing Capacity

Currently, the Company's portable products are ESA-inspected to the CSA standard, although the Company's portable products are unregulated and do not have regulatory requirements they must meet to be sold to consumers. The Company intends to comply with any new UL standards that may be developed in the future. The Company's residential solar products are ESA-inspected to the CSA standard upon installation. The Power Towers follow the UL standard 1741, a standard for safety inverters, convertors, controllers and interconnection System Equipment for Use With Distributed Energy Resources. Once the Company's New Facility is operational, the Company intends to allocate a portion of the proceeds of the Offering towards increasing the amount of testing equipment that it possesses. This decision is based on the fact that the Company has been limited in its distribution capabilities due to the limited testing equipment available to the manufacturing team. By acquiring additional equipment, the Company can ensure that its products meet its quality standards and specifications, resulting in increased customer satisfaction, and an enhanced reputation for reliability and quality. In addition, the acquisition of modern testing equipment can improve efficiency and effectiveness of the Company's manufacturing processes, leading to cost savings and increased productivity.

The process of testing a battery with testing equipment takes approximately 48 to 72 hours. Currently, the Company can test four batteries at the same time, allowing for a range of approximately 45 to 60 batteries to be tested each month. By investing in new testing equipment, the Company anticipates being able to test 8 batteries (in the case of the Minimum Offering) or 16 batteries (in the case of the Maximum Offering) at the same time, which would allow the Company to increase its testing capacity from 45 batteries up to 240 batteries a month. If the Company completes the Maximum Offering, the Company anticipates quadrupling the number of batteries that it is able to test, which would subsequently increase the amount of inventory available to the Company to sell on a monthly basis.

Production Facilities Buildout

The Company also intends to increase productivity and efficiency by investing in new automation equipment, which the Company believes will allow it to shift from made-to-order building to a larger inventory, which will decrease lead time for customers. If the Maximum Offering is met, the Company will be allocating $100,000 to purchasing testing equipment to automate its certification. The Company will purchase an automated testing rig that will cycle the inputs and outputs of the battery automatically and provide a pass or fail inspection before being packed. By automating production and increasing efficiency, the Company can increase their production capacity, reduce costs, and remain competitive in the market.

The Company is actively seeking an automated testing rig to optimize its production and manufacturing processes and increase the efficiency of its product testing and certification. Automating the manufacturing process is a top priority for the Company in its efforts to increase production. The Company plans to make its first step towards automation once its New Facility construction is further along. Currently, the Company is evaluating three automation systems: (i) computer numerical control; (ii) sheet metal laser; (iii) and cell welder/welding machine. While all three systems have the potential to decrease manufacturing and production timelines, the Company is conducting research to determine which one would be the best fit for the automation of its production line.

Olympia Steel Buildings Canada is the contractor for the building construction and concrete foundation of the New Facility, and Brick by Brick is the supplier for the ground work. Chroma is the manufacturer for the existing testing equipment and will also be the manufacturer for the future testing equipment. The Company does not have the information for the manufacturer of the automated testing rig at this time.

Research and Development

The Company's product development strategy focuses on creating innovative solutions that have not currently been achieved in the market. The Company's experienced engineering and product team are exploring new technologies and materials to improve the user experience, performance, and reliability of the Company's portable power products and residential solar systems. The Company is currently in product development of new products that are being designed to enhance the existing product line and expand HPS's market reach.

Development of Next-Generation Solar Panels

The Company intends to allocate $90,000 of proceeds from the Offering to research and development, in the event the Maximum Offering is met, specifically for the development of a new solar panel that addresses several key challenges facing the solar energy industry. The Company intends to design and manufacture a new product that will reduce installation time, increase versatility in the Company's product line, and enable use of the product in unconventional locations such as off-grid areas and mobile homes. Additionally, the Company is looking to create a product that will lower shipping breakage rates, lower shipping cost, and increase cross compatibility with existing solar technology. This strategic investment reflects the Company's commitment to innovation, and its belief that the development of this new panel can create significant value for its customers and shareholders. The Company believes that the investment in research and development will allow the Company to become a front-runner in solar technology and can lead to further competitiveness in the market. The Company will complete the research and development in house and will look to outsource the production, manufacturing and prototyping through a licensing agreement with a third-party. The Company has not selected an outsourcing firm as at the date of hereof

Development of Cloud-Based Monitoring System

The Company intends to allocate $10,000 of the proceeds from the Offering, in the event the Maximum Offering is met, to research and development to complete the prototype for the updated version of the cloud-based monitoring system for the Company's products. The first version of the cloud-based monitoring system has been launched and requires Wi-Fi connectivity to monitor the Company's products. The Company is currently working to integrate satellite connectivity to their cloud-based monitoring system. The Company intends to use the funds to complete the prototype of the final product which is expected to be launched within the next 12 months.

Certification of Batt Packs

The Company intends to allocate $150,000 of the proceeds from the Offering, in the event the Maximum Offering is met, to obtain further certifications for its Batt Packs. This decision is driven by the Company's commitment to ensuring the highest level of quality and safety for its products. By obtaining additional certifications, the Company can enhance its reputation for quality and reliability and position itself as a leader in its industry. Currently, each Batt Pack unit must be inspected by an outside inspector upon completion of the battery testing, incurring an additional certification cost per battery and creating a pinch point in production by slowing down the time from manufacturing and testing to shipment of the product. The Company is looking into three global certifications for its BattPack products: UL, Intertek and CSA certifications. By spending the additional cost on global certifications up front, the Company will decrease lead time for their tested products to ship and no longer require an outside inspector to inspect each unit. As the Company plans to purchase additional testing equipment to produce more BattPack's per month, the additional cost of having an individual inspector come and certify each product is not efficient or cost effective. The Company aims to save money in the future as this certification bares no reoccurring cost. As part of the Company's goal to increase production capacity, the Company, with the global certification, aims to produce the same certified product without the added time of having an inspector come to inspect each unit. In addition to decreasing their lead time and saving money, the certifications will allow for the Company to ship its products globally rather than just to Canada and the United States. This will impact sales as the Company can then explore the global market. Certification is also more widely recognized on a global scale. By investing in further certifications, the Company aims to solidify its competitive position, maximize opportunities for long-term growth and profitability.

Unallocated Working Capital

The unallocated working capital will be used based on the needs of the Company at Listing Date. The unallocated working capital balance disclosed above is set at an amount to ensure enough funds are available to either increase inventory base, marketing, or expand staffing. In addition to the above, the unallocated working capital will be used to hedge against inflation and any currency fluctuations from U.S. to Canadian dollars.

The Company is transitioning from a small business to a larger-sized enterprise and has focused its efforts on production capacity growth as well as improving back-end business efficiency. This efficiency improvement can be divided into two main efforts.

The first is the implementation of a completely integrated digital support system. From customer sale, to production, to ship out, the entire process is to be connected digitally for both business-to-business and direct-to-consumer sales. This eliminates manual processes and is expected to provide a better customer experience.

The second major efficiency change is the optimization of the Company's production process by creating subassemblies and ensuring all production activities are batch-completed. Upon completion of the New Facility, the Company will increase its inventory by purchasing testing equipment. This new inventory capacity will allow the Company to move away from the current make-to-order model, which is limited by testing constraints and inventory space. Additionally, the New Facility will improve back-end business efficiency, allowing the Company to enhance current systems. By investing in testing automation, the Company aims to further streamline its operations and ensure a faster shipping process.

The addition of the Company's installation service through franchise partners creates a new source of revenue and allows the Company to keep control over what is installed in the marketplace. This phased expansion into the installation space is expected to provide the Company with a repeatable process that can be expanded in whatever territory the Company chooses, with the ultimate goal of North American dominance. The Company believes that offering a straight-from-manufacturer pricing channel to installers offers it aggressive margins and support that is unheard of in the industry.

The Company may from time-to-time revise its business plan and objectives, which revisions may include synergistic acquisitions. Such activities will also likely require that the Company raise additional capital. There can be no assurance that the Company can raise such additional capital if and when required. See "*Risk Factors*."

Repayment of Secured Debentures

The Secured Debentures will mature on August 18, 2024. While the Secured Debentures may be converted into up to 1,857,638 Common Shares of the Company at a price of $0.32 per share at any time before August 18, 2024 and for so long as the indebtedness under the Secured Debentures remains outstanding, such conversion is at the option of the lender and cannot be guaranteed, and as such, the Company intends to allocate approximately $594,444 from the Company's available funds to repay the Secured Debentures, should it not be converted into Common Shares. In the event that the Secured Debentures are converted and are therefore not payable, the Company intends to allocate the approximate $594,444 to unallocated working capital, as described in "*Unallocated Working Capital*" above.

DIVIDENDS OR DISTRIBUTIONS

The Company has not declared or paid any dividends on the Common Shares since its incorporation. Any decision to pay dividends on the Common Shares will be made by the Board of Directors on the basis of earnings, financial requirements and other conditions existing at such future time.

The Company currently intends to retain its future earnings, if any, to finance further business expansion. As a result, the return on an investment on the Common Shares will depend on any future appreciation in value of the Common Shares. There can be no assurance that the Common Shares will appreciate or even maintain the price at which shareholders purchased their Common Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MD&A

Management's Discussion and Analysis of the Company for the years ended May 31, 2022 and 2021 and for the nine month period ended February 28, 2023 are included as Schedule "B" and should be read in conjunction with the Financial Statements.

DISCLOSURE OF OUTSTANDING SECURITY DATA

The Company's authorized share capital consists of an unlimited number of Common Shares. As at the date of this Prospectus, the Company had 32,100,000 Common Shares outstanding, $0.02 Debentures in the aggregate principal amount of $328,500, $0.20 Debentures in the aggregate principal amount of $1,628,500, Secured Debentures in the aggregate principal amount of approximately $594,444, 221,000 $0.20 Agent Warrants, 127,006 $0.30 Agent's Warrants, 9,000,000 Management Performance Warrants (defined herein) and 3,000,000 Performance Warrants (defined herein). If all of the aforementioned $0.02 Debentures and $0.20 Debentures, and Secured Debentures, were converted and the Debenture Warrants, 221,000 $0.20 Agent's Warrants, 127,006 $0.30 Agent's Warrants, 9,000,000 Management Performance Warrants, and 3,000,000 Performance Warrants, the Company would have a total of 74,944,394 Common Shares outstanding on a fully diluted basis. See "*Consolidated Capitalization"*.

$0.02 Debentures

As at the date of this Prospectus, the Company has $0.02 Debentures in the aggregate principal amount of $328,500 outstanding. The $0.02 Debentures bear no interest and are re-payable on the $0.02 Debenture Maturity Date.

Pursuant to the terms and conditions of the $0.02 Debentures:

(a) If the Company fails to file a preliminary long form prospectus (a "**Preliminary Prospectus**") in connection with a Going Public Transaction (a "**Preliminary Prospectus Delay**") within one year from the $0.02 Closing Date (the "**Preliminary Prospectus Deadline**"), the Debentures will accrue interest at the rate of 10% per annum, payable on a semi-annual basis;

(b) if the Company files the Preliminary Prospectus, but does not complete an initial public offering (an "**IPO**") for minimum gross proceeds of $5,000,000 within 180 days (the "**Outside Date**") from the date the Company receives a receipt from applicable securities commissions for the Preliminary Prospectus (an "**IPO Miss**"), then:

    (i) the $0.02 Debenture Maturity Date will automatically be extended to July 27, 2027 (the "**$0.02 Debenture Extended Maturity Date**"), and

    (ii) the $0.02 Debentures will bear interest at the prime rate, subject to the Company's prepayment right (as set out below);

    Notwithstanding the foregoing, if the Company completes the IPO by the Outside Date for gross proceeds of less than $5,000,000, then the Board may in its sole discretion, acting reasonably, waive the application of this IPO Miss provision in favor of the Issuer. As at the date of this Prospectus, the Board has not made a determination whether it will waive the IPO Miss provision.

(c) if prior to the $0.02 Debenture Maturity Date, there is both a Preliminary Prospectus Delay and an IPO Miss, then the $0.02 Debentures will accrue interest for the first two years at a penalty rate of 10% per annum until the earlier of the $0.02 Conversion Date and the date all of the $0.02 Debentures Principal Amount has been repaid, subject to the Company's Prepayment right (as set out below);

(d) if there is an IPO Miss then the Company may prepay all or a portion of the $0.02 Debentures Principal Amount and interest outstanding under the $0.02 Debentures in cash prior to the Extended Maturity Date and any amounts becoming due under the $0.02 Debentures;

(e) if the Company completes a Going Public Transaction the $0.02 Debentures Principal Amount will automatically be converted (the "**$0.02 Conversion**") into $0.02 Shares at the $0.02 Debentures Conversion Price on either the Listing Date or a date that is within 10 business days (before or after) of the Listing Date (the "**$0.02 Conversion Date**"), subject to any applicable stock exchange acceptance and securities laws;

(f) in addition to any statutory or regulatory imposed escrow requirements, the $0.02 Shares issuable upon $0.02 Conversion will be subject to voluntary resale restrictions ("**$0.02 Debentures Voluntary Resale Restrictions**") as follows:

  (i) 25% of the $0.02 Shares released on the Listing Date;

  (ii) 25% of the $0.02 Shares released six months after the Listing Date;

  (iii) 25% of the $0.02 Shares released 12 months after the Listing Date; and

  (iv) 25% of the $0.02 Shares released 18 months after the Listing Date.

$0.20 Debentures

As at the date of this Prospectus, the Company has $0.20 Debentures in the aggregate principal amount of $1,628,500 outstanding. The $0.20 Debentures bear no interest and are re-payable on the $0.20 Debenture Maturity Date. The $0.20 Debentures were issued pursuant to the $0.20 Debenture Indenture.

Pursuant to the terms and conditions of the $0.20 Debentures:

(a) If there is a Preliminary Prospectus Delay within one year from the $0.20 Closing Date, the $0.20 Debentures will accrue interest at the rate of 10% per annum, compounded monthly on an accrual basis, payable on a semi-annual basis, calculated from and including the $0.20 Closing Date until the earlier of the $0.20 Conversion Date and the date all of the $0.20 Debentures Principal Amount has been repaid;

(b) if the Company files the Preliminary Prospectus, but does not complete an IPO for minimum gross proceeds of $3,469,999.90 within the Outside Date from the date the Company receives a receipt from applicable securities commissions for the Preliminary Prospectus (a "**$0.20 IPO Miss**"), then:

  (i) the $0.20 Debenture Maturity Date will automatically be extended to August 19, 2027 (the "**$0.20 Debenture Extended Maturity Date")**, and

  (ii) the $0.20 Debentures will bear interest at the prime rate (as set out from time to time by the Bank of Canada on its website at the beginning of each calendar quarter) on an accrual basis and calculated from and including the Outside Date until the $0.20 Conversion Date and the date all of the $0.20 Debentures Principal Amount has been repaid, subject to the Company's prepayment right (as set out below);

(c) if prior to the $0.20 Debenture Maturity Date, there is both a Preliminary Prospectus Delay and a $0.20 IPO Miss (for clarity, a scenario where the Company files a Preliminary Prospectus after the Preliminary Prospectus Deadline and such filing is followed by a $0.20 IPO Miss), then the $0.20 Debentures will accrue interest for the first two years at a penalty rate of 10% per annum until the earlier of the $0.20 Conversion Date and the date all of the $0.20 Debentures Principal Amount has been repaid, subject to prepayment by the Company;

(d) for clarity, the interest rates contemplated above are not intended to apply concurrently, and the $0.20 Debentures will in no circumstances accrue interest under multiple concurrent rates;

(e) if there is a $0.20 IPO Miss then the Company may, at any time following the Outside Date, prepay, without penalty, all or a portion of the $0.20 Debentures Principal Amount and interest outstanding under the $0.20 Debenture in cash prior to the $0.20 Debenture Extended Maturity Date and any amounts becoming due under the $0.20 Debentures;

(f) if the Company completes a Going Public Transaction the $0.20 Debenture Principal Amount and, at the Company's discretion any interest on the $0.20 Debentures accrued, will automatically be converted (the "**$0.20 Conversion**"), without payment of additional consideration and without further action on the part of the holders, into $0.20 Units at the $0.20 Conversion Price on the $0.20 Conversion Date, subject to any applicable stock exchange acceptance and securities laws;

(g) Each $0.20 Unit will be comprised of one $0.20 Share and one-half of one Debenture Warrant. Each Debenture Warrant is exercisable into one Debenture Warrant Share at $0.60 per Debenture Warrant Share for a period of two years from the $0.20 Conversion Date, subject to acceleration, such that if the daily volume weighted average trading price of the Common Shares (on the stock exchange where the Common Shares are listed for trading and the majority of the trading volume occurs) exceeds $0.80 on each of those 15 consecutive days, then the Debenture Warrants will expire in 30 days following notice;

(h) in addition to any statutory or regulatory imposed escrow requirements, the $0.20 Units issuable upon $0.20 Conversion (including all underlying securities) will be subject to voluntary resale restrictions ("$**0.20 Voluntary Resale Restrictions**") as follows:

   (i) 10% of the $0.20 Units (including all underlying securities) released on the Listing Date;

   (ii) 40% of the $0.20 Units (including all underlying securities) released six months after the Listing Date;

   (iii) 50% of the $0.20 Units (including all underlying securities) released twelve months after the Listing Date; and

(i) the $0.20 Debentures are subordinate to the $0.02 Debentures;

(j) the Company entered into a supplemental convertible debenture indenture dated February 8, 2023 with the Debenture Trustee to amend the $0.20 Debenture Indenture such that the minimum gross proceeds of $3,469,999.90 required to be raised by the Company pursuant to the IPO to avoid a $0.20 IPO Miss will also include funds that are raised by the Company pursuant to any equity or debt financing(s) undertaken by the Company at any time after the $0.20 Debenture Closing Date and prior to completion of the IPO for the purposes of determining whether a $0.20 IPO Miss has occurred.

Secured Debentures

As at the date of this Prospectus, the Company has Secured Debentures in the aggregate principal amount of approximately $594,444 outstanding. The Secured Debentures bear no interest and are re-payable on the Secured Debenture Maturity Date. The Secured Debentures were issued pursuant to a debenture certificate and subscription agreement.

Pursuant to the terms and conditions of the Secured Debentures:

(a) the Secured Debentures are secured against the assets and property of the Company and HPS Solar by general security agreements; and

(b) the Secured Debentures are convertible, at the option of the debentureholder, into up to 1,857,638 Common Shares of the Company at a price of $0.32 per Common Share, anytime for so long as the indebtedness under the Secured Debentures remains outstanding.

Awards

As at the date of the Prospectus, the Company has not yet granted any Awards under its Plan. Upon Listing, the Company will grant 4,508,838 Options and 925,000 RSUs. The Options will be exercisable into Common Shares at an exercise price of $0.40 per Common Share for a period of five (5) years from the Listing Date and will vest as follows: 25% 6 months after the Listing Date, 25% 12 months after the Listing Date, 25% 18 months after the Listing Date, 25% 24 months after the Listing Date. The RSUs will vest as follows: 10% effective the Listing Date, 15% 6 months after the Listing Date, 15% 12 months after the Listing Date, 15% 18 months after the Listing Date, 15% 24 months after the Listing Date, 15% 30 months after the Listing Date, and 15% 36 months after the Listing Date.

Other than as disclosed above, the Company does not anticipate granting any additional awards to directors, officers, employees and consultants of the Company prior to Listing. The Plan is described below at "*Options to Purchase Securities*".

Management Performance Warrants

As at the date of this Prospectus, the Company granted 9,000,000 management performance warrants to Francois Renaud-Byrne, CEO and a director of the Company, on April 3, 2023 that are exercisable into Common Shares (the "**Management Performance Warrants**") at a price of $0.000001 per Common Share, upon attainment of the following milestones (each, an "**Exercise Event**"): 3,000,000 Management Performance Warrants vest and are exercisable upon the Company generating $5,000,000 in revenue within 12 months following the Listing Date; 3,000,000 Management Performance Warrants vest and are exercisable upon the Company generating $10,000,000 in revenue within 24 months following the Listing Date (the "**$10 Million Revenue Event**"); 3,000,000 Management Performance Warrants vest and are exercisable upon the Company generating $30,000,000 in revenue within 36 months following the Listing Date (the "**$30 Million Revenue Event**"). "Revenue" in each Exercise Event is as determined with reference to the Company's most recent interim and/or annual financial statements, as applicable.

The Management Performance Warrants and their underlying Common Shares are subject to escrow in accordance with NP 46-201. See "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*".

Notwithstanding the foregoing, if the Company does not complete equity and/or debt financings for minimum aggregate gross proceeds of $5,000,000 within twelve (12) months after the Listing Date, the twenty-four month deadline for the $10 Million Revenue Event and the thirty-six month deadline for the $30 Million Revenue Event will each be extended by twenty-four (24) months, such that the Company will have forty-eight (48) months to complete the $10 Million Revenue Event (the "**Extended Milestone Period 1**") and sixty (60) months to complete the $30 Million Revenue Event (the "**Extended Milestone Period 2**").

Upon vesting, the Management Performance Warrants will be exercisable for one year from the Exercise Event (the "**Exercise Period**"). Any Management Performance Warrants that have vested will expire on the final day of the Exercise Period. Any Management Performance Warrants that have not vested will expire on the date that is the earlier of: (A) three (3) years and 120 days from the Listing Date, and (B) April 3, 2028. Any Management Performance Warrants subject to the Extended Milestone Period 1 that have not vested will expire on the date that is the earlier of: (A) four (4) years and 120 days from the Listing Date, and (B) April 3, 2029. Any Management Performance Warrants subject to the Extended Milestone Period 2 that have not vested will expire on the date that is the earlier of: (A) five (5) years and 120 days from the Listing Date, and (B) April 3, 2030.

Performance Warrants

As at the date of this Prospectus, the Company granted 3,000,000 non-transferable performance warrants to key persons on April 3, 2023 that are exercisable into Common Shares (the "**Performance Warrants**") at a price of $0.000001 per Common Share, upon attainment of the following milestone (the "**Performance Warrant Exercise Event**"): 3,000,000 Performance Warrants are exercisable upon the Company completing equity and/or debt financings for minimum aggregate gross proceeds of $5,000,000 within 24 months following the Listing Date. The Performance Warrants and their underlying Common Shares are subject to voluntary resale restrictions. See "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*".

Upon achievement of the Performance Warrant Exercise Event, the Performance Warrants will be exercisable for a period of one year (the "**Performance Warrant Exercise Period**"). Any Performance Warrants that have not been exercised will expire on the final day of the Performance Warrant Exercise Period. On a change of control event, Performance Warrants that have not yet become exercisable will become fully vested and exercisable, in a pro-rata proportion to the amount of the Performance Warrant Exercise Event that has been achieved, for a period of one year following a change of control of the Company. Any Performance Warrants that have not become exercisable will expire on the date that is the earlier of: (A) two (2) years from the Listing Date, and (B) April 3, 2028.

DESCRIPTION OF SECURITIES DISTRIBUTED

Units

Each Unit will comprise one Offering Share and one-half of one Warrant. Each Warrant will entitle the holder to purchase, subject to adjustment in certain circumstances, one Warrant Share at a price of $0.60 per share for a period of 24 months following the Closing Date. The Units will separate into Offering Shares and Warrants immediately upon issue.

Common Shares

The authorized share capital of the Company consists of an unlimited number of Common Shares. The Units being offered for sale under this Prospectus include 7,500,000 Offering Shares in the case of the Minimum Offering, 12,500,000 Offering Shares in the case of the Maximum Offering and an additional 1,875,000 Offering Shares if the Over-Allotment Option is exercised in full. As of the date of this Prospectus, 32,100,000 Common Shares were issued and outstanding as fully paid and non-assessable shares. The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board of Directors may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company.

The Company has received conditional approval to list the Common Shares on the CSE. Listing of the Common Shares will be subject to the Company fulfilling all of the listing requirements of the CSE. This Prospectus qualifies the distribution of the Units and the Additional Units and the securities underlying them.

Warrants

The Units being offered for sale under this Prospectus include 3,750,000 Warrants in the case of the Minimum Offering, 6,250,000 Warrants in the case of the Maximum Offering and an additional 937,500 Warrants if the Over-Allotment Option is exercised in full. Each Warrant will entitle the holder thereof to acquire one Warrant Share upon payment of the exercise price of \$0.60 at any time prior to 4:00 p.m. (Vancouver time) on the date which is twenty-four (24) months from the Closing Date, subject to acceleration, such that if the daily volume weighted average trading price of the Common Shares (on the stock exchange where the Common Shares are listed for trading and the majority of the trading volume occurs) exceeds \$0.80 on each of those 15 consecutive days, then the Warrants will expire in 30 days following notice.

If, prior to the exercise of the Warrants, any reorganization of the authorized capital of Company occurs by way of consolidation, merger, sub-division, amalgamation or otherwise, or the payment of any stock dividends, both the exercise price and the number of Warrant Shares issuable upon exercise of the Warrants will be subject to adjustment so that the rights evidenced by the Warrants are thereafter as reasonably as possible equivalent to those originally granted. See "*Plan of Distribution*".

Warrant Indenture

The Warrants will be created and issued by the Company pursuant to the Warrant Indenture to be entered into between the Company and the Warrant Agent on the Closing Date. The Company will designate the principal office of the Warrant Agent in the city of Vancouver, British Columbia, as the location at which Warrants may be surrendered for exercise or transfer.

The following summarizes certain provisions of the Warrant Indenture, but is not, and does not purport to be, a complete summary and is qualified in its entirety by reference to the provisions of the Warrant Indenture. A copy of the Warrant Indenture will be filed on SEDAR under the Company's profile following the Closing Date.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including but not limited to:

- the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution;
- the subdivision, re-division or change of the Common Shares into a greater number of shares;
- the reduction, combination or consolidation of the Common Shares into a lesser number of shares;
- a reclassification of Common Shares or a capital reorganization of the Company (other than set out above);
- a consolidation, amalgamation, arrangement or merger of the Company with or into any other body corporate, trust, partnership or other entity; and
- a sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity.

The Warrant Indenture provides that no adjustment in the exercise price of a Warrant will be required unless the cumulative effect of such adjustment or adjustments would require an increase or decrease of at least 1% in the exercise price then in effect.

The Company will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to the Warrant Agent and holders of Warrants of certain stated events, including events that would result in the adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting or rights or any other rights which a holder of Common Shares would have. This Prospectus qualifies the distribution of the Warrants. See "*Plan of Distribution*".

The Warrants may not be exercised in the United States or by, or on behalf of, a U.S. person unless an exemption from the registration requirements of the U.S. Securities Act and any applicable securities laws of any state of the United States is available to the holder and the holder has furnished an opinion of counsel of recognized standing to such effect, or other evidence of such exemption, in form and substance reasonably satisfactory to the Company.

Agent's Warrants

Under the terms of the Agency Agreement, the Company has agreed to issue to the Agent, Agent's Warrants entitling the holder thereof to purchase that number of Agent's Units as is equal to 8.0% of the number of Units sold by the Agent under the Offering, including the Additional Units issuable pursuant to the Over-Allotment Option, other than with respect to Units purchased by President's List Purchasers for which the number of Agent's Warrants will be 4.0% of the number of Units issued.

Each Agent's Warrant may be exercised at any time prior to 4:00 p.m. (Vancouver time) on the date which is twenty-four (24) months from the Closing Date upon the payment of the exercise price of $0.40 per Agent's Unit. This Prospectus qualifies the distribution of the Agent's Warrants. See "*Plan of Distribution*".

CONSOLIDATED CAPITALIZATION

The following table summarizes the consolidated capitalization of the Company at the dates indicated and after giving effect to the Offering. The table should be read in conjunction with the Financial Statements and the MD&A included in this Prospectus as Schedules "A" and "B", respectively.

Description	Authorized Amount	Outstanding as at date of this Prospectus	Outstanding as at February 28, 2023	Outstanding as at May 31, 2022	Outstanding after giving effect to the Minimum Offering	Outstanding after giving effect to the Maximum Offering	Outstanding after giving effect to the Maximum Offering and Over-Allotment Option
Common Shares	Unlimited	32,100,000(1)	28,012,667(2)	27,000,000(2)	39,600,000	44,600,000(3)	46,475,000(4)
Warrants	N/A	Nil	Nil	Nil	3,750,000	6,250,000(5)	7,187,500(6)
$0.02 Debentures	Unlimited	$328,500	$328,500	Nil	Nil(7)	Nil(7)	Nil(7)
$0.20 Debentures	Unlimited	$1,628,500	$1,628,500	Nil	Nil(8)	Nil(8)	Nil(8)
Debenture Warrants	Unlimited	Nil	Nil	Nil	4,071,250	4,071,250	4,071,250
Secured Debentures(9)	N/A	$594,444	Nil	Nil	$594,444	$594,444	$594,444
Options	[10]	Nil	Nil	Nil	4,508,838(11)	4,508,838(11)	4,508,838(11)
RSUs	[12]	Nil	Nil	Nil	925,000(13)	925,000(13)	925,000(13)
Agent's Warrants	N/A	Nil	Nil	Nil	700,000	1,000,000	1,150,000
$0.30 Agent's Warrants(14)	N/A	127,006	Nil	Nil	127,006	127,006	127,006
$0.20 Agent's Warrants(15)	N/A	221,000	221,000	Nil	221,000	221,000	221,000
Management Performance Warrants	Unlimited	9,000,000	Nil	Nil	9,000,000	9,000,000	9,000,000
Performance Warrants	Unlimited	3,000,000	Nil	Nil	3,000,000	3,000,000	3,000,000
Loan Capital(16)	N/A	$848,873	$925,277	$589,111	$848,873	$848,873	$848,873

Notes:

(1) 5,100,000 Common shares issued pursuant to $0.30 financing.

(2) Issued pursuant to seed capital private placement. See "*Description of the Business - History*".

(3) Does not include a maximum of 1,875,000 Additional Shares issuable upon exercise of the Over-Allotment Option.

(4) Includes 1,875,000 Additional Shares issuable upon exercise of the Over-Allotment Option.

(5) Does not include a maximum of an additional 937,500 Warrants issuable upon exercise of the Over-Allotment Option.

(6) Include a maximum of an additional 937,500 Warrants issuable upon exercise of the Over-Allotment Option.

(7) The $0.02 Debentures are convertible into 16,425,000 $0.02 Shares on the $0.02 Conversion Date.

(8) The $0.20 Debentures are convertible into 8,142,500 $0.20 Units on the $0.20 Conversion Date.

(9) The Secured Debentures are convertible into up to 1,857,638 Common Shares at any time for as long as the indebtedness under the Secured Debenture remains outstanding, at the option of the debentureholder.

(10) The number of Common Shares reserved for issuance pursuant to Options granted under the Plan may not, in the aggregate, exceed 10% of the then issued and outstanding Common Shares on a rolling basis.

(11) Pursuant to the Plan, the maximum number of Common Shares issuable pursuant to SARs, RSUs, DSUs, and PSUs issued under the Plan shall not exceed, in the aggregate, such number of Common Shares representing 10% of the issued and outstanding Common Shares as at the effective date of the Plan.
(12) The Options will be granted effective on the Listing Date.
(13) The RSUs will be granted effective on the Listing Date.
(14) 127,006 $0.30 Agent's Warrants were issued in connection with the brokered portion of the $0.30 Financing.
(15) 221,000 $0.20 Agent Warrants were issued in connection with the brokered portion of the $0.20 Financing.
(16) The reduction of the Loan Capital from $925,977 to $848,873 is partially attributable to the Company's complete payment of a $77,104 loan from a third-party using revenue funds and funds raised through debt and equity. The Company has $405,000 outstanding shareholder loans as at the date of this Prospectus. After the Listing Date, the Company intends to repay the shareholder loans at $5,000 per month, using funds from this Offering allocated to 'General and Administrative' costs.

The table below sets out the details of the issued and outstanding Common Shares following completion of the Minimum Offering and Maximum Offering.

	Minimum Offering		**Maximum Offering**	
	Number of Common Shares	**Percentage of Total**	**Number of Common Shares**	**Percentage of Total**
Issued and outstanding Common Shares as at date of this Prospectus	32,100,000	34.69%	32,100,000	30.96%%
Offering Shares reserved for issuance at Closing	7,500,000	8.11%	12,500,000	12.06%
Common Shares reserved for issuance upon exercise of Over-Allotment Option	-	-	1,875,000	1.81%-
Common Shares underlying the Additional Warrants reserved for issuance upon exercise of the Over-Allotment Option	-	-	937,500	0.90%-
Warrant Shares reserved for issuance upon exercise of the Warrants	3,750,000	4.05%	6,250,000	6.03%
Common Shares reserved for issuance upon the exercise of the Agent's Warrants	600,000	0.65%	1,000,000	0.96%
Common Shares reserved for issuance upon the exercise of the warrants underlying the Agent's Units	300,000	0.32%	500,000	0.48%
Common Shares reserved for issuance upon the exercise of Agent's Units issued pursuant to exercise of the Over-Allotment Option	-	-	150,000	0.14%
Common Shares reserved for issuance upon the exercise of the warrants underlying Agent's Units issued pursuant to exercise of Over-Allotment Option	-	-	75,000	0.07%
Common Shares reserved for issuance upon conversion of the $0.02 Debentures	16,425,000	17.75%	16,425,000	15.84%
Common Shares reserved for issuance upon conversion of the $0.20 Debentures	8,142,500	8.80%	8,142,500	7.85%
Common Shares reserved for issuance upon conversion of the Secured Debentures	1,857,638	2.01%	1,857,638	1.79%
Debenture Warrant Shares reserved for issuance upon exercise of the Debenture Warrants	4,071,250	4.40%	4,071,250	3.93%
Common Shares reserved for issuance upon exercise of the $0.20 Agent's Warrants in connection with the $0.20 Financing	221,000	0.24%	221,000	0.21%

Common Shares reserved for issuance upon exercise of the $0.30 Agent's Warrants in connection with the $0.30 Financing	127,006	0.14%	127,006	0.12%
Common Shares reserved for issuance upon exercise of Awards	5,433,838	5.87%	5,433,838	5.24%
Common Shares reserved for issuance upon exercise of Management Performance Warrants	9,000,000	9.73%	9,000,000	8.68%
Common Shares reserved for issuance upon exercise of Performance Warrants	3,000,000	3.24%	3,000,000	2.89%
Total fully diluted Common Shares capitalization	**92,528,232**	**100%**	**103,665,732**(1)	**100%**(1)

Note:

(1) Does not include 1,875,000 Common Shares issuable upon exercise of the Additional Units, common shares issuable upon exercise of the 937,500 warrants underlying the Additional Units, 150,000 common shares reserved for issuance upon the exercise of Agent's Warrants issued pursuant to exercise of the Over-Allotment Option, and 75,000 Common Shares reserved for issuance upon the exercise of the warrants underlying the Agent's Units issued pursuant to exercise of Over-Allotment Option.

OPTIONS TO PURCHASE SECURITIES

Outstanding Awards

The Board of Directors has adopted the Omnibus Equity Incentive Plan, effective as of the Listing Date, under which Options to purchase Common Shares and other Awards (as defined in the Omnibus Equity Incentive Plan) may be granted to be the Company's directors, officers, employees, and consultants. See "*Executive Compensation- Compensation Discussion and Analysis- Stock and Incentive Plan*"

As at the date of this Prospectus, there are no Options, no RSUs, 9,000,000 Management Performance Warrants, and 3,000,000 Performance Warrants outstanding. Upon Listing, the Company expects to issue a total of 4,508,838 Options to purchase Common Shares, 925,000 RSUs, and that the existing 9,000,000 Management Performance Warrants, and 3,000,000 Performance Warrants will remain outstanding.

The following table discloses all compensation securities to be granted or issued to each Named Executive Officer and directors by the Company at the date of this Prospectus for Services provided or to be provided, directly or indirectly, to the Company:

Compensation Securities

Name and Position	Type of compensation security	Number of compensation securities and percentage of class	Date of issue or grant	Issue Conversion or exercise price ($)	Closing price of security on date of grant ($)	Closing price of security at year-end ($)	Expiry Date
Francois Byrne CEO and Director	Options	3,333,838 (73.94%)(1)	On Listing	$0.40	N/A	N/A	Five years after issuance
	Management Performance Warrants	9,000,000 (100%)	April 3, 2023	$0.000001 and performance criteria	N/A	N/A	See note (7) below

Name and Position	Type of compensation security	Number of compensation securities and percentage of class	Date of issue or grant	Issue Conversion or exercise price ($)	Closing price of security on date of grant ($)	Closing price of security at year-end ($)	Expiry Date
Alex McAulay CFO and Director	Options	250,000 (5.54%)(1)	On Listing	$0.40	N/A	N/A	Five years after issuance
Paul Gorman Director	Options	300,000 (6.65%)(1)	On Listing	$0.40	N/A	N/A	Five years after issuance
	RSUs	300,000 (32.43%)(2)	On Listing	N/A	N/A	N/A	N/A
Angelo Catenaro Director	Options	250,000 (5.54%)(1)	On Listing	$0.40	N/A	N/A	Five years after issuance
	RSUs	250,000 (27.03%)(2)	On Listing	N/A	N/A	N/A	N/A
Stephen Davidson Director	Options	125,000 (2.77%)(1)	On Listing	$0.40	N/A	N/A	Five years after issuance
	RSUs	125,000 (13.51%)(2)	On Listing	N/A	N/A	N/A	N/A
Consultants and Performance Warrant Holders	Options	250,000 (5.54%)(1)	On Listing	$0.40	N/A	N/A	Five years after issuance
	RSUs	250,000 (27.03%)(2)	On Listing	N/A	N/A	N/A	N/A
	Performance Warrants	3,000,000	April 3, 2022	$0.000001 and performance criteria	N/A	N/A	See note (8) below
Total:	**Options**	**4,508,838(3)**					
	RSUs	**925,000(4)**					
	Management Performance Warrants	**9,000,000(5)**					
	Performance Warrants	**3,000,000(6)**					

Notes:

(1) This percentage is calculated on the basis of 4,508,838 Options issued on Listing.

(2) This percentage is calculated on the basis of 925,000 RSUs issued on Listing.

(3) The Options will vest 25% on each of the first, second, third, and fourth anniversaries of the date of grant.

(4) One third of the RSUs will vest on each of the first, second, and third anniversaries of the date of grant, provided that no RSU granted will vest and be payable after December 31 of the third calendar year following the year of service for which the RSU was granted.

(5) The Management Performance Warrants are exercisable into Common Shares at a price of $0.000001 per Common Share, upon attainment of the following milestones: 3,000,000 Management Performance Warrants vest and are exercisable upon the Company generating $5,000,000 in revenue within 12 months following the Listing Date; 3,000,000 Management Performance Warrants vest and are exercisable upon the Company generating $10,000,000 in revenue within 24 months following the Listing Date; 3,000,000 Management Performance Warrants vest and are exercisable upon the Company generating $30,000,000 in revenue within 36 months following the Listing Date.
(6) The Performance Warrants will vest and are exercisable upon the Company raising an aggregate of $5,000,000 through equity or debt financings within two years after the Listing Date. Upon vesting, the Performance Warrants will be exercisable for one year.
(7) The Management Performance Warrants expire: (i) if vested, one year from the Board's determination that an Exercise Event has occurred; (ii) if not vested, on the date that is the earlier of: (A) three years and 120 days from the Listing Date, and (B) five years from the date of issuance; (iii) if subject to the Extended Milestone Period 1 and not vested, on the date that is the earlier of: (A) four years and 120 days from the Listing Date, and (B) six years from the date of issuance; and (iv) if subject to the Extended Milestone Period 2 and not vested, on the date that is the earlier of: (A) five years and 120 days from the Listing Date, and (B) seven years from the date of issuance.
(8) The Performance Warrants expire: (i) if vested, one year from the Board's determination that a performance criteria has been met; and (ii) if not vested, on the date that is the earlier of: (A) two years from the Listing Date, and (B) five years from the date of issuance.

Omnibus Equity Incentive Plan

The following summary of the Company's omnibus equity incentive compensation plan (the "**Plan**") does not purport to be complete and is qualified in its entirety by reference to Plan.

The Plan was approved by the Board on July 25, 2022 but will not become effective until the date Board determines it to be effective, in its sole discretion. The effective date of the Plan is anticipated to be after the Closing Date.

The Plan will be administered by the Board (or a committee thereof) and will provide that the Board may from time to time, in its discretion, and in accordance with CSE requirements, grant to eligible Participants (as defined in the Plan), non-transferable awards (the "**Awards**"). Such Awards include options ("**Options**"), restricted share units ("**RSUs**"), share appreciation rights ("**SARs**"), deferred share unit rights ("**DSUs**") and performance share units ("**PSUs**").

The number of Common Shares reserved for issuance pursuant to Options granted under the Plan will not, in the aggregate, exceed 10% of the then issued and outstanding Common Shares on a rolling basis. In addition, the maximum number of Common Shares issuable pursuant to SARs, RSUs, DSUs and PSUs issued under the Plan shall not exceed, in the aggregate, 6,416,750 in case of the Minimum Offering, 6,916,750 in case of the Maximum Offering, or 7,104,250 in the case of the Maximum Offering including the Over-Allotment Option.

The maximum number of Common Shares for which Awards may be issued to any one Participant in any 12-month period shall not exceed 5% of the outstanding Common Shares, unless disinterested shareholder approval as required by the policies of the CSE is obtained, or 2% in the case of a grant of Awards to any consultant or persons (in the aggregate) retained to provide Investor Relations Activities (as defined by the CSE). Further, unless disinterested shareholder approval as required by the policies of the CSE is obtained: (i) the maximum number of Common Shares for which Awards may be issued to insiders of the Company (as a group) at any point in time shall not exceed 10% of the outstanding Common Shares; and (ii) the aggregate number of Awards granted to insiders of the Common (as a group), within any 12-month period, shall not exceed 10% of the outstanding Common Shares.

On a Change of Control (as defined in the Plan) of the Company, the Board shall have discretion as to the treatment of Awards, including whether to (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any Awards; (ii) permit the conditional exercise of any Awards, on such terms as it sees fit; (iii) otherwise amend or modify the terms of any Awards; and (iv) terminate, following the successful completion of a Change of Control, on such terms as it sees fit, the Awards not exercised prior to the successful completion of such Change of Control. If there is a Change of Control, any Awards held by a Participant shall automatically vest following such Change of Control, on the Termination Date (as defined in the Plan), if the Participant is an employee, officer or a director and their employment, or officer or director position is terminated or they resign for Good Reason (as defined in the Plan) within 12 months following the Change of Control, provided that no acceleration of Awards shall occur in the case of a Participant that was retained to provide Investor Relations Activities unless the approval of the CSE is either obtained or not required.

The following is a summary of the various types of Awards issuable under the Plan.

Options

Subject to any requirements of the CSE, the Board may determine the expiry date of each Option. Subject to a limited extension if an Option expires during a Black Out Period (as defined in the Plan), Options may be exercised for a period of up to ten years after the grant date, provided that: (i) upon a Participant's termination for Cause (as defined in the Plan), all Options, whether vested or not as at the Termination Date will automatically and immediately expire and be forfeited; (ii) upon the death of a Participant, all unvested Options as at the Termination Date shall automatically and immediately vest, and all vested Options will continue to be subject to the Plan and be exercisable for a period of 90 days after the Termination Date; (iii) in the case of the Disability (as defined in the Plan) of a Participant, all Options shall remain and continue to vest (and are exercisable) in accordance with the terms of the Plan for a period of 12 months after the Termination Date, provided that any Options that have not been exercised (whether vested or not) within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date; (iv) in the case of the retirement of a Participant, the Board shall have discretion, with respect to such Options, to determine whether to accelerate the vesting of such Options, cancel such Options with or without payment and determine how long, if at all, such Options may remain outstanding following the Termination Date, provided, however, that in no event shall such Options be exercisable for more than 12 months after the Termination Date; (v) subject to paragraph (vi) below, in all other cases where a Participant ceases to be eligible under the Plan, including a termination without Cause or a voluntary resignation, unless otherwise determined by the Board, all unvested Options shall automatically and immediately expire and be forfeited as of the Termination Date, and all vested Options will continue to be subject to the Plan and be exercisable for a period of 90 days after the Termination Date; and (vi) notwithstanding paragraphs (i)-(v), in connection with the resignation of the Participants holding options to purchase Common Shares granted to the directors and officers of the Company under the Plan, such options shall be exercisable for a period of 90 months after the Termination Date.

The exercise price of the Options will be determined by the Board at the time any Option is granted. In no event will such exercise price be lower than the last closing price of the Common Shares on the CSE less any discount permitted by the rules or policies of the CSE at the time the Option is granted. Subject to any vesting restrictions imposed by the CSE, or as may otherwise be determined by the Board at the time of grant, Options shall vest equally over a four year period such that ¼ of the Options shall vest on the first, second, third and fourth anniversary dates of the date that the Options were granted.

Restricted Share Units

Subject to any requirements of the CSE, the Board may determine the expiry date of each RSU. Subject to a limited extension if an RSU expires during a Black Out Period, RSUs may vest and be paid out for a period of up to three years after the grant date, provided that: (i) upon a Participant's termination for Cause, all RSUs, whether vested (if not yet paid out) or not as at the Termination Date will automatically and immediately expire and be forfeited; (ii) upon the death of a Participant, all unvested RSUs as at the Termination Date shall automatically and immediately vest and be paid out; (iii) in the case of the Disability of a Participant, all RSUs shall remain and continue to vest in accordance with the terms of the Plan for a period of 12 months after the Termination Date, provided that any RSUs that have not been vested within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date; (iv) in the case of the retirement of a Participant, the Board shall have discretion, with respect to such RSUs, to determine whether to accelerate the vesting of such RSUs, cancel such RSUs with or without payment and determine how long, if at all, such RSUs may remain outstanding following the Termination Date, provided, however, that in no event shall such RSUs be exercisable for more than 12 months after the Termination Date; and (v) in all other cases where a Participant ceases to be eligible under the Plan, including a termination without Cause or a voluntary resignation, unless otherwise determined by the Board, all unvested RSUs shall automatically and immediately expire and be forfeited as of the Termination Date, and all vested RSUs will be paid out in accordance with the Plan.

The number of RSUs to be issued to any Participant will be determined by the Board at the time of grant. Each RSU will entitle the holder to receive at the time of vesting for each RSU held, either one Common Share or a cash payment equal to the fair market value of a Common Share or a combination of the two, at the election of the Board. In addition, the Board may determine that holders of RSUs be credited with consideration equivalent to dividends declared by the Board and paid on outstanding Common Shares. In the event settlement is made by payment in cash, such payment shall be made by the earlier of (i) 2½ months after the close of the year in which such conditions or restrictions were satisfied or lapsed and (ii) December 31 of the third year following the year of the grant date. Subject to any vesting restrictions imposed by the CSE, or as may otherwise be determined by the Board at the time of grant, RSUs shall vest equally over a three year period such that ⅓ of the RSUs shall vest on the first, second and third anniversary dates of the date that the RSUs were granted.

Share Appreciation Rights

SARs may be issued together with Options or as standalone awards. Upon the exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount representing the difference between the fair market value of the underlying Common Shares on the date of exercise over the grant price of the SAR. At the discretion of the Board, the payment upon the exercise of a SAR may be in cash, Common Shares of equivalent value, in some combination thereof, or in any other form approved by the Board in its sole discretion. Subject to any requirements of the CSE, the Board may determine the vesting terms and expiry date of each SAR. Subject to a limited extension if a SAR expires during a Black Out Period, SARs will not be exercisable later than the tenth anniversary date of its grant. Subject to compliance with the rules of the CSE, the Board may determine, at the time of grant, the treatment of SARs upon a Participant ceasing to be eligible to participate in the Plan.

Deferred Share Units

The number and terms of DSUs to be issued to any Participant will be determined by the Board at the time of grant. Each DSU will entitle the holder to receive at the time of settlement for each DSU held, either one Common Share or a cash payment equal to the fair market value of a Common Share or a combination of the two, at the election of the Board. In addition, the Board may determine that holders of DSUs be credited with consideration equivalent to dividends declared by the Board and paid on outstanding Common Shares. Subject to any requirements of the CSE, the Board may determine the vesting terms and expiry date of each DSU, provided that if a DSU would otherwise settle or expire during a Black Out Period, the Board may extend such date. Subject to compliance with the rules of the CSE, the Board may determine, at the time of grant, the treatment of DSUs upon a Participant ceasing to be eligible to participate in the Plan.

Performance Share Units

The number and terms (including applicable performance criteria) of PSUs to be issued to any Participant will be determined by the Board at the time of grant. Each PSU will entitle the holder to receive at the time of settlement for each PSU held, either one Common Share or a cash payment equal to the fair market value of a Common Share or a combination of the two, at the election of the Board. In addition, the Board may determine that holders of PSUs be credited with consideration equivalent to dividends declared by the Board and paid on outstanding Common Shares. Subject to any requirements of the CSE, the Board may determine the vesting terms and expiry date of each PSU, provided that in no event will delivery of Common Shares or payment of any cash amounts be made later than the earlier of (i) 2½ months after the close of the year in which the performance conditions or restrictions are satisfied or lapse, and (ii) December 31 of the third year following the year of the grant date. Subject to compliance with the rules of the CSE, the Board may determine, at the time of grant, the treatment of PSUs upon a Participant ceasing to be eligible to participate in the Plan.

A copy of the Plan will be filed by the Company under its corporate profile on SEDAR.

PRIOR SALES

Prior Sales

The following table summarizes the sales of Common Shares and securities convertible into Common Shares that the Company has issued within the 12 months prior to the date of this Prospectus.

Date of Issue	Type of Security	Number or Dollar Value of Securities	Issue, Conversion, or Exercise Price of Security
December 9, 2015	Common Shares	100 (24,124,795)[(1)]	$100 ($0.0001)[(1)]
June 1, 2018	Common Shares	11 (2,653,728)[(2)]	$10,379.36 ($0.043)[(2)]
July 25, 2022	Common Shares	9,181 (221,477)[(3)]	4,000 at $3.603604 5,181 at $4.504505
July 27, 2022	$0.02 Debentures	$328,500[(4)]	$0.02
August 19, 2022	$0.20 Debentures	$458,500[(5)]	$0.20
August 19, 2022	$0.20 Debentures	$1,170,000[(6)]	$0.20
August 19, 2022	$0.20 Agent's Warrants	221,000[(6)]	$0.20
February 9, 2023	Common Shares	1,012,667[(7)]	$0.30
February 9, 2023	$0.30 Agent's Warrants	37,840[(7)]	$0.30
March 24, 2023	Common Shares	4,087,333[(7)]	$0.30
March 24, 2023	$0.30 Agent's Warrants	89,166[(7)]	$0.30
April 3, 2023	Management Performance Warrants	9,000,000	Performance Criteria[(8)]
April 3, 2023	Performance Warrants	3,000,000	Performance Criteria[(9)]
August 18, 2023	Secured Debentures	$594.444[(10)]	$0.32

Notes:

(1) 100 Common Shares were issued at $1.00 per Common Share and subsequently subdivided into 24,124,795 common shares pursuant to the First Subdivision and the Second Subdivision for an effective price of $0.0001 per share. See "*Description of the Business - History*".
(2) 11 Common Shares were issued at $10,379.36 per Common Share and subsequently subdivided into 2,653,728 Common Shares pursuant to the First Subdivision and the Second Subdivision for an effective price of $0.043 per Common Share. See "*Description of the Business - History*".
(3) 9,181 Common Shares were issued to an employee of the Company (4,000 of which were issued at a price of $3.603604 per Common Share and 5,181 of which were issued at a deemed price of $4.504505 per Common Share) and subsequently subdivided into 221,477 Common Shares pursuant to the Second Subdivision, at an effective price of $0.1703 per Common Share.
(4) Issued pursuant to the $0.02 Financing. The $0.02 Debentures are convertible into 16,425,000 $0.02 Shares on the $0.02 Conversion Date. See "*Description of the Business - History*".
(5) Issued pursuant to the $0.20 Financing. The $0.20 Debentures are convertible into 2,292,500 $0.20 Units on the $0.20 Conversion Date. See "*Description of the Business - History*".
(6) Issued pursuant to the brokered portion of the $0.02 Financing. The $0.20 Debentures are convertible into 5,850,000 $0.20 Units on the $0.20 Conversion Date. See "*Description of the Business - History".*
(7) Issued pursuant to the $0.30 Financing. See *"Description of the Business - History".*
(8) The Management Performance Warrants are exercisable into Common Shares at a price of $0.000001 upon attainment of the certain milestones. See "*Disclosure of Outstanding Security Data*".
(9) The Performance Warrants will vest and are exercisable into Common Shares at a price of $0.000001 upon the Company raising an aggregate of $5,000,000 through equity or debt financings within two years of the Listing Date. See "*Disclosure of Outstanding Security Data*".
(10) The Secured Debentures are convertible into up to 1,857,638 Common Shares at a price of $0.32 per share any time after Closing and for so long as the indebtedness remains outstanding under the Secured Debenture . See "*Description of the Business - History*" and "*Disclosure of Outstanding Security Data*".

Trading Price and Volume

No shares of the Company are currently listed for trading on any stock exchange.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Escrow under NP 46-201

In accordance with NP 46-201, all Common Shares and convertible securities held by Principals of the Company as of the date of this Prospectus are subject to escrow restrictions.

Under the NP 46-201, a "principal" is defined as:

(a) a person or company who acted as a promoter of the Company within two years before the Prospectus;

(b) a director or senior officer of the Company or any of its material operating subsidiaries at the time of the Prospectus;

(c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's IPO; or

(d) a 10% holder – a person or company that (i) holds securities carrying more than 10% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's IPO and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company or any of its material operating subsidiaries.

A principal's spouse and their relatives that live at the same address as the principal will also be treated as principals and any securities of the Company they hold will be subject to escrow requirements.

At the time of its IPO, an issuer will be classified for the purposes of escrow as either an "exempt issuer", an "established issuer" or an "emerging issuer" as those terms are defined in NP 46-201.

Directors, executive officers and certain shareholders of the Company (the "**Escrow Shareholders**") will enter into a Form 46-201F1 escrow agreement (the "**Escrow Agreement**") with the Company and Odyssey Trust Company pursuant to which the Escrow Shareholders will agree to deposit the securities of the Company which they hold with Odyssey Trust Company as escrow agent once appointed, until they are released in accordance with the following release schedule, as on listing, the Company anticipates being an emerging issuer:

Release Date	Amount Released
On the Listing date	1/10 of the escrow securities
6 months after the Listing date	1/6 of the remaining escrow securities
12 months after the Listing date	1/5 of the remaining escrow securities
18 months after the Listing date	1/4 of the remaining escrow securities
24 months after the Listing date	1/3 of the remaining escrow securities
30 months after the Listing date	1/2 of the remaining escrow securities
36 months after the Listing date	the remaining escrow securities

Assuming there are no changes to the escrow securities initially deposited and no additional escrow securities are deposited, this will result in a 10% release on the listing date (as defined by NP 46-201), with the remaining escrow securities being released in 15% tranches every 6 months thereafter.

The following table sets out the securities of the Company which are expected to be subject to escrow restrictions in accordance with NP 46-201 (the "**Escrowed Securities**"):

Designation of Class	Number of Securities Subject to NP 46-201 Escrow	Percentage of Class
Common Shares	23,124,795	73.43%(1)
Management Performance Warrants	9,000,000	100%

Note:
(1) This percentage is calculated on the basis of 32,100,000 Common Shares issued and outstanding.

Designation of Class	Number of Securities Subject to Escrow	Percentage of Class held in Escrow as of the Date of this Prospectus before giving effect to the Offering	Percentage of Class held in Escrow after giving effect to the Minimum Offering	Percentage of Class held in Escrow after giving effect to the Maximum Offering	Percentage of Class held in Escrow after giving effect to the Maximum Offering upon exercise of the Over-Allotment Option
Common Shares	23,124,795	72.04% (1)	36.04%(2)	33.43%(3)	32.55%(4)

Notes:
(1) This percentage is calculated on the basis of 32,100,000 Common Shares issued and outstanding.
(2) This percentage is calculated on the basis of 64,167,500 Common Shares issued and outstanding.
(3) This percentage is calculated on the basis of 69,167,500 Common Shares issued and outstanding.
(4) This percentage is calculated on the basis of 71,042,500 Common Shares issued and outstanding.

The following is a list of the Escrow Shareholders and their securities:

Name	Designation of Class	Number of Securities held in escrow	Percentage of Class as at the date of this Prospectus	Percentage of Class on Listing in Event of Minimum Offering	Percentage of Class on Listing in Event of Maximum Offering
Francois Renaud-Byrne	Common Shares	23,124,795	72.04%[(1)]	36.04%[(2)]	33.43%[(3)]
	Management Performance Warrants	9,000,000	100%	100%	100%

Notes:
(1) This percentage is calculated on the basis of 32,100,000 Common Shares issued and outstanding.
(2) This percentage is calculated on the basis of 64,167,500 Common Shares issued and outstanding.
(3) This percentage is calculated on the basis of 69,167,500 Common Shares issued and outstanding.
(4) There are 72,672 Common Shares owned by Alex McAulay, a director and CFO of the Company, as at the date of this Prospectus, and an anticipated 447,672 Common Shares and 187,500 Warrants at the Closing of the Offering, which are not subject to NP 46-201 escrow as these securities will carry less than 1% of the voting rights attached to the Company's outstanding securities immediately after the Listing Date.

The Escrow Shareholders hold, in the aggregate, 23,124,795 Common Shares and9,000,000 Management Performance Warrants which are subject escrow as outlined above.

Escrow Agreement

The automatic time release provisions under NP 46-201 pertaining to "established issuers" provide that 25% of each principal's escrowed securities are released on the Listing Date, with an additional 25% being released in equal tranches at six month intervals over 18 months. If, within 18 months of the Listing Date, the Company meets the "established issuer" criteria, as set out in NP 46-201, the escrow securities will be eligible for accelerated release according to the criteria for established issuers. In such a scenario, that number of escrow securities that would have been eligible for release from escrow if the Company had been an "established issuer" on the Listing Date will be immediately released from escrow. The remaining escrow securities would be released in accordance with the time release provisions for established issuers, with all escrow securities being released 18 months from the Listing Date.

Under the terms of the Escrow Agreement, Escrowed Securities cannot be transferred by the holder unless permitted under the Escrow Agreement. Notwithstanding this restriction on transfer, a holder of Escrowed Securities may (a) pledge, mortgage or charge the Escrowed Securities to a financial institution as collateral for a loan provided that no Escrow Securities will be delivered by the Escrow Agent to the financial institution; (b) exercise any voting rights attached to the Escrow Securities; (c) receive dividends or other distributions on the Escrow Securities; and (d) exercise any rights to exchange or convert the Escrow Securities in accordance with the Escrow Agreement.

The securities of the Company held in escrow may be transferred within escrow to: (a) subject to approval of the Company's Board of Directors, an individual who is an existing or newly appointed director or senior officer of the Company or of a material operating subsidiary of the Company; (b) subject to the approval of the Company's Board of Directors, a person that before the proposed transfer holds more than 20% of the voting rights attached to the Company's outstanding securities; (c) subject to the approval of the Company's Board of Directors, a person that after the proposed transfer will hold more than 10% of the voting rights attached to the Company's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Company or any of its material operating subsidiaries; (d) upon the bankruptcy of a holder of Escrowed Securities, the securities held in escrow may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities; (e) upon the death of a holder of Escrowed Securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative; (f) a financial institution that the holder pledged, mortgaged or charges to a financial institution as collateral for a loan on realization of such loan; and (g) a RRSP, RRIF or similar registered plan or fund with a trustee, where the annuitant of the RRSP or RRIF, or the beneficiaries of another plan or fund are limited to the holders spouse, children or parents, or if the holder is the trustee of such registered plan or fund, to the annuitant of the RRSP or RRIF, or a beneficiary of the other registered plan or fund or his or her spouse, children or parents.

In addition, tenders of Escrowed Securities pursuant to a share exchange, which includes a take-over bid, issuer bid, statutory arrangement, amalgamation, merger or other reorganization similar to an amalgamation or merger, are permitted. Escrowed Securities subject to a share exchange will continue to be escrowed if the successor entity is not an "exempt issuer", the holder is a principal of the successor entity; and the holder holds more than 1% of the voting rights of the successor entities' outstanding securities.

The complete text of the Escrow Agreement is available for inspection at the office of the Company's legal counsel, Suite 1200, 750 West Pender Street, Vancouver, British Columbia, V6C 2T8, and on the Company's profile on SEDAR+ at www.sedarplus.ca

Voluntary Escrow

In addition to the foregoing, 16,425,000 Common Shares issuable upon conversion of the $0.02 Debentures are subject to the $0.02 Voluntary Resale Restrictions as follows:

(a) 4,106,250 (25%) of the $0.02 Shares released on the Listing Date;

(b) 4,106,250 (25%) of the $0.02 Shares released six months after the Listing Date;

(c) 4,106,250 (25%) of the $0.02 Shares released twelve months after the Listing Date; and

(d) 4,106,250 (25%) of the $0.02 Shares released eighteen months after the Listing Date.

8,142,500 $0.20 Units issuable upon conversion of the $0.20 Debentures (and the underlying Common Shares, Debenture Warrants, and Debenture Warrant Shares) are subject to the $0.20 Voluntary Resale Restrictions as follows:

(a) 814,250 (10%) of the $0.20 Units (including all underlying securities) released on the Listing Date;

(b) 3,257,000 (40%) of the $0.20 Units (including all underlying securities) released six months after the Listing Date; and

(c) 4,071,250 (50%) of the $0.20 Units (including all underlying securities) released twelve months after the Listing Date.

3,000,000 Performance Warrants (and the underlying Common Shares) are subject to the following voluntary resale restrictions:

(a) 750,000 (25%) of the Performance Warrants (including underlying Common Shares) released on the Listing Date;

(b) 750,000 (25%) of the Performance Warrants (including underlying Common Shares) released six months after the Listing Date;

(c) 750,000 (25%) of the Performance Warrants (including underlying Common Shares) released twelve months after the Listing Date; and

(d) 750,000 (25%) of the Performance Warrants (including underlying Common Shares) released eighteen months after the Listing Date.

The certificates representing the Performance Warrants and the certificates or Direct Registration System advice statements (as applicable) representing the Common Shares issuable upon exercise of the Performance Warrants will be issued in such denominations and bearing such legends denoting the above voluntary resale restrictions on transfer.

5,100,000 Common Shares issued pursuant to the $0.30 Financing will be subject escrow and released four months after the Listing Date.

The CSE may impose resale restrictions and escrow requirements on principals and non-principals of a company, which will be addressed in connection with the Company's application to list the Common Shares for trading.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Company, as of the date of this Prospectus, the only persons who beneficially own, or exercise control or direction over, directly or indirectly, Common Shares carrying more than 10% of the votes attached to Common Shares are:

Name	Number of Common Shares Owned, or Controlled or Directed Directly or Indirectly	Approximate Percentage of Total Outstanding Common Shares as at the date of this Prospectus(1)	Approximate Percentage of Total Outstanding Common Shares after giving effect to the Minimum Offering(2)	Approximate Percentage of Total Outstanding Common Shares after giving effect to the Maximum Offering(3)	Approximate Percentage of Total Outstanding Common Shares after giving effect to the Maximum Offering upon exercise of the Over-Allotment Option(4)
Francois Renaud-Byrne	23,124,795	72.04%	37.78%	33.43%	32.55%

Notes:
(1) This percentage is calculated on the basis of 32,100,000 Common Shares issued and outstanding
(2) This percentage is calculated on the basis of 64,167,500 Common Shares issued and outstanding.
(3) This percentage is calculated on the basis of 69,167,500 Common Shares issued and outstanding.
(4) This percentage is calculated on the basis of 71,042,500 Common Shares issued and outstanding.

DIRECTORS AND OFFICERS

Name, occupation and security holding

The following table provides the names, province or state of residence, position, principal occupations and the number of voting securities of the Company that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date of this Prospectus:

[*Remainder of page left blank*]

Name, Residence and Position with the Company	Director/ Officer Since	Principal Occupation for the Past Five Years	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly			
			At the Date of this Prospectus[(2)]	After Giving Effect to the Minimum Offering[(3)]	After Giving Effect to the Maximum Offering[(4)]	After Giving Effect to the Maximum Offering upon exercise of the Over-Allotment Option[(5)]
Francois Renaud-Byrne *Ontario, Canada* *President, Chief Executive Officer, &* *Director*	December 7, 2015[(5)]	Mr. Byrne is a Professional Engineer and is the CEO and founder of Hybrid Power Solutions Inc.	23,124,795 *(72.04%)*	23,124,795 *(36.04%)*[(7)]	23,124,795 *(33.43%)*	23,124,795 *(32.55%)*
Alex McAulay *British Columbia, Canada* *CFO & Corporate Secretary*	July 22, 2022[(6)]	Mr. McAulay is a Charted Professional Accountant providing fractional CFO services and regulatory guidance to assist public companies.	72,672 *(<1%)*	447,672 *(<1%)*[(8)]	447,672 *(<1%)*	447,672 *(<1%)*
Paul Gorman[(1)] *Ontario, Canada* *Director*	February 8, 2023	Mr. Gorman is the CEO and Director of Great Lakes Graphite and Reflect Advanced Materials Corp.	Nil.	Nil. [(9)]	Nil.	Nil.
Angelo Catenaro [(1)] *Ontario, Canada* *Director*	February 8, 2023	Mr. Catenaro is the president of E-Mobility Platform for the Eberspaecher Group.	Nil.	Nil. [(10)]	Nil.	Nil.

Stephen Davidson[1] *British Columbia, Canada* *Director*	February 24, 2023	Mr. Davidson assists public companies communicate with current shareholders and attract new investors in Canada and United States, the UK	Nil.	Nil.[11]	Nil.	Nil.

Notes:

(1) Member of the Audit Committee and Compensation Committee of the Company.

(2) This percentage is calculated on the basis of 32,100,000 Common Shares issued and outstanding.

(3) This percentage is calculated on the basis of 64,167,500 Common Shares issued and outstanding.

(4) This percentage is calculated on the basis of 69,167,500 Common Shares issued and outstanding.

(5) This percentage is calculated on the basis of 71,042,500 Common Shares issued and outstanding.

(6) Mr. McAulay was appointed as CFO and Corporate Secretary on July 22, 2022 and elected as a director of the Company on February 8, 2023.

(7) On the Listing Date, Mr. Byrne will additionally hold 3,333,838 Options, exercisable at $0.40 for 5 years from the Listing Date, and vesting 25% each 6 months after the Listing Date.

(8) On the Listing Date, Mr. McAulay will additionally hold 250,000 Options, exercisable at $0.40 for 5 years from the Listing Date, and vesting 25% each 6 months after the Listing Date, and indirectly hold 187,500 Warrants through Treewalk.

(9) On the Listing Date, Mr. Gorman will additionally hold 300,000 Options, exercisable at $0.40 for 5 years from the Listing Date, and vesting 25% each 6 months after the Listing Date, as well as 300,000 RSUs.

(10) On the Listing Date, Mr. Catenaro will additionally hold 250,000 Options, exercisable at $0.40 for 5 years from the Listing Date, and vesting 25% each 6 months after the Listing Date, as well as 250,000 RSUs.

(11) On the Listing Date, Mr. Davidson will additionally hold 125,000 Options, exercisable at $0.40 for 5 years from the Listing Date, and vesting 25% each 6 months after the Listing Date, as well as 125,000 RSUs.

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of the officers expires at the discretion of the Board of Directors. None of the directors or officers have entered into non-competition or non-disclosure agreements with the Company.

As at the date of this Prospectus, the directors and officers of the Company as a group owned beneficially, directly or indirectly or exercised control or discretion over an aggregate 23,197,467 Common Shares, which is equal to approximately 72.76% of the Common Shares currently issued and outstanding. After the completion of the Offering and prior to the exercise of any other outstanding rights to acquire Common Shares, the directors and officers of the Company as a group will own beneficially, directly or indirectly or exercise control or discretion over approximately an aggregate of 23,572,467 Common Shares which is equal to approximately 36.73% of the issued and outstanding Common Shares in the case of the Minimum Offering or approximately 34.08% of the issued and outstanding Common Shares in the case of the Maximum Offering or approximately 33.18% of the issued and outstanding Common Shares upon exercise of the Over-Allotment Option in the case of the Maximum Offering not including any Common Shares which may be acquired by the directors and officers in the Offering, other than 375,000 Units intended to be acquired indirectly by Mr. McAulay.

Directors and Officers -Biographies

The following biographies provide information in respect of the directors and officers of the Company.

Francois Renaud-Byrne - 32 - Chief Executive Officer, President, Treasurer and Director

Mr. Byrne holds an engineering degree and MBA and is an entrepreneur and CEO and founder of the Company. Mr. Byrne founded Hybrid Power Solutions with the goal of revolutionizing work sites with fuel free solutions and integrating battery systems in high potential, untapped markets. Mr. Byrne has six years of experience in the solar technology industry through the Company. Mr. Byrne has not entered into a non-competition agreement with the Company, and his CEO Agreement contains non-disclosure terms.

Alex McAulay – 39 - Chief Financial Officer, Corporate Secretary, and Director

Alex McAulay CPA, CA is an entrepreneur and experienced public company CFO and director. Mr. McAulay's firm, Treewalk Consulting Inc., is solely dedicated to providing fractional CFO and regulatory guidance to assist companies in going public. Mr. McAulay has served as the CFO of several listed companies and has assisted dozens of issuers in navigating the public markets. Mr. McAulay has not entered into a non-competition agreement with the Company, and his consulting agreement through Treewalk Consulting contains non-disclosure terms.

Paul Gorman- 53- Director

Paul Gorman is a Toronto-based corporate specialist with over 25 years of experience in emerging growth companies, taking companies public, and assessing asset viability. For the last 18 years, Paul has been the President and Managing Partner of Riverbank Capital Inc., a Merchant Bank working with small-cap companies to assist them in financing, revenue development and initiating well-defined marketing program. Mr. Gorman's responsibilities have also included promoting the companies to the investment community and writing strategic plans for business growth. Mr. Gorman was instrumental in funding Industrial Minerals Inc, which became Northern Graphite (TSX V:NGC) and assisting four other graphite companies in an advisory role. Mr. Gorman founded Mega Graphite Inc. in 2009 and has served as CEO for three other companies. Mr. Gorman is currently the CEO and Chairman of Reflect Advanced Materials Corp. (CSE:RFLX) and an advisor to Pan-American Energy Corp. (CSE:PNRG). Mr. Gorman has not entered into a non-competition agreement with the Company, and he is subject to confidentiality obligations under his director's agreement.

Angelo Catenaro – 58 - Director

Angelo was a co-founder of Vecture Inc. ("**Vecture**") in 2001. Vecture provided battery management systems for a wide range of lithium ion applications and markets. Mr. Catenaro served as VP of Business Development until June 2006 when he became the President and CEO of Vecture Inc. In 2016, German automotive supplier, Eberspaecher Group, purchased Vecture in order to start its e-mobility platform. Mr. Catenaro is currently president of that business unit. Prior to Vecture, Mr. Catenaro was the VP of Business Development for North America for AG Manufacturing, which had its manufacturing facility and head office in Girvan, Scotland. Mr. Catenaro comes from a sporting background having played professional ice hockey for over 15 years in Europe prior to starting his business career. Mr. Catenaro has not entered into a non-competition agreement with the Company, and he is subject to confidentiality obligations under his director's agreement.

Stephen Davidson – 33 - Director

For over 10 years, Mr. Davidson has been assisting public companies communicate with current shareholders and attracting new investors in Canada, the United States, and the UK. Mr. Davidson worked as Vice President of Sales at Cambridge House International for seven years, Mr. Davidson worked closely with public companies, investors, and industry experts. In 2021, Mr. Davidson joined International Data Group as Vice President of Sales & Partnerships, and is working closely with public and private companies to help them reach a new investor audience through an established family office network. Mr. Davidson has not entered into a non-competition agreement with the Company, and he is subject to confidentiality obligations under his director's agreement.

The directors and officers of the Company anticipate that they will dedicate the following percentage of their time to the affairs of the Company:

Francois Renaud-Byrne	100%
Alex McAulay	20%
Paul Gorman	15-20%
Angelo Catenaro	10%
Stephen Davidson	10%

These percentages are estimates only over the course of a 12-month period and the time commitment of the directors and officers will vary depending upon the Company's activities.

Committees

The only committees of the Board of the Company are the audit committee (the "**Audit Committee**") and the compensation committee (the "**Compensation Committee**") and the strategic advisory committee (the "**Strategic Advisory Committee**"). The Audit Committee of the Company consists of Paul Gorman (Chair), Angelo Catenaro, and Stephen Davidson. The Compensation Committee of the Company consists of Paul Gorman (Chair), Angelo Catenaro, and Stephen Davidson. The Strategic Advisory Committee is comprised of Atlas Strategic Advisors Inc. (the "**Consultant**").

The Consultant is a consulting firm that is beneficially owned by Amin Massoudi. Mr. Massoudi, a graduate of Queen's University, previously worked as the communications director for Toronto Mayor Rob Ford beginning in 2010 and through his career at Queen's Park, he acted as the deputy chief of staff and principal secretary to Ontario Premier Doug Ford. Mr. Massoudi chaired the Progressive Conservative Party of Ontario's successful 2022 re-election campaign. In August 2022, Mr. Massoudi left Queen's Park to pursue consulting in the private sector through Atlas Strategic Advisors Inc. The Consultant will be advising the Company on strategic partnerships and business connections in Ontario. The conduct of the Strategic Advisory Committee is governed by a charter that has been approved by the Board. The recommendations of the Strategic Advisory Committee are non-binding and the Board has full discretion as to whether to consult the Strategic Advisory Committee or implement any of its recommendations. The Company intends that the Strategic Advisory Committee will periodically advise the Company on the Company's overall business strategy, including development and identifying key issues.

Reporting Issuer Experience of the Directors and Officers of Issuer

The following table sets out the directors, officers and Promoters of the Company that are, or have been within the last five years, directors, officers or Promoters of other issuers that are or were reporting issuers in a Canadian jurisdiction:

Name	Name of Reporting Issuer	Exchange or Market	Position	From (mm/yy)	To (mm/yy)
Alex McAulay	5D Acquisition Corp.	TSX-V	CFO, Director	04/23	Present
	Troy Minerals Inc.	CSE	CFO	08/22	Present
	Lite Access Technologies Inc.	TSX-V	Director	07/22	Present
	FRNT Financial Inc.	TSX-V	CFO	03/22	Present
	Volatus Capital Corp.	CSE	Director	02/22	08/23
	Vegano Foods Inc.	CSE	CFO	02/22	04/23
	Plantable Health Inc.	NEO	CFO	01/22	02/22
	Tiidal Gaming Group Corp. (formerly Greenstone Capital Corp.)	CSE	CFO	11/21	04/22
	Doseology Sciences Inc.	CSE	CFO	11/21	01/22
	Comprehensive Healthcare Systems (formerly Greenstone Capital Corp.)	TSX-V	CFO	09/21	05/23
	Nepra Foods Inc.	CSE	CFO/ Director	08/21	07/23
	Pacific Arc Resources Ltd.	NEX	CFO	08/21	Present
	Medaro Mining Corp.	CSE	CFO	08/21	Present
	ITOK Capital Corp		CFO	02/21	07/23
	CAVU Energy Metals Corp.	CSE	CFO	09/20	12/22
	Newpath Resources Inc.	TSX-V	CEO	08/20	Present
	RYU Apparel Inc.	TSX-V	CFO	07/20	05/22
	Mantaro Precious Metals Corp. (formerly Yuntone Capital Corp.)	NEX	Director	06/20	05/21
	Carbeeza Inc. (formerly HIT Technologies Inc.)	TSX-V	CFO	01/20	06/21
	CBD Global Sciences Inc.	CSE	CFO	10/19	04/22
	Lobe Sciences Ltd. (formerly GreenStar Biosciences Corp.)	CSE	CFO	03/19	12/19
	Bow Energy Ltd.	TSX-V	CFO	03/17	03/18
Paul Gorman	Great Lakes Graphite	TSX-V	CEO	09/14	02/19
	DNI Metals Inc.	TSX-V	Director	05/17	06/18
	Reflex Advanced Materials Corp.	CSE	CEO, Director	09/22	Present

Corporate Cease Trade Orders or Bankruptcies

To the best of the Company's knowledge, no director or executive officer of the Company is, at the date of this Prospectus, or was within the 10 years prior to the date of this Prospectus, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the foregoing, "**order**" means

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

Other than as disclosed below, to the best of the Company's knowledge, no director or executive officer of the Company, nor any shareholder holding sufficient securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person:

(a) is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Cease Trade Orders issued against Companies while Alex McAulay acting as CFO

On May 3, 2021, a management cease trade order was issued against CBD Global Sciences Inc. (CSE: CBDN) for failing to file its audited financial statements and the related management's discussion and analysis for the fiscal year ended December 31, 2020. On July 23, 2021, the management cease trade order was revoked, and a cease trade order was issued against CBD Global for failing to file its audited and unaudited financial statements and related management's discussion and analysis for the fiscal year ended December 31, 2020 and the interim period ended March 31, 2021. On September 22, 2021, CBD Global sciences Inc. received a revocation letter from the ASC. On June 17, 2020, a cease trade order was issued against CBD Global for failing to file its audited financial statements for the year ended December 31, 2019 and the related management's discussion and analysis. The cease trade order was revoked on August 6, 2020 upon CBD Global making the required filings.

On May 3, 2022, a management cease trade order was issued against Vegano Foods Inc. (CSE: VAGN) for failing to file its audited financial statements and the related management's discussion and analysis for the fiscal year ended December 31, 2021. On June 16, 2022, the cease trade order was revoked upon Vegano Foods Inc. making the required filings.

On May 6, 2022, a failure-to-file cease trade order was issued against Comprehensive Healthcare Systems Inc. (TSXV:CHS) by the Alberta Securities Commission ("**ASC**") and the Ontario Securities Commission ("**OSC**") as a result of the Company not having filed, on or before May 2, 2022, the annual financial statements, annual management's discussion and analysis and certification of the annual filings for the year ended December 31, 2022. On May 19, 2022, Comprehensive Healthcare Systems Inc. received a revocation letter from the ASC and OSC upon making the required filings.

Penalties or Sanctions

To the best of the Company's knowledge, no director or executive officer of the Company, nor any shareholder holding sufficient securities of the Company to materially affect control of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) 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

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter.

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its directors and officers or other members of management of the Company as a result of their outside business interests except that certain of the 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 the Company and their duties as a director and officer of such other companies. To the extent that such other companies may provide services to the Company, may participate with the Company in various ventures, or may compete against the Company in one or more aspects of its business, the directors and officers of the Company may have a conflict of interest respecting such. Any conflicts will be subject to the procedures and remedies under the BCBCA. See also "*Interest of Management and Others in Material Transactions*" and "*Risk Factors*".

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Company was not a reporting issuer at any time during the most recently completed financial period. It is expected that in the future the directors and officers of the Company, including the Named Executive Officers (as defined below), will be granted, from time to time, incentive Awards in accordance with the Plan. See "*Options to Purchase Securities – Omnibus Equity Incentive Plan*" for a summary of the terms of the Plan. Given the Company's size and its stage of development, the Company has not appointed a compensation committee or formalized any guidelines with respect to compensation at this time. It is anticipated that once the Company becomes a reporting issuer, the Board will consider appointing such a committee and adopting such guidelines. The Company currently relies solely on Board discussion without any formal objectives, criteria and analysis to determine the amount of compensation payable to directors and all officers of the Company.

As an "IPO Venture Issuer" in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, the following is a discussion of all significant elements of compensation to be awarded to, earned by, paid to or payable to NEOs of the Company, once the Company becomes a reporting issuer, to the extent this compensation has been determined.

For the purposes set out below, a "**Named Executive Officer**" or "**NEO**" means each of the following individuals:

(a) the chief executive officer of the Company ("**CEO**") during any part of the most recently completed financial year;

(b) the chief financial officer of the Company ("**CFO**") during any part of the most recently completed financial year;

(c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000 for that financial year; and

(d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

As at the end of each of the Company's most recently completed financial year ended May 31, 2022, the Company had 1 NEO, Francois Renaud-Byrne, CEO, President, and Director of the Company. As at the date of this Prospectus, Francois Renaud-Byrne beneficially owns, controls or directs, directly or indirectly, 23,124,795 Common Shares representing approximately 72.04% of the issued and outstanding Common Shares on a non-diluted basis. Since the incorporation of the Company, Francois Renaud-Byrne has beneficially received an aggregate sum of $262,312 in cash. As of the date of this Prospectus, Francois Renaud-Byrne has been granted 9,000,000 Management Performance Warrants exercisable into Common Shares at $0.000001 per Common Share upon attainment of the following milestones: 3,000,000 Management Performance Warrants vest and are exercisable upon the Company generating $5,000,000 in revenue within 12 months of the Listing Date; 3,000,000 Management Performance Warrants vest and are exercisable upon the Company generating $10,000,000 in revenue within 24 months of the Listing Date; 3,000,000 Management Performance Warrants vest and are exercisable upon the Company generating $30,000,000 in revenue within 36 months of the Listing Date. See "*Disclosure of Outstanding Security Data*".

Options and Other Compensation Securities

The Company adopted the Plan to assist the Company in attracting, retaining and motivating directors, officers, employees, consultants and contractors of the Company and to closely align the interests of such service providers with the interests of the Company. As at the Company's most recently completed financial year ended May 31, 2022, there were no outstanding compensation securities and none had been granted or issued to the directors and NEOs by the Company or its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries. For information about the Plan, refer to the heading "*Options to Purchase Securities*" above.

Equity Incentive Plan and Other Incentive Plans

See "*Options to Purchase Securities*".

Employment, Consulting and Management Agreements

CEO Agreement

François Renaud-Byrne provides his services, as chief executive officer, on a full-time basis to the Company pursuant to an employment agreement dated effective April 6, 2023 (the "**CEO Agreement**"). Mr. Byrne is required to report to the Board of Directors and to keep the Board informed of all relevant matters concerning his services. Mr. Byrne must act faithfully, honestly and diligently, use his best efforts to promote the best interests of the Company, and utilize maximum professional skill and care to ensure that his services are rendered to the satisfaction of the Company. Under the CEO Agreement, the Company pays Mr. Byrne an annual base salary of $150,000 and reimburses Mr. Byrne for documented expenses he reasonably incurs. Mr. Byrne is also eligible for a bonus based on criteria and milestones set by the Board for Mr. Byrne from time to time, and is also eligible to receive Options or such other awards issuable under the Plan to be determined by the Board in its sole discretion acting in good faith from time to time. Mr. Byrne is subject to confidentiality obligations under the CEO Agreement, and the CEO Agreement is terminable by Mr. Byrne on four weeks' advance written notice. The Company may terminate the CEO Agreement without cause by providing Mr. Byrne payment equal to (i) twenty-four (24) months' worth of salary; (ii) twenty-four (24) months' worth of car allowance payments; (iii) two years worth of bonuses, calculated based on the highest annual bonus paid by the Company to Mr. Byrne in the last three years prior to termination, subject to pro-rating any bonus paid by the Company to the Mr. Byrne during the year in which he was terminated; and (iv) benefit continuance or compensation in lieu thereof during the twenty-four month period. In the event of a change of control, if Mr. Byrne is terminated by the Company or its successor without cause, or Mr. Byrne terminates the agreement by reason of reduced pay, a fundamental change in job description, or any of significant change to the conditions of employment, then Mr. Byrne will be entitled to the same renumeration as set out above as if the Company had terminated him without cause.

Consulting Agreements

The Company entered into a consulting agreement dated February 23, 2022, with Treewalk (formerly, ACM Management Inc.), pursuant to which Treewalk provides to the Company accounting, financial, and administrative services including interim controllership, temporary accounting services, audit preparation, and budgeting analysis services (the "**Treewalk Agreement**"). These services are provided to the Company upon request and consulting fees are determined based on the hours spent by and the hourly rates of Treewalk. Treewalk is a private British Columbia company beneficially owned by Alex McAulay. Pursuant to the terms of the Treewalk Agreement, the Company or Treewalk may terminate the agreement immediately for failure of the other party to meet its obligations thereunder. Should the Company terminate the Treewalk Agreement without cause before the services have been fully provided, the Company will compensate Treewalk in accordance with the terms of the Treewalk Agreement for the services provided and expenses incurred through the effective date of termination. For the nine months ended February 28, 2023, the Company incurred a total of $508,047 from Treewalk for accounting, audit preparation, and audit support services. In addition to the services described above, this amount also includes fees related to the going public transaction during this period, which will not be a recurring expense for the Company upon completion of the Listing Date.

On August 28, 2023, the Company entered into the Treewalk Payment Agreement pursuant to which the Company agreed to pay and settle an aggregate amount of $688,137.50 of *bona-fide* debt owed to Treewalk for accounting, financial, and administrative services provided under the Treewalk Agreement under the Treewalk Agreement as follows:

(a) the Company issued the Treewalk Promissory Note in the principal amount of $100,000, with interest rate of 15% per annum, which principal amount and accrued interest, if any, are repayable on the earlier of: (i) August 28, 2025; and (ii) the completion of an equity financing(s) by the Company (occurring after the completion of the Offering) for minimum gross proceeds of $3,000,000;

(b) the Company paid Treewalk $38,137.50 for certain consulting services provided by Treewalk to the Company under the Treewalk Agreement;

(c) the Company will pay Treewalk $400,000 on Closing of the Offering; and

(d) the Company will facilitate a $150,000 investment by Treewalk in the Offering at the Offering Price, pursuant to which the Company will issue Treewalk 375,000 Units.

The Company entered into a consulting agreement dated March 6, 2023 (the "**Consulting Agreement**") with Atlas Strategic Investors Inc. pursuant to which the Company agreed to engage the Consultant on non-exclusive basis to act as a member of the Strategic Advisory Committee (the "**Strategic Advisory Services**"), on a part-time basis. In consideration for the Strategic Advisory Services, the Consultant will be eligible to participate in the Plan, and the Company may grant stock options or other awards to the Consultant at the sole discretion of the Board. The term of the Consulting Agreement will be one year, unless earlier terminated by the Company in accordance with the Consulting Agreement. The Consulting Agreement will automatically renew each year until terminated by the Company in accordance with the Consulting Agreement. The Consultant is subject to confidentiality obligations under the Consulting Agreement. Pursuant to the Consulting Agreement, the Company will grant the Consultant an aggregate of 250,000 Options and 250,000 RSUs, effective on the Listing Date.

Director Services Agreements

The Company entered into director services agreement dated April 5, 2023 (the "**Director Agreements**") with each of the current directors of the Company, other than Mr. Byrne and Mr. McAulay. Pursuant to the Director Agreements, the directors will, during their term as a director of the Company, discharge their duties as a director of the Company with the care and competence reasonably expected of an individual in similar circumstances, including without limitation the duties set forth in the BCBCA, the Articles of the Company and the regulations promulgated thereunder and the policies of any stock exchange on which the Common Shares are listed from time to time, in each case as amended from time to time. Provided that the director is not an executive officer of the Company or is otherwise receiving a salary under the terms of an employment agreement or a cash fee under the terms of a consulting agreement with the Company at the relevant time, the Company will pay director's fees to the director, or as otherwise directed by the director, an annual fee of $12,000 per year commencing on Listing. The directors will be eligible to participate in the Plan, and the Company may grant stock options or other awards to the directors at the sole discretion of the Board. The directors are subject to confidentiality obligations and non-solicitation clauses under the Director Agreements.

Except as disclosed herein, the Company is not party to any agreement or arrangement under which compensation was provided during the Company's most recently completed financial year or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by a director or NEO, or performed by any other party but are services typically provided by a director or a NEO or a person performing services of a similar capacity.

Oversight and Description of Director and Named Executive Officer Compensation

The Company, at its present stage, does not have any formal objectives, criteria and analysis for determining the compensation of its NEOs and primarily relies on the discussions and determinations of the Board. When determining individual compensation levels for the Company's NEOs, a variety of factors will be considered including: the overall financial and operating performance of the Company, each NEO's individual performance and contribution towards meeting corporate objectives and each NEO's level of responsibility and length of service.

The Company's executive compensation is intended to be consistent with the Company's business plans, strategies and goals, including the preservation of working capital as the Company seeks to complete its listing on the CSE. The Company's executive compensation program is intended to provide appropriate compensation that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company's compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results.

Other than the Director Services Agreements, the Company does not have any arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts. As with the NEOs, the Board intends to compensate directors primarily through the grant of Awards and reimbursement of expenses incurred by such persons acting as directors of the Company.

Pension Plan Benefits

The Company does not have in place any pension plans that provide for payments or benefits at, following, or in connection with retirement.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, employees, proposed nominees for election as directors and their associates, or any former executive officers, directors and employees of the Company or any of its subsidiaries, is, as at the date of this Prospectus, or has been at any time during the most recently completed financial year, indebted to the Company or any of its subsidiaries.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

The text of the Audit Committee's Charter is attached as Schedule "C".

Composition of the Audit Committee

The Company's Audit Committee is composed of the following: Paul Gorman, Angelo Catenaro and Stephen Davidson.

Name	Independence[(1)]	Financial Literacy
Paul Gorman	Yes	Financially literate[(2)]
Angelo Catenaro	Yes	Financially literate[(2)]
Stephen Davidson	Yes	Financially literate[(2)]

Notes:

(1) A member of an audit committee is independent if, in addition to meeting other regulatory requirements, the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment pursuant to NI 52-110.

(2) An individual is financially literate if they have the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Each member of the Company's Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and provisions;

(b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and

(c) an understanding of internal controls and procedures for financial reporting.

Paul Gorman

Paul Gorman is a Toronto based corporate specialist with over 25 years of experience in emerging growth companies, taking companies public and assessing asset viability. Mr. Gorman has been the President and Managing Partner of Riverbank Capital Inc. for 18 years, a Merchant Bank working with small-cap companies to assist them in financing, revenue development and initiating well-defined marketing programs. Paul's responsibilities have also included raising capital as well as promoting the companies to the investment community and writing strategic plans for business growth. Mr. Gorman founded Mega Graphite Inc. in 2009 and has served as CEO for three other companies. Mr. Gorman has been a director of seven different public companies over the past 20 years and is the current audit committee chair for Reflect Advanced Materials Corp. (CSE:RFLX.). As such, Mr. Gorman is familiar with financial statements and complex accounting issues and is financially literate.

Angelo Catenaro

Mr. Catenaro's key function as President of the business unit at Eberspaecher Group is presenting financial performance to senior management on a monthly basis. Mr. Catenaro is responsible for explaining any deviation from the business plan in terms of revenue, profits, gross margins, TWC and other KPI's. On an annual basis, Mr. Catenaro is responsible for putting together a business plan that encompasses all aspects of the organization and must review it every 4 months to identify any new risks or opportunities to the plan. As the Compliance Officer of the business unit, Mr. Catenaro is also responsible for all compliance issues and/or policies. Lastly, Mr.Catenaro was part of the audit teams when Vecture Inc. was purchased by the Eberspaecher Group in 2016. As such, Mr. Catenaro is familiar with financial statements and complex accounting issues and is financially literate.

Stephen Davidson

Over the past decade, Stephen Davidson has worked closely with hundreds of Canadian publicly traded companies on investor relations and marketing initiatives. Through his past roles with investor outreach to retail investors, to his current role connecting public companies to Family Office investors, a significant amount of due diligence is done on each company before the client is signed on. This due diligence requires an in-depth understanding of how to read and understand the companies' financial statements and the account principals on which they are based, collecting personal and professional references on the management team, and coaching companies on how to effectively communicate with new and current shareholders. Mr. Davidson holds a diploma in marketing from Douglas College. As such, Mr. Davidson is familiar with financial statements and complex accounting issues and is financially literate.

In addition to the foregoing, the Company also makes third party experts available to its audit committee members, including representatives of the Company's auditors, to address any questions the committee members may have regarding the preparation of the Company's financial statements.

Paul Gorman was appointed the Audit Committee Chair.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial period, has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial period, the Company has not relied on the exemptions contained in Section 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6), or Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

Set forth below are details of certain service fees paid to the Company's external auditor in each of the last two fiscal years for audit services:

Nature of Services	**Fees Billed by the Auditor During the Financial Period ended November 30, 2022**	**Fees Billed by the Auditor During the Financial Year ended May 31, 2022**	**Fees Billed by the Auditor During the Financial Year ended May 31, 2021**
Audit Fees(1)	$100,000	$150,000	Nil
Audit-Related Fees(2)	Nil	Nil	Nil
Tax Fees(3)	Nil	Nil	Nil
All Other Fees(4)	Nil	Nil	Nil
TOTAL:	**$100,000**	**$150,000**	**Nil**

Notes:

(1) "**Audit Fees**" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "**Audit-Related Fees**" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "**Tax Fees**" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "**All Other Fees**" include all other non-audit services.

Corporate Governance

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. NP 58-201 provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, NI 58-101 prescribes certain disclosure by the Company of its corporate governance practices. This disclosure, as it applies to the Company, is presented below.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The independent members of the Board at present are Paul Gorman, Angelo Catenaro, and Stephen Davidson.

The non-independent members of the Board at present are Francois Renaud-Byrne (the CEO of the Company) and Alexander McAulay (the CFO of the Company).

The Board facilitates its independent supervision over management by having regular Board meetings and by establishing and implementing prudent corporate governance policies and procedures.

Directorship

Certain directors are presently directors of one or more other reporting issuers. See "*Directors and Officers*" above for further details.

Orientation and Continuing Education

The Board does not have a formal policy relating to the orientation of new directors and continuing education for directors. The appointment of a new director is a relatively infrequent event in the Company's affairs, and each situation is addressed on its merits on a case-by-case basis. The Company has a relatively restricted scope of operations, and most candidates for Board positions will likely have past experience in the technology industry; they will likely be familiar with the operations of a solar and power technology company of the size and complexity of the Company. The Board, with the assistance of counsel, keeps itself appraised of changes in the duties and responsibilities of directors and deals with material changes of those duties and responsibilities as and when the circumstances warrant. The Board will implement an informal orientation program for new directors that suits their relative experiences. The Board will evaluate these positions, and if changes appear to be justified, formal policies will be developed and followed.

Board meetings are generally held at the Company's offices and, from time to time, are combined with presentations by management to give the directors additional insight into the Company's business. In addition, management makes itself available for discussion with the Board members.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board will consider its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

Management will conduct an annual review of the compensation of the Company's directors and executive officers and make recommendations to the Board. The Board determines compensation for the directors and executive officers.

Other Board Committees

The Board has no other committees other than the Audit Committee and the Compensation Committee.

Board Assessments

The Company does not conduct formal assessments of the Board or its committees as it is at an early stage of development and believes that it can assess Board and committee performance informally through discussions at Board meetings, with input from management. The Company will consider adopting formal assessment procedures once it is a reporting issuer and its shares are listed for trading on the CSE.

PLAN OF DISTRIBUTION

Agency Agreement

Pursuant to this Prospectus, the Company, through the Agent, is offering 7,500,000 Units in the case of the Minimum Offering and 12,500,000 Units in the case of the Maximum Offering to the public at a price of

$0.40 per Unit, for aggregate gross proceeds of $3,000,000 in the case of the Minimum Offering and $5,000,000 in the case of the Maximum Offering. The Company has granted to the Agent the Over-Allotment Option, exercisable in whole or in part, at the sole discretion of the Agent, at any time not later than the 30th day of the Closing Date, to purchase from the Company up to 1,875,000 Additional Units at the Offering Price to cover over-allocations, if any, and for market stabilization purpose.

Each Unit is comprised of one Offering Share and one-half of one Warrant. Each Warrant will entitle the holder thereof to acquire one Warrant Share upon payment of the exercise price of $0.60 at any time prior to 4:00 p.m. (Vancouver time) on the date which is 24 months from the Closing Date. The Warrants will be administered pursuant to the Warrant Indenture. See "*Description of Securities Distributed - Warrants-Warrant Indenture*". This Prospectus qualifies the distribution of up to 14,375,000 Units.

The Offering is being made on a best-efforts basis and is subject to a minimum aggregate subscription of 7,500,000 Units within 90 days of the Effective Date. All subscription funds received will be held by the Agent and if subscriptions in the amount of the Minimum Offering are not received within the ninety (90) day period, subscription monies will be returned to Purchasers without interest or deduction. If the Minimum Offering is not fully subscribed within ninety (90) days from the Effective Date, the Offering may continue if the Company files and receives a receipt for an amended and restated preliminary prospectus and the amended and restated preliminary prospectus has been sent to all Purchasers who subscribed during the initial ninety (90) day period from the Effective Date. The maximum distribution period for the Offering is 180 days from the Effective Date. See "*Plan of Distribution*".

Pursuant to the Agency Agreement, the Company has engaged the Agent as its exclusive agent for the purposes of the Offering, and the Company, through the Agent, hereby offers for sale to the public under this Prospectus, on a best efforts basis, the Units to be issued and sold under the Offering at the Offering Price, subject to prior sale if, as and when issued. The Offering Price was established through negotiation between the Company and the Agent.

The Agent may, in connection with the Offering subject to prior review by the Company, retain one or more Selling Firms and may receive subscriptions for Units from such Selling Firms. The Agent is not obligated to purchase any of the Units in connection with the Offering.

The Offering is being made in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Newfoundland and Labrador. The Offering Shares will be offered in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Newfoundland and Labrador, through the Agent or their affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Agent. Subject to applicable laws, the Agent may offer the Units outside of Canada.

The Units offered hereby have not been and will not be registered under the U.S. Securities Act or any securities or "blue sky" laws of any state of the U.S. Accordingly, the Units may not be offered or sold, directly or indirectly, within the United States or to, or for the benefit or account of, any U.S. Person, except in accordance with an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Pursuant to the terms of the Agency Agreement, the Company has agreed to pay the Agent the Corporate Finance Fee and the Agent's Commission equal to 8.0% of the gross proceeds received from the sale of the Units under the Offering (including from the sale of Additional Units upon exercise of the Over-Allotment Option) except in respect of sales of Units to President's List Purchasers, in respect of which the Agent's Commission will be reduced to 4.0%.

Under the terms of the Agency Agreement, the Company has agreed to issue to the Agent Agent's Warrants entitling the Agent to purchase that number of Agent's Units equal to 8.0% of the Units sold by the Agent under the Offering (including from the sale of Additional Units upon exercise of the Over-Allotment Option) to purchasers other than President's List Purchasers, and 4.0% of the total number of Units sold under the Offering to the President's List Purchasers. The maximum number of Agent's Units that may be issued is 1,150,000. The Agent's Warrants may be exercised in whole or in part at any time prior to 4:00 p.m. (Vancouver time) on the date which is 24 months from the Closing Date upon the payment of the exercise price of $0.40 per Agent's Unit. This Prospectus qualifies the distribution of the Agent's Warrants.

Pursuant to the terms of the Agency Agreement, the Company has also agreed to pay the Agent's reasonable expenses in connection with the Offering, including legal expenses (such legal fees of Agent's counsel not to exceed $70,000 exclusive of taxes and disbursements subject to extenuating circumstances wherein the Company and Agent will agree upon a revised amount, an aggregate of $55,000 of which was paid to the Agent on the $0.20 Closing Date, $0.30 First Closing Date and $0.30 Second Closing Date) and the Agent's reasonable out-of-pocket expenses.

Pursuant to the terms of the Agency Agreement and subject to completion of the Offering, the Company has also agreed that Agent will have a right of first refusal to act as the Company's fiscal agent for any brokered financing for 12 months following completion of the Offering.

The obligations of the Agent under the Agency Agreement may be terminated at any time before the Closing Date at the Agent's discretion on the basis of the assessment of the state of the financial markets and may also be terminated at any time on the occurrence of certain stated events.

Subscriptions will be received for the Units and Additional Units offered hereby subject to rejection or allotment in whole or in part and the right is reserved to the Company to close the subscription books at any time. Upon rejection of a subscription, or in the event that the Minimum Offering is not completed within the time required, the subscription price and the subscription will be returned to the Purchaser forthwith without interest or deduction. The Offering Shares and Warrants acquired hereunder will be delivered in book entry form through CDS or its nominee which will be deposited with CDS on the Closing Date. If delivered in book entry form, purchasers of the Offering Shares and Warrants will receive only a customer confirmation from the Agent or registered dealer that is a CDS participant and from or through which the Offering Shares were purchased.

Listing of the Common Shares

The Company has received conditional approval to list the Common Shares on the CSE. Listing of the Common Shares will be subject to the Company fulfilling all of the listing requirements of the CSE.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

RISK FACTORS

An investment in the Units of the Company should be considered highly speculative and involves certain risks. When evaluating the Company and its business, prospective purchasers of the Units should carefully consider the information set out in this Prospectus and the risks described below and in the documents incorporated by reference in this Prospectus.

There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of the risks described below (or incorporated by reference herein) or other unforeseen risks. If any of the risks described below actually occur, then the Company's business, financial condition and operating results could be adversely affected.

The risks and uncertainties described or incorporated by reference herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company is unaware of or that are currently deemed immaterial, may also adversely affect the Company and its business. Investors should consult with their professional advisors to assess any investment in the Company.

Risks Related to the Business

Limited Operating History

The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered during these early stages of operations.

Limited Business History

The Company has not paid any dividends and it is unlikely that the Company will pay any dividends in the immediate or foreseeable future. The success of the Company will depend entirely on the expertise, ability, judgment, discretion, integrity and good faith of its management.

The Company has limited financial resources and there is no assurance that additional funding will be available to the Company for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Company can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such an event, the probability of a profitable resale of the Common Shares would be diminished.

Research and Development Activities

It is important for the Company to continue to invest steadily in research and development. However, because the Company will compete in a constantly evolving market, it may pursue research and development projects that do not result in viable commercial products. Any failure to translate research and development expenditures into successful new product introductions could have an adverse effect on the Company's business.

Technical Risks

Technical risks are inherent in the development process, in that an immature technology could present unexpected challenges that exceed the planned time or money to overcome. There can be no guarantee that the Company will be able to overcome technical risks.

Inability to Protect Intellectual Property

The Company owns certain material intellectual property which is not yet registered. The Company may file patent, trademark and copyright applications in the United States, Canada and in other foreign countries as part of its strategy to protect its intellectual property. However, these registrations may provide only limited protection of the Company's intellectual property.

The Company considers its rights to its products, know-how and trade secrets, to represent a significant portion of its net assets. The Company has, therefore, utilized a combination of security measures, confidentiality policies, contractual arrangements to protect its proprietary formulations and other valuable trade secrets. The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. There can be no assurances that any steps taken by the Company to protect its intellectual property will be adequate to prevent misappropriation or independent third-party development of the Company's intellectual property.

Product Errors or Defects

Errors or defects in the Company's products could result in losses to the Company's customers or users. The Company's customers and users may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Furthermore, a customer or user could share information about bad experiences on social media, which could result in damage to the Company's reputation and loss of future revenue. There can be no assurance that any actions we take in an attempt to limit the Company's exposure to claims would work as expected or be adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if not successful, a claim brought against us by any of the Company's customers or users would likely be time-consuming and costly to defend.

Manufacture or Design Defects

Our products may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. The Company offers a six-month commercial warranty or twelve-month standard warranty. The Company also offers a two year or 500 cycle warranty on its batteries, whichever comes first.

Unpredictability of Contract Procurement

The Company relies on the continued procurement of contracts to sustain its revenues. Significant fluctuations in the procurement of contracts may occur due to several factors, including decreased demand, supply chain deficiencies, unpredictability of the timing of development, and inability to find third party buyers in a timely manner, on favorable terms and conditions, or at all. If the Company does not obtain any projects or the amount of contracts decreases substantially, this would have a material adverse effect on the Company's profitability, results of operations and financial condition.

Contractual Risk

The Company is a party to various contracts, and it is always possible that the other contracting parties may not fully perform their obligations. Any dereliction of contractual duties could and may have a material adverse effect on the Company's ability to generate revenue.

Operating Risk and Insurance Coverage

The Company intends to obtain insurance to protect its assets, operations and employees. While the Company believes insurance coverage can adequately address all material risks to which it may be exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for all risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its current business strategy. The Company intends to fund its business objectives by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved.

Achieving our projected development goals in the announced and expected time frames

From time to time, the Company sets goals for, and makes statements regarding, the expectations and timing of the accomplishment of certain objectives that are material to our success. The actual timing of these events can vary dramatically. If the Company fails to achieve one or more of these milestones as planned, there is a risk that the Company's operations, financial condition and the price of the Company's Common Shares could be materially adversely affected. In the past, following periods of volatility in the market price of public company securities, shareholders have often instituted class action securities litigation against those companies. There is a risk that the Company could be subject to such litigation.

Risks Related to the COVID-19 Pandemic

The current outbreak of COVID-19 and the spread of this virus could continue to have a material adverse effect on global economic conditions which may adversely impact the Company's business. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak and characterized it as a pandemic on March 11, 2020. The extent to which the outbreak impacts the Company's business will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the outbreak and the actions to contain the outbreak or treat its impact, among others. Moreover, the actual and threatened spread of the coronavirus globally could also have a material adverse effect on the regional economies in which the Company intends

to operate, continue to negatively impact stock markets, adversely impact the Company's ability to raise capital, and cause continued interest rate volatility. In particular, the outbreak in Canada, which has resulted in restrictions including quarantines, closures, cancellations and travel restrictions, may have a material adverse effect on the Company's business including operating, manufacturing supply chain, research and development, regulatory submissions and project development delays and disruptions, labour shortages, travel and shipping disruption and shutdowns, interruptions in product supply or restrictions on the export or shipment of the Company's products and reduced customer demand. The Company may incur expenses or delays relating to such events outside of the Company's control, which could have a material adverse impact on the Company's business, operating results and financial condition. Any of these developments, and others, could have a material adverse effect on the Company's business.

Brand Image, Reputation and Marketing Initiatives

Any adverse publicity concerning marketing practices, market trends or consumer dissatisfaction relating directly to the Company or relating to the any of the clean energy industry as a whole may damage the Company's corporate reputation and brand image, undermine customer confidence and reduce long-term demand for its products.

The impact of adverse publicity on the Company's operations may be magnified due to the rapidly changing media environment. The growing use of social and digital media increases the speed and extent that information or misinformation and opinions can be shared. Negative information about the Company, its brand(s) or products on social and digital media, whether valid or not, could seriously damage its brand(s) and reputation quickly, forcing the Company to actively respond to (and curtail to the extent possible) negative feedback received. If the Company is unable to manage its digital activities and interactions, its product sales, financial condition and operating results could be materially and adversely affected.

The success of the Company's sales and marketing initiatives and practices may be subject to risk, including uncertainties about consumer acceptance, current inventory levels and the ability to communicate key brand and corporate messages to digital audiences. The success of these initiatives is also subject to potential restrictions on product marketing via extensive government regulations and product specific policies. Furthermore, consumers and competitors may challenge certain marketing materials and practices by claiming, among other things, false and misleading advertising. A significant claim of judgement against the Company could result in monetary damages, and limit the Company's ability to maintain sales and marketing practices and negatively impact its profitability. Even if such a claim is unsuccessful or unwarranted, the negative publicity surrounding such assertions could negatively impact the Company's business operations.

Competition

The Company's primary competitors have greater substantial financial, marketing and production resources; the Company may not have access to such a wide breadth of resources and therefore it may be unsuccessful in competing against current and future competitors. These competitors have diversified portfolios and likely benefit from greater economies of scale due to their size and global manufacturing capabilities. The Company may also face competition from new and emerging businesses that may enter its existing or future markets.

Many of the Company's competitors and potential competitors have longer operating histories, greater brand recognition and loyalty, facilities devoted to research and development, a larger customer base as well as operations dedicated towards identifying consumer preferences, strong industry relationships with both customers and distributors, as well as significantly greater financial, sales, marketing, manufacturing, distribution, technical, and other resources than the Company has. As a result, they may be able to respond

more quickly to customer requirements and devote greater resources towards price-based promotional activities better than the Company can. These competitors may also be able to adapt more quickly to new or emerging technologies and standards and may be able to deliver services that are comparable or superior to that of the Company's services at a far more reduced rate. Such pressures may also restrict the Company's ability to increase prices in response to commodities such as ingredients and equipment, wages and other applicable cost increases. If the Company is unable to compete effectively, its financial condition and operating results may suffer.

Negative Cash Flows From Operations

For the fiscal year ended May 31, 2022, the Company sustained net losses from operations of $876,698 and had negative cash flow from operating activities of $93,615. The Company continues to have negative operating cash flow. It is possible the Company may have negative cash flow in any future period and as a result, the Company may need to use available cash, including proceeds from the Offering and any future financings to fund any such negative cash flow. See "*Use of Proceeds*".

Decreased Demand for the Company's Products

Demand for the Company's products will depend on consumer preferences and how successfully the Company can predict, identify and interpret the preferences and habits of consumers, and to offer products that appeal to their preferences, including concerns regarding product attributes and ingredients at a competitive cost. If the Company does not accurately predict shifts in consumer preferences or fails to introduce new and improved product offerings, sales could decline. In addition, due to the immense competition within the industry, it is imperative the Company is able to offer an array of products that satisfy the broad spectrum of consumer preferences. If the Company fails to expand their product offerings successfully across product categories or is unable to rapidly develop products in faster growing and more profitable categories, demand for its products will decrease and profitability could suffer.

Additionally, the willingness of consumers to purchase portable battery products depends in part on local economic conditions. The Company must anticipate market trends and the price, performance and functionality requirements of current and potential future customers and must successfully adapt its product offerings to meet these requirements. Failure to do so will have a negative adverse effect on the Company.

There are well documented market trends which suggest demand from consumers shifting from basic to premium products. Customers interested in portable power products are looking for mobile power that is easy to use and maintain but offers the power and portability found in gas generators with the advantages offered by all electric systems. The residential solar market is looking for an easy to operate, attractive power system that can serve not only as a backup power system but also as a way to reduce power costs. While the Company's new products appear to address these demands, it is not possible to predict the level of success that these new products will have in the market. Failure to penetrate these markets in a successful and timely manner will have a negative adverse effect on the Company.

Demand for Solar Power

The Company may be adversely affected by volatile solar energy market and industry conditions, specifically the demand for the Company's products and services may decline. The solar energy market and industry may from time-to-time experience oversupply, which may adversely affect the Company. Oversupply conditions across the value chain can put pressure on average selling prices, resulting in lower revenue for many industry participants, including the Company. If the supply of solar systems grows faster than demand, demand and the average selling price for our products could be materially and adversely affected.

The solar power market is still at a relatively early stage of development and future demand for solar power products and services is uncertain. Market data for the solar power industry is not as readily available as for more established industries, where trends are more reliably assessed from data gathered over a longer period.

Many factors may affect the viability of solar power technology and the demand for solar power products, including:

- the cost-effectiveness, performance and reliability of solar power products and services, including the Company's solar power projects compared to conventional and other renewable energy sources and products and services;
- the availability of government subsidies and incentives to support the development of the solar power industry;
- the availability and cost of capital, including long-term debt and tax equity, for solar power projects;
- the success of other alternative energy technologies, such as wind power, hydroelectric power, geothermal power, and biomass fuel;
- fluctuations in economic and market conditions that affect the viability of conventional and other renewable energy sources, such as increases or decreases in the prices of oil, gas and other fossil fuels;
- capital expenditures by end users of solar power products and services, which tend to decrease when the economy slows; and
- the availability of favorable regulation for solar power within the electric power industry and the broader energy industry.

If solar power technology is not suitable for widespread adoption or if sufficient demand for solar power products and services does not develop or takes longer to develop than anticipated, this may be a material adverse effect on the Company's profitability, results of operation and financial condition.

Reliance on Industry Suppliers and Manufacturers

In order to continue executing its business strategy, the Company will rely on third party suppliers to provide certain goods necessary to enable the Company to manufacture, package and distribute its products, in particular key raw materials and necessary packaging materials. The Company may be unable to arrange for the manufacture of its products in a timely fashion, or at all, if any of its suppliers should cease or interrupt production or otherwise fail to supply the Company, or if certain supply agreements are suspended, terminated or otherwise expire without renewal, the Company's activities and results could be materially adversely affected. The Company's ability to deliver according to market demands and contractual commitments depends significantly on obtaining a timely and adequate supply of materials, equipment components (when and if necessary), production capacity and other vital offerings and solutions on competitive terms.

Access to and Cost of Raw Materials

The Company is dependent on a sufficient supply of raw materials and any ingredients that are required to meet current and future customer demand for the Company's products. These materials are necessary for the commercial production of the Company's various product offerings. Variations in supply and demand of these materials at global or regional levels, weather conditions, regulatory changes, geopolitical events and the outbreak of the novel coronavirus (COVID-19) could substantially impact the price and availability of both, raw materials and materials needed to package the Company's products, which could result in loss of sales or claims against the Company as well as adversely affect its brand and reputation. Profitability of the Company is sensitive to fluctuations in wholesale prices of these raw materials as well as other factors such as energy, fuel, equipment, labour and shipping costs and other market conditions, all of which are external factors, beyond the Company's control.

Unavailability of Processed Battery Materials Due to Trade Conflicts with China or the United States

The availability of processed battery materials, which are essential to the production of the Company's products, could be adversely impacted by trade conflicts with China or the United States. These countries are significant suppliers of key materials used in the manufacturing of batteries, such as lithium, cobalt, nickel, and other essential metals. The global supply chain for these materials is intricate and interdependent, and any disruption in the trade relationships with these countries could significantly impact our ability to source these materials.

In the event of a trade war or escalating trade tensions with China or the United States, the affected countries may impose tariffs, quotas, or other restrictive trade measures on the import or export of processed battery materials. Such measures could result in higher costs, reduced availability, or delayed delivery of these critical materials, which may adversely affect our manufacturing capabilities, lead times, and overall product costs.

Additionally, trade conflicts may lead to the imposition of economic sanctions, embargoes, or other regulatory restrictions, which could further disrupt the global supply chain for processed battery materials. These disruptions could exacerbate existing supply constraints, decrease the Company's operational efficiency, and impede the Company's ability to meet customer demand for its products.

To mitigate this risk, the Company continually monitors international trade developments and assess potential impacts on its supply chain. The Company also endeavors to diversify its sourcing of processed battery materials to reduce its reliance on any single country or supplier. However, there can be no assurance that the Company will be able to effectively manage or mitigate the risks associated with trade conflicts or that its business, financial condition, or results of operations will not be materially and adversely affected by these risks.

Loss of Critical Personnel, Specifically the Death of the Company's CEO and Founder

The Company's success and future growth depend, in part, on the leadership, vision, and expertise of our key personnel, particularly the CEO and Founder, Mr. Byrne. The unexpected death or incapacitation of Mr. Byrne would result in the loss of his extensive industry knowledge, strategic vision, and deep understanding of the Company's business operations. This could create a significant leadership gap and operational disruption, which may adversely affect the Company's ability to execute its strategic plans, maintain a competitive position, and achieve its long-term objectives.

While the Company maintains key person insurance policies on Mr. Byrne, which may help mitigate the financial impact of such a loss, these policies cannot replace the contributions of Mr. Byrne and his business relationships. Mr. Byrne's passing could lead to uncertainty among the Company's employees, customers, and partners, potentially resulting in decreased employee morale, customer attrition, and weakened strategic partnerships.

In order to address this risk, the Company has a succession plan which includes the identification of potential internal and external candidates who possess the necessary skills and experience to assume leadership roles within the Company. However, there can be no assurance that a succession plan will be effective in maintaining continuity of leadership, preserving our strategic vision, or preventing any material adverse impact on our business, financial condition, or results of operations.

Dividends

The Company has no earnings or dividend record, and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Management

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance that the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

Management of Growth

If the Company is unable to manage its continued growth successfully, it may be subject to growth-related risks including capacity constrains and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial. Condition, results of operations and prospects.

Conflict of Interest

Certain of the Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on Company's results of operations and financial condition.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

Risks Related to the Offering

Completion of the Offering

The completion of the Offering is subject to the satisfaction of all applicable regulatory approvals, which approvals may not be obtained. Concurrently with the filing of this Prospectus, the Company received conditional approval to list the Offering Shares, the Warrant Shares and the securities underlying the Agent's Units on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE and the CSE having no objections to the completion of the Offering.

In addition, the completion of the Offering is subject to the completion of definitive binding documentation and satisfaction of a number of conditions. There can be no certainty that the Offering will be completed. If the Offering is not completed, the Company may not be able to raise the funds for the purposes contemplated under "*Use of Proceed*s" from other sources on commercially reasonable terms or at all.

Use of Proceeds

The Company currently intends to allocate the net proceeds received from the Offering as described under "*Use of Proceeds*" in this Prospectus. However, management will have discretion (subject to approval by the Board of Directors) in the actual application of the net proceeds, and may elect to allocate proceeds differently from that described in "*Use of Proceeds*" if it is believed it would be in the best interests of the Company to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Company and, consequently, could adversely affect the price of the Securities on the open market.

No Guarantee of a Positive Return in an Investment

There is no guarantee that an investment in the Units will earn any positive return in the short term or long term. An investment in the Units involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Additional Regulatory Burden

Prior to the proposed Listing Date, the Company has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE or other stock exchange. We are working with our legal, accounting and financial advisors to identify those areas in which changes should be made to our financial management control systems to manage our obligations as a public company. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems.

We have made, and will continue to make, changes in these and other areas, including our internal controls over financial reporting. However, we cannot assure holders of the Company's securities that these and other measures that we might take will be sufficient to allow us to satisfy our obligations as a public company on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies will create additional costs for us and will require the time and attention of management. We cannot predict the amount of the additional costs that we might incur, the timing of such costs or the impact that management's attention to these matters will have on our business.

Price Volatility

Securities markets have a high level of price and volume volatility, and the market price 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. Factors unrelated to the financial performance or prospects of the Company include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries, may affect the market price of the Common Shares and Warrants. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company.

No Market for Securities

As of the date of this Prospectus there is no market for the Common Shares, and there can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

The Warrants Will Not be Listed for Trading

Since the Company does not intend to apply for listing of the Warrants on any securities exchange, there is no public market for the Warrants. There can be no assurance that a secondary market for the Warrants will develop or be sustained after the closing of the Offering. Even if a market develops for the Warrants, there can be no assurance that it will be liquid and that the price of the Warrants will be the same as the price allocated for the Warrants partially comprising the Units. If an active market for the Warrants does not develop, the liquidity of an investor's investment in the Warrants may be limited and the price may decline below the portion of the offering price allocated to the Warrants.

Warrants are Speculative in Nature and May Not Have Any Value

The Warrants do not confer any rights of Common Share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire Warrant Shares at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the Warrants may exercise their right to acquire Warrant Shares and pay an exercise price of $0.60 per Warrant Share, subject to certain adjustments, for a period of 24 months following the Closing Date, after which date any unexercised Warrants will expire and have no further value. Moreover, following the completion of the Offering, the market value of the Warrants, if any, is uncertain and there can be no assurance that the market value of the Warrants will equal or exceed their imputed offering price.

Risk Factors Related to Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company's Plan and upon the exercise of any outstanding warrants.

PROMOTERS

Francois Renaud-Byrne, a Director and the Chief Executive Officer of the Company has been a Promoter of the Company since its incorporation. As at the date of this Prospectus, Francois Renaud-Byrne beneficially owns, controls or directs, directly or indirectly, 23,124,795 Common Shares representing approximately 72.04% of the current issued and outstanding Common Shares on a non-diluted basis. On the Listing Date, it is anticipated that Mr. Byrne will own 3,333,838 Options, exercisable at $0.40 for 5 years from the Listing Date. Since the incorporation of the Company, Francois Renaud-Byrne has beneficially received an aggregate sum of $262,312 in cash. See also "*Executive Compensation*". As of the date of this Prospectus, Francois Renaud-Byrne has been granted 9,000,000 Management Performance Warrants exercisable into Common Shares at $0.000001 per Common Share upon attainment of the following milestones: 3,000,000 Management Performance Warrants vest and are exercisable upon the Company generating $5,000,000 in revenue within 12 months of the Listing Date; 3,000,000 Management Performance Warrants vest and are exercisable upon the Company generating $10,000,000 in revenue within 24 months of the Listing Date; 3,000,000 Management Performance Warrants vest and are exercisable upon the Company generating $30,000,000 in revenue within 36 months of the Listing Date. See "*Disclosure of Outstanding Security Data*".

Alex McAulay, Chief Financial Officer and a Director of the Company, has been a Promoter of the Company since July 22, 2022. As at the date of this Prospectus, Alex McAulay beneficially owns, controls or directs, directly or indirectly, 72,672 Common Shares, representing approximately <1% of the current issued and outstanding Common Shares on a non-diluted basis. On the Listing Date, it is anticipated that Mr. McAulay will own 250,000 Options, exercisable at $0.40 for 5 years from the Listing Date, 447,672 Common Shares, and 187,500 Warrants, exercisable at a price of $0.60 per share for a period for 2 years from the Listing Date. See "*Executive Compensation" – Employment, Consulting and Management Agreements – Consulting Agreements*" for a summary of consulting fees paid by the Company to Treewalk, the consulting firm owned beneficially by Mr. McAulay, during the nine months ended February 28, 2023.

See "*Interest of Management and Others in Material Transactions*", "*Directors and Officers*", and "*Executive Compensation*" above for further information.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of management of the Company, there is no material litigation outstanding, threatened or pending, as of the date hereof, by or against the Company which would be material to a purchaser of securities of the Company. To the knowledge of management of the Company, there have been no penalties or sanctions imposed by a court or regulatory body against the Company, nor has the Company entered into any settlement agreement with a court or securities regulatory authority, as of the date hereof, which would be material to a purchaser of securities of the Company.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or other Insider of the Company, or associate or affiliate of them, has any material interest, direct or indirect, in any transaction since incorporation or in any proposed transaction that has materially affected or will materially affect the Company.

RELATIONSHIP BETWEEN THE COMPANY AND AGENT

The Company is not a related issuer or a connected issuer to the Agent, as such terms are defined under National Instrument 33-105 - *Underwriting Conflicts*.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor of the Company is MNP LLP, Chartered Professional Accountants, of 1122 International Blvd, 6th Floor, Burlington, ON L7L 6Z8.

Registrar and Transfer Agent

The registrar and transfer agent of the Common Shares is Odyssey Trust Company of Suite 323, 409 Granville Street, Vancouver, British Columbia V6C 1T2.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company within two years prior to the date of this Prospectus which are currently in effect and considered to be currently material:

1. Agency Agreement to be entered into between the Agent and the Company, referred to under "*Plan of Distribution*".

2. Debenture Warrant Indenture to be dated on or about the $0.20 Conversion Date between the Company and Odyssey Trust Company as warrant agent, referred to under "*Description of the Business – History*".

3. Escrow Agreement to be entered into between Odyssey Trust Company, as escrow agent, the Company, and certain principals of the Company, referred to under "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer".*

4. Warrant Indenture dated as of the Closing Date between Odyssey Trust Company, as warrant agent, and the Company, referred to under "*Description of Securities Distributed - Warrants- Warrant Indenture*".

5. 0.20 Debenture Indenture dated August 19, 2022, as supplemented on February 8, 2023, between the Odyssey Trust Company, as debenture trustee, and the Company, referred to under "*History - Financings and Issuances of the Company's Securities*".

6. Omnibus Equity Incentive Plan referred to under "*Options to Purchase Securities – Omnibus Equity Incentive Plan*".

7. Lease Agreement dated April 6, 2023, referred to under "*Description of the Business – Lease Agreement*".

8. Secured Debenture dated August 18, 2023, referred to under "*Description of the Business – History*".

9. General Security Agreements dated August 18, 2023, referred to under "*Description of the Business – History*".

10. Treewalk Payment Agreement dated August 28, 2023, referred to under "*Description of the Business – History*".

Other than the Warrant Indenture and Debenture Warrant Indenture (which will be entered into on the Closing Date), copies of these agreements will be available for inspection at the Company's registered and records office, 1200 - 750 West Pender Street, Vancouver, British Columbia Canada, V6C 2T8 at any time during ordinary business hours prior to the listing of the Common Shares on the CSE, and will be available on the Company's profile on SEDAR at www.sedar.com.

INTEREST OF EXPERTS

MNP LLP are the auditors of the Company and have, as at the date of this Prospectus, confirmed that they are independent of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

In addition no other director, officer, partner or employee of any of MNP LLP is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associates or affiliates of the Company.

ELIGIBILITY FOR INVESTMENT

In the opinion of Legacy Tax + Trust Lawyers, special tax counsel to the Company, based on the provisions of the Tax Act as of the date hereof, the Offering Shares, the Warrants and the Warrant Shares (collectively, the "**Offered Securities**"), if issued on the date hereof, would be "qualified investments" under the Tax Act for a trust governed by a DPSP, RRSP, RRIF, RESP, RDSP and TFSA (collectively, "**Deferred Plans**") provided that (i) in the case of the Offering Shares and Warrant Shares, the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE), and (ii) in the case of the Warrants, the Common Shares are listed on a designated stock exchange (which currently includes the CSE), and the Company deals at arm's length with each person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, such Deferred Plans.

The Common Shares are not currently listed on a designated stock exchange and the Company is not currently a "public corporation", as that term is defined in the Tax Act. The Company has made an application to list the Common Shares on the CSE as of the day before the Closing of the Offering, followed by an immediate halt in trading of the Common Shares in order to allow the Company to satisfy the conditions of the CSE and to have the Common Shares listed and posted for trading prior to the issuance of the Offered Securities on the Closing of the Offering. The Company must rely on the CSE to list the Common Shares on the CSE and have them posted for trading prior to the issuance of the Common Shares on the Closing of the Offering and to otherwise proceed in such manner as may be required to result in the Common Shares being listed on the CSE at the time of their issuance on Closing. If the Common Shares are not listed on the CSE at the time of their issuance on the Closing of the Offering and the Company is not otherwise a "public corporation", as that term is defined in the Tax Act, at that time, the Offered Securities will not be "qualified investments" for the Deferred Plans at that time.

Notwithstanding that the Offered Securities may, at a particular time, be a "qualified investment" for a Deferred Plan, the annuitant under an RRSP or RRIF, the holder of a TFSA or RDSP, or the subscriber of a RESP will be subject to a penalty tax if such Offered Securities are a "prohibited investment" (as defined in the Tax Act) for the RRSP, RRIF, RESP, RDSP or TFSA. The Offered Securities will generally not be a "prohibited investment" for a particular RRSP, RRIF, RESP, RDSP or TFSA provided that the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as the case may be, deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in the Company. In addition, the Offered Securities will not be a prohibited investment if such securities are "excluded property" (as defined in the Tax Act for purposes of these rules) for the particular TFSA, RRSP, RESP, RDSP or RRIF.

Persons who intend to hold Offered Securities in a trust governed by a Deferred Plan should consult their own tax advisors with respect to the application of these rules in their particular circumstances.

RELATIONSHIP BETWEEN THE COMPANY'S PROFESSIONAL PERSONS AND EXPERTS

Morton Law LLP is corporate and securities counsel to the Company. Legacy Tax & Trust Lawyers is special tax counsel to the Company, and Vantage Law Corporation is counsel to the Agent. As at the date of this Prospectus, the partners and associates of Morton Law LLP do not own, directly or indirectly, any Common Shares of the Company. As at the date of this Prospectus, the principals and associates of Legacy Tax & Trust Lawyers do not own, directly or indirectly, any Common Shares. As at the date of this Prospectus, the partners and associates of Vantage Law Corporation do not own, directly or indirectly, any Common Shares.

OTHER MATERIAL FACTS

Other than as disclosed herein, to management's knowledge, there are no further material facts or particulars in respect of the securities previously issued by the Company that are not already disclosed herein that are necessary to be disclosed for this Prospectus to contain full, true and plain disclosure of all material facts relating to such securities.

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides Purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

LIST OF EXEMPTIONS

The Company is applying for exemptive relief from Item 3.3(1)(a)(i) of *National Instrument 52-107 — Acceptable Accounting Principles and Auditing Standards* ("**NI 52-107**"), with respect to the inclusion of an auditor's report that expresses a qualification of opinion relating to opening inventory for the annual financial statements of the Company for the financial year ended May 31, 2022. Item 4.2 of NI 41-101 requires that any financial statements included in a long form prospectus filed in the form of Form 41-101F1 be audited in accordance with NI 52-107 unless an exception in Item 32.5 or 35.1(3) of Form 41-101F1 applies. Item 3.3(1)(a)(i) of NI 52-107 requires that financial statements included in a long form prospectus be audited in accordance with Canadian Generally Accepted Auditing Standards and be accompanied by an auditor's report that expresses an unmodified opinion. Item 5.8(2) of Companion Policy 41-101CP to NI 41-101 contemplates that relief may be granted to non-reporting issuers in appropriate circumstances to permit the auditor's report on such financial statements to contain a modification relating to opening inventory if there is a subsequent audited period of at least six months on which the auditor's report expresses an unmodified opinion and the business is not seasonal. This prospectus includes financial statements of the Company for a subsequent audited period of six months on which the auditor's report expresses an unmodified opinion and the businesses of the Company is not seasonal. The exemption requested will be evidenced by the issuance of a receipt for this Prospectus.

FINANCIAL STATEMENTS

Attached to and forming a part of this Prospectus are the following financial statements:

- Audited consolidated financial statements of the Company as at and for the 6 month period ended November 30, 2022 and the year ended May 31, 2022, together with the notes thereto and the report of the auditors thereon, and the (unaudited) consolidated financial statements of the Company as at and for the 9 month period ended February 28, 2023, together with the notes thereto.

SCHEDULE A

FINANCIAL STATEMENTS

[Attached]

Hybrid Power Solutions Inc.

Consolidated Financial Statements
For the six months ended November 30, 2022 and twelve months ended May 31, 2022 and 2021
(Expressed in Canadian dollars)

To the Shareholders of Hybrid Power Solutions Inc.:

Opinions

We have audited the consolidated financial statements of Hybrid Power Solutions Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2022 and May 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the six-month period ended November 30, 2022 and for the year ended May 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Unmodified Opinion on the Consolidated Financial Statements for the Six-month Period Ended November 30, 2022 and the Consolidated Financial Position as at May 31, 2022

In our opinion, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Company as at November 30, 2022 and May 31, 2022 and its consolidated financial performance and its cash flows for the six-month period ended November 30, 2022 in accordance with International Financial Reporting Standards.

Qualified Opinion on the Consolidated Financial Performance and Consolidated Cash Flows for the year ended May 31, 2022

In our opinion, except for the for the effects of the matter described in the Basis for Opinions section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial performance and its consolidated cash flows of the Company for the year ended May 31, 2022 in accordance with International Financial Reporting Standards.

Basis for Opinions

Because we were appointed auditors of the Company during 2022, we were not able to observe the counting of physical inventories at June 1, 2021 or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the results of operations and cash flows, we were unable to determine whether adjustments to the consolidated financial performance and consolidated cash flows might be necessary for the year ended May 31, 2022.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the consolidated financial statements for the six-month period ended November 30, 2022 and the consolidated financial position as at May 31, 2022, and our qualified opinion on the consolidated financial performance and consolidated cash flows the year ended May 31, 2022.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the six-month period ended November 30, 2022 and, as of that date, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter - Comparative information

The comparative information for the year ended May 30, 2021 is unaudited, and accordingly, we do not express an opinion on the comparative figures.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

MNP LLP

Burlington, Ontario

Chartered Professional Accountants

July 14, 2023

Licensed Public Accountants

Hybrid Power Solutions Inc.

Consolidated Statements of Financial Position
As at November 30, 2022, May 31, 2022 and May 31, 2021
(Expressed in Canadian dollars)

	Notes		November 30, 2022		May 31, 2022		May 31, 2021 (unaudited)
ASSETS							
Current assets							
Cash		**$**	**30,970**	$	107,633	$	2,255
Accounts and other receivable	5		**370,237**		185,021		140,111
Prepaid expenses and deposits	6		**35,560**		234,694		126,527
Inventory	7		**1,189,261**		562,648		208,000
Total current assets			**1,626,028**		1,089,996		476,893
Contract costs	14		**28,411**		-		-
Prepaid expenses and deposits	6		**81,127**		-		-
Property and equipment	8		**386,217**		118,544		2,429
Right of use assets	9		**155,274**		177,456		2,488
Total assets		**$**	**2,277,057**	$	1,385,996	$	481,810
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)							
Current liabilities							
Accounts payable and accrued liabilities	10,20	**$**	**1,216,445**	$	895,207	$	258,485
Line of credit	11		**-**		81,660		56,447
Return and warranty liability	14		**20,570**		18,180		6,421
Contract liabilities	14		**218,042**		638,025		67,679
Loans payable	12,20		**541,996**		472,445		101,311
Lease liability	9		**42,363**		39,456		-
Convertible debentures	13		**1,678,985**		-		-
Convertible debentures to be issued	13,20		**-**		65,000		-
Deferred grants	17		**16,480**		-		-
Total current liabilities			**3,734,881**		2,209,973		490,343
Lease liability	9		**128,872**		151,017		-
Loans payable	12,20		**281,929**		116,666		206,429
Deferred revenue	14		**28,573**		-		-
Total liabilities			**4,174,255**		2,477,656		696,772
Shareholders' equity (deficiency)							
Share capital	18	**$**	**152,025**	$	114,273	$	114,273
Reserves			**27,690**		-		-
Convertible debt – conversion option	13		**135,619**		-		-
Deficit			**(2,212,532)**		(1,205,933)		(329,235)
Total shareholders' deficiency			**(1,897,198)**		(1,091,660)		(214,962)
Total liabilities and shareholders' deficiency		**$**	**2,277,057**	$	1,385,996	$	481,810

Nature of operations and going concern (Note 1)

The accompanying notes form an integral part of these consolidated financial statements

Hybrid Power Solutions Inc.

Consolidated Statements of Loss and Comprehensive Loss
For the six months ended November 30, 2022 and the twelve months ended May 31,2022 and 2021
(Expressed in Canadian dollars)

	Notes		**Six Months Ended November 30, 2022**		Twelve Months Ended May 31,2022		Twelve Months Ended May 31,2021 (unaudited)
Revenue	14	**$**	**2,049,500**	$	1,837,980		658,689
Cost of sales	7, 15		**1,240,617**		1,358,194		450,464
Gross profit			**808,883**		479,786		208,225
Expenses							
Advertising		**$**	**141,432**	$	96,563		15,374
General and administrative	16		**433,357**		350,110		184,404
Salaries and benefits	20		**636,442**		788,199		464,771
Professional fees			**543,835**		78,598		18,481
Research and development			**40,374**		81,196		7,306
Total operating expenses			**(1,795,440)**		(1,394,666)		(690,336)
Interest and accretion expense	9,12		**(127,722)**		(80,376)		(9,866)
Income taxes			**-**		-		(774)
Foreign exchange			**(26,001)**		7,686		(1,098)
Government assistance	17		**58,793**		91,061		229,951
Other income			**18,770**		19,811		22,656
Net loss before income taxes		**$**	**(1,062,717)**	$	(876,698)		(241,242)
Deferred tax recovery			**56,118**		-		-
Net loss and comprehensive loss for the year			**(1,006,599)**		(876,698)		(241,242)
Weighted average number of shares – Basic and diluted	18		**26,933,444**		26,778,522		26,778,522
Loss per share – Basic and diluted		**$**	**(0.04)**	$	(0.03)	$	(0.01)

Hybrid Power Solutions Inc.

Condensed Consolidated Statements of Changes in Shareholders' Deficiency
For the six months ended November 30, 2022 and the twelve months ended May 31, 2022 and 2021
(Expressed in Canadian dollars)

	Notes	Number of common shares		Amount		Reserve		Convertible debt-Conversion option		Deficit		Total shareholders' deficiency
Balance, May 31, 2020 (unaudited)		**26,778,523**	**$**	**114,273**	**$**	**-**	**$**	**-**	**$**	**(87,993)**	**$**	**26,280**
Net loss		-		-		-		-		(241,241)		(241,241)
Balance, May 31, 2021 (unaudited)		**26,778,523**	**$**	**114,273**	**$**	**-**	**$**	**-**	**$**	**(329,234)**	**$**	**(214,961)**
Net loss		-		-		-		-		(876,698)		(876,698)
Balance, May 31, 2022	**18**	**26,778,523**	**$**	**114,273**	**$**	**-**	**$**	**-**	**$**	**(1,205,933)**	**$**	**(1,091,660)**
Issuance of shares	**18**	221,477		**37,752**		**-**		**-**		**-**		**37,752**
Issuance of convertible debt	**13**	**-**		**-**		-		135,619		**-**		**135,619**
Convertible debt issuance costs - warrants		**-**		**-**		27,690		**-**		**-**		**27,690**
Net loss		-		-		-		-		(1,006,599)		**(1,006,599)**
Balance, November 30, 2022		**27,000,000**	**$**	**152,025**	**$**	**27,690**	**$**	**135,619**	**$**	**(2,212,532)**	**$**	**(1,897,198)**

Hybrid Power Solutions Inc.

Consolidated Statements of Cash Flows
For the six months ended November 30, 2022 and twelve months ended May 31,2022 and 2021
(Expressed in Canadian dollars)

	Six months ended November 30, 2022	Twelve months ended May 31, 2022	Twelve months ended May 31, 2021 (unaudited)
Operating activities			
Net loss for the period	**$ (1,006,599)**	$ (876,698)	$ (241,242)
Items not affecting cash:			
Accrued interest and accretion	**124,195**	22,481	4,365
Bad debt expense	**71,271**	16,262	30,782
Deferred income tax recovery	**(56,118)**	-	-
Depreciation	**35,278**	49,498	31,402
Gain on debt	**(16,320)**	-	-
Government assistance	**-**	-	(11,718)
Shares issued for services	**37,752**	-	-
Non-cash working capital items:			
Accounts receivable	**(256,487)**	(61,172)	(105,506)
Prepaid expenses	**118,007**	(108,167)	(126,527)
Inventory	**(626,613)**	(84,963)	88,316
Contract costs	**(16,911)**	-	-
Accounts payable and accrued liabilities	**309,738**	367,039	102,420
Deferred revenue	**(391,410)**	570,346	67,679
Deferred grants	**16,480**	-	-
Return and warranty liability	**2,390**	11,759	6,421
Net cash used in operating activities	**(1,655,347)**	(93,615)	(153,608)
Investing activities			
Purchase of property and equipment	**(280,770)**	(118,762)	(1,888)
Net cash used in investing activities	**(280,770)**	(118,762)	(1,888)
Financing activities			
Line of credit	**(81,660)**	25,213	56,447
Proceeds from loans payable	**389,747**	597,143	223,335
Repayments of loans payable	**(153,022)**	(319,204)	(141,830)
Principal portion of lease payments	**(28,364)**	(50,397)	(32,400)
Proceeds from convertible debentures	**1,732,753**	65,000	-
Net cash provided by financing activities	**1,859,454**	317,755	105,552
Change in cash	**(76,663)**	105,378	(49,944)
Cash, beginning	**107,633**	2,255	52,199
Cash, end of period	**$ 30,970**	$ 107,633	$ 2,255
Supplemental cashflow disclosure			
Interest paid	**$ 31,275**	$ 55,855	$ 6,887
Taxes paid	**$ -**	$ -	$ 774
Agent’s warrants issued	**$ 27,690**	$ -	$ -

1. NATURE OF OPERATIONS AND GOING CONCERN

Hybrid Power Solutions Inc. (the "Company") was incorporated on December 7, 2015, under the laws of Ontario, and continued into British Columbia under the Business Corporations Act (British Columbia) on June 13, 2022. Its head office is located at 208-333 Terminal Avenue, Vancouver, British Columbia, V6A 4C1, and its manufacturing facility is located in Toronto, Ontario. HPS Solar Inc., a wholly owned subsidiary of the Company, was incorporated under the laws of Ontario on March 17, 2022.

On July 22, 2022, the Company amalgamated with its parent company Hybrid Power Solutions Inc. (formerly 2494760 Ontario Inc.). On July 23, 2022, the Company completed a forward split of all issued and outstanding common shares on a 1 existing share for 10,000 post-subdivision common shares for a total of 1,110,000 issued and outstanding post-subdivision common shares. On July 26, 2022, the Company completed a second forward split of all issued and outstanding common shares on a 1 existing share for 24.12479488340 post-subdivision common shares for a total of 27,000,000 issued and outstanding post-subdivision common shares. Prior to the first forward splits, the Company had 111 shares issued and outstanding. An additional 9,180 shares were issued prior to the second forward split, which then added additional 221,478 shares to the pool after the second split. Except where otherwise indicated, all historical share numbers and per share amounts have been adjusted on a retroactive basis to reflect the share reorganization and forward split.

The Company designs and manufactures patent pending portable battery systems and customized energy solutions for a variety of industrial markets, including the mining, railway, public transit and construction sectors. During the six months ended November 30, 2022, the Company, through its wholly owned subsidiary, HPS Solar Inc., introduced a franchise network of solar power installers that operate under the Company's trademark and offer the sale and installation of the Company's products.

Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has not generated positive cash flows from operations and relies on financing for its activities. The Company's ability to continue as a going concern is dependent upon raising additional capital or evaluating strategic alternatives. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. On March 11, 2020, the outbreak of the novel strain of coronavirus specifically identified as "COVID-19" was declared a pandemic by the World Health Organization. The outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of the virus which in turn have caused material disruption to business globally. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Conditions surrounding COVID-19 continue to rapidly evolve and the efficacy of the government and central bank interventions is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

2. BASIS OF PRESENTATION

Statement of compliance
The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein as issued by International Accounting Standards Board ("IASB") and interpretations by the IFRS Interpretations Committee.

Basis of presentation
These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are stated at fair value. In addition, they have been prepared using the accrual basis of accounting, except for the cash flow information.

Basis of consolidation
These consolidated financial statements include the accounts of the Company and its subsidiary. Subsidiaries are those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to variable returns from its activities. Details of the Company's subsidiary are follows:

SUBSIDIARIES	OWNERSHIP PERCENTAGE	JURISDICTION OF INCORPORATION
HPS Solar Inc.	100%	Ontario, Canada

Inter-company balances and transactions are eliminated on consolidation.

The consolidated financial statements were approved and authorized for issuance on July 14, 2023, by the Board of Directors.

Significant accounting judgments and estimates
The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both the current and future periods.

The following are the judgments that have been made in applying the Company's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

Going concern
The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Income taxes
Income assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences, and accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time. The Company believes that its accruals for tax balances are adequate for all open audit years based on its assessment of many factors including past experience,

2. BASIS OF PRESENTATION (continued)

Significant accounting judgments and estimates (continued)

and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. These differences could materially impact net income (loss).

Research and development expenditures
Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 Intangible Assets are met. Those criteria require that the product is technically and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any product development costs as of November 30, 2022, May 31, 2022 and 2021.

Government assistance
Government assistance is recognized in the statement of loss and comprehensive loss over the periods in which the Company recognizes as expenses the related costs for which the assistance is intended to reimburse.

The following are the estimates and assumptions that have been made in applying the Company's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

Property and equipment – useful lives
The Company estimates the useful lives and selects methods used to allocate amortization amounts of property and equipment on a systematic basis. Technical obsolescence of the tangible assets could significantly impact estimated residual useful lives and in turn, carrying values being over or understated.

Provision for expected credit losses (ECL)
For trade receivables and contract assets, the Company applies a simplified approach to calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date, by applying a loss rate to each aging bucket. In estimating the expected credit loss, management takes into account historical experience, current collection trends, age of receivables and when warranted and available, the financial condition of specific counterparties.

Sales returns and warranty
Revenue is recorded net of discounts. The Company provides a 6- month commercial or 12-month standard warranty on its products and a 30-day return period on unused and unopened products. An allowance is made for warranty claims based on estimated expenditures in the remaining warranty period as well as estimated returns.

Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in leases where it is the lessee. As such, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of comparable value to the right-of-use asset in a similar economic environment. IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or where the applicable rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2. BASIS OF PRESENTATION (continued)

Significant accounting judgments and estimates (continued)

Leases – Estimating the lease term
The Company assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. When it is reasonably certain that the extension or early termination options will be exercised, the Company determines the lease to be the lesser of the original lease term, the original lease term plus the extension option, or the remaining lease term assuming exercise of the early termination option. Extension of the lease or exercise of an early termination option could affect future results.

Impairment of Long-Lived Assets
The Company reviews the carrying amounts of its non-financial assets, including property and equipment and right-of-use assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such

indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The Company considered various factors including, but not limited to, the condition of its long-lived assets, economic factors that may impact the value of the long-lived assets and any indications of obsolescence.

Inventory
Inventory is valued at the lower of cost and net realizable value. Net realizable value is determined with reference to the estimated selling price. The Company estimates selling price based upon assumptions about future demand and current and anticipated retail market conditions.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied and consistently presented in these consolidated financial statements, unless otherwise indicated.

a) Revenue Recognition

Revenue is recognized at the point in which the performance obligation under the terms of a contract with the customer have been satisfied and control has transferred. The Company's performance obligation is typically defined as the accepted order with the customer which requires the Company to deliver the requested products at agreed upon prices at the time and location of the customer's choice. The Company satisfies its performance obligation and transfers control to the customer upon customer's receipt of the product. A provision for payment discounts and product return allowances is recorded as a reduction of sales in the same period the revenue is recognized. The revenue recorded is presented net of sales and other taxes the Company collects on behalf of governmental authorities. Amounts received from customers in advance of revenue recognition are recorded as deferred revenue. The Company's customer contracts do not contain a significant financing component.
Initial franchise fees are recognized as revenue over a term of the franchise contract when the agreement has been signed and all material services or conditions relating to the business operations have been substantially performed or satisfied.

Royalties collected as a percentage of franchisee's monthly gross sales of the franchisee, are recognized as revenue when earned. Royalties consist of ongoing royalty fees, which also includes advertising fee equal to a percentage of franchisee's gross sales.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Inventories and cost of sales

Inventory consists primarily of raw materials and finished goods. Inventory is valued at the lower of cost and net realizable value with cost based upon the FIFO costing. The net realizable value of finished goods is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of finished goods inventory is based on landed cost, which includes all costs incurred to bring inventory to the Company's warehouse including product costs, inbound freight and duty. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to cost of sales.

c) Financial instruments

Financial assets

Initial recognition and measurement
The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss. Financial assets are initially recognized at fair value plus transaction costs directly attributable to the asset, except for transaction costs for financial assets measured at fair value through profit or loss which are expensed as incurred.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Assessment and decision on the business model approach used is an accounting judgment.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

Financial assets measured at fair value through other comprehensive income are measured at fair value with changes in fair value included in other comprehensive income.

Financial assets measured at amortized cost

Financial assets are subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

Impairment

In relation to the impairment of financial assets, IFRS requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses ("ECL") and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data, comprehensive income or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

The Company's financial instruments are accounted for as follows:

Financial Asset	
Cash	FVTPL
Accounts receivable and other receivables	Amortized cost
Financial Liability	
Accounts payable and accrued liabilities	Amortized cost
Line of credit	Amortized cost
Due to related parties	Amortized cost
Loans payable	Amortized cost
Convertible debentures	Amortized cost

c) Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the period or year. For diluted loss per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if potentially dilutive instruments were converted or exercised. Diluted loss per share is equal to basic loss per share for the period and years presented as the effect would be anti-dilutive.

Anti-dilutive securities include the convertible debentures and warrants (note 13).

d) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Income taxes (continued)

Deferred tax

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exist to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

f) Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. This includes the purchase price, any other costs directly attributable to bringing the assets to a working condition for intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Where an item of equipment comprises significant parts with useful lives that are significantly different from that of the asset as a whole, the parts are accounted for as separate items of equipment and depreciated accordingly. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognizing an asset determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized through profit or loss.

Property and equipment is depreciated over its estimated useful life. Costs for normal repairs and maintenance that do not extend economic life or improve service potential are expensed as incurred. Costs of improvements that extend economic life or improve service potential are capitalized and depreciated over the estimated remaining useful life.

The Company commences recording depreciation when the assets are in a working condition ready for use using the straight-line method at the following rates:

Class	Useful Life
Computer equipment	3 years
Equipment	3-5 years
Leased right of use assets	Lease term
Vehicles	15 years

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Impairment of long-lived assets

The carrying amount of the Company's non-financial assets (which include property and equipment) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

h) Leases

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company, as lessee, is required to recognize a right-of-use asset ("ROU asset"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.
The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated depreciation, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is depreciated from the commencement date over the shorter of the lease term or the useful life of the underlying as set. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, then the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Leases (continued)

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in the consolidated statements of operations and comprehensive loss in the period in which they are incurred.

The ROU assets are presented within “Right-of-use asset” and the lease liabilities are presented in “Lease liability” on the consolidated statements of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a remaining lease term of 12 months or less and leases of low-value assets.

i) Foreign exchange

Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”), which has been determined to be the Canadian dollar for both the Company and its subsidiary

Foreign currency transaction and balances

Transactions in currencies other than the entity’s functional currency are recorded at the average rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. The resulting foreign exchange gains or losses are recorded in profit or loss.

(Expressed in Canadian dollars)

4. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, price risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt and equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company has cash at November 30, 2022 in the amount of $30,970 (May 31, 2022 - $107,633, May 31, 2021 - $2,255), in order to meet short-term liabilities of $1,800,804 (May 31, 2022 - $1,488,768, May 31, 2021 - $416,243). There is no assurance that financing will be available or, if available, that such financing will be on terms acceptable to the Company. The Company monitors its risk of shortage of funds by monitoring the maturity dates of its existing liabilities. The Company's accounts payable and accrued liabilities are due within 90 days of November 30, 2022.

The amounts disclosed in the table are the contractual undiscounted payments.

<u>November 30, 2022</u>

	Less than one year	**One to two years**	**Two to three years**	**More than three years**	**Total**
Accounts payable and accrued liabilities	1,216,445	-	-	-	1,216,445
Lease contract liabilities	42,983	119,265	41,150	-	203,398
Loans	452,362	239,599	136,428	15,340	843,729
	1,711,790	358,864	177,578	15,340	2,263,572

<u>May 31, 2022</u>

	Less than one year	**One to two years**	**Two to three years**	**More than three years**	**Total**
Accounts payable and accrued liabilities	895,207	-	-	-	895,207
Line of credit	81,660	-	-	-	81,660
Lease contract liabilities	56,727	58,477	59,976	56,582	231,762
Loans	413,793	97,223	34,161	85,475	630,652
	1,447,387	155,700	94,137	142,057	1,839,281

(Expressed in Canadian dollars)

4. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

May 31, 2021

	Less than one year	One to two years	Two to three years	More than three years	Total
Accounts payable and accrued liabilities	258,485	-	-	-	258,485
Line of credit	56,447	-	-	-	56,447
Lease contract liabilities	50,396	56,727	58,477	116,558	282,158
Loans	329,132	126,731	78,066	55,683	589,612
	694,460	183,458	136,543	172,241	1,186,702

Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, and accounts receivable. The Company limits its exposure to credit loss by placing its cash with high quality financial institutions. The Company mitigates credit risk by evaluating the creditworthiness of customers prior to conducting business with them and monitoring its exposure for credit losses with existing customers. During six months ended November 30, 2022, the Company incurred $71,271 in bad debt expense (May 31, 2022 - $16,262, May 31, 2021 - $30,782).

The following table provides disclosures about credit risk exposure and expected credit losses on individual trade and other receivables as at:

November 30, 2022

	Aging Bucket					
	Current	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91+ days	Total
Gross carrying amount	70,553	27,756	27,901	34,673	113,077	273,960
Loss allowance	(18,751)	(7,050)	(2,948)	(17,709)	(71,857)	(118,315)
Net	51,802	20,706	24,953	16,964	41,220	155,645
ECL rate	27%	25%	11%	51%	64%	43%

(Expressed in Canadian dollars)

4. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

May 31, 2022

	Aging Bucket					
	Current	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91+ days	Total
Gross carrying amount	27,839	42,987	54,176	7,216	99,847	232,065
Loss allowance	-	-	(139)	(352)	(46,553)	(47,044)
Net	27,839	42,987	54,037	6,864	53,294	185,021
ECL rate	Nil%	Nil%	Nil%	5%	47%	20%

May 31, 2021

	Aging Bucket					
	Current	**Overdue 1-30 days**	**Overdue 31-60 days**	**Overdue 61-90 days**	**Overdue 91+ days**	**Total**
Gross carrying amount	28,743	65,203	11,008	153	33,411	138,518
Loss allowance	-	-	-	-	(30,782)	(30,782)
Net	28,743	65,203	11,008	153	2,629	107,736
ECL rate	Nil%	Nil%	Nil%	Nil%	92%	22%

The continuity of expected credit losses is summarized in the table below:

		November 30, 2022		**May 31, 2022**		**May 31, 2021 (unaudited)**
Balance, beginning	$	47,044	$	30,782	**$**	-
Additions to expected credit loss allowance recognized during the year		71,271		16,262		30,782
Ending expected credit losses	**$**	118,315	**$**	**47,044**	**$**	**30,782**

4. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

Foreign exchange rate risk

Currency risk is the risk of loss due to the fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. A large portion of the Company's transactions occur in US dollars; therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its US dollars denominated trade receivables, accounts payable and accrued liabilities. A change of 1% in the U.S./CDN exchange rate would not have had a material impact on the net loss.

	November 30, 2022	May 31, 2022	May 31, 2021 (unaudited)
Cash	$ 3,342	$ 84,887	$ 20
Accounts receivable	25,435	14,722	-
Accounts payable and accrued liabilities	126,310	59,550	31,068

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their loans. The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company depends on external financing to fund its activities. The Company considers its capital structure to consist of shareholders' equity, line of credit, loans, and convertible debentures. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements, and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended May 31, 2022.

(Expressed in Canadian dollars)

5. ACCOUNTS AND OTHER RECEIVABLE

		November 30, 2022		May 31, 2022		May 31, 2021 (unaudited)
Accounts receivable	$	267,847	$	232,065	**$**	138,518
Due from shareholder (note 20)		82,434		-		-
Royalty and franchise fee receivable		6,113		-		-
Taxes receivable		132,158		-		32,375
Expected credit loss provision		(118,315)		(47,044)		(30,782)
	$	**370,237**	**$**	**185,021**	**$**	**140,111**

6. PREPAIDS EXPENSES AND DEPOSITS

		November 30, 2022		May 31, 2022		May 31, 2021 (unaudited)
Prepaid construction	$	81,127	$	-	$	-
Prepaid insurance		-		2,193		1,031
Prepaid inventory		13,408		216,062		103,109
Prepaid software subscription		2,149		442		-
Prepaid technology		4,562		-		-
Prepaid research and development		-		-		14,539
Retainers and deposits		1,502				
Security deposit		12,747		12,747		7,848
Vehicle deposit		1,192		3,250		-
	$	**116,687**	**$**	**234,694**	**$**	**126,527**
Current portion		35,560		234,694		126,527
Non-current portion		81,127		-		-

Total long-term portion of prepaid expenses and deposits includes prepayment for materials for construction of the new warehouse space in Canada.

(Expressed in Canadian dollars)

7. INVENTORY

		November 30, 2022		May 31, 2022	May 31, 2021 (unaudited)
Finished goods	$	299,539	$	306,597	133,000
Raw materials		889,722		256,051	25,000
Work in process		-		-	50,000
	$	**1,189,261**	**$**	**562,648**	**208,000**

During six-months period ended November 30, 2022, the cost of inventories recognized as an expense totalled $1,240,617 (May 31, 2022 - $1,358,194 , May 31, 2021 - $450,464). During six-month period ended November 30,2022, Company did not impair any inventory (May 31, 2022 - $Nil, May 31, 2021 - $Nil).

8. PROPERTY AND EQUIPMENT

Cost		**Computer equipment**		**Equipment**		**Vehicles**		**Building Under Construction**		**Total**
Balance, May 31, 2020 (unaudited)	**$**	**-**	**$**	**3,078**	**$**	**-**	**$**	**-**	**$**	**3,078**
Additions		1,888		-		-		-		1,888
Balance, May 31, 2021 (unaudited)	**$**	**1,888**	**$**	**3,078**	**$**	**-**	**$**	**-**	**$**	**4,966**
Additions		2,419		50,013		-		66,329		118,761
Balance, May 31, 2022	**$**	**4,307**	**$**	**53,091**	**$**	**-**	**$**	**66,329**	**$**	**123,727**
Additions		2,188		34,937		141,759		101,885		280,769
Balance, November 30, 2022	**$**	**6,495**	**$**	**88,028**	**$**	**141,759**	**$**	**168,214**	**$**	**404,496**
Accumulated Depreciation										
Balance, May 31, 2020 (unaudited)	**$**	**-**	**$**	**988**	**$**	**-**	**$**	**-**	**$**	**988**
Depreciation		523		1,026		-		-		1,549
Balance, May 31, 2021 (unaudited)	**$**	**523**	**$**	**2,014**	**$**	**-**	**$**	**-**	**$**	**2,537**
Depreciation		859		1,787		-		-		2,646
Balance, May 31, 2022	**$**	**1,382**	**$**	**3,801**	**$**	**-**	**$**	**-**	**$**	**5,183**
Depreciation		893		10,564		1,639		-		13,096
Balance, November 30, 2022	**$**	**2,275**	**$**	**14,365**	**$**	**1,639**	**$**	**-**	**$**	**18,279**
Carrying Amounts										
As of May 31, 2021 (unaudited)	$	1,365	$	1,064	$	-	$	-	$	2,429
As of May 31, 2022	$	2,925	$	49,290	$	-	$	66,329	$	118,544
As of November 30, 2022	**$**	**4,220**	**$**	**73,663**	**$**	**140,120**	**$**	**168,214**	**$**	**386,217**

(Expressed in Canadian dollars)

8. PROPERTY AND EQUIPMENT (continued)

Included in property and equipment, and equipment under lease with net book value of $39,836, the contractual lease payments on this lease are included in note 15.

9. LEASES

In March 2019, the Company entered into a lease agreement to rent two units (4,320 square feet) in a building as its manufacturing facility and office space for a term of three years. Upon the commencement of the lease, the Company recognized a right-of-use asset of $57,219 and a lease liability of $54,519 using an incremental borrowing rate of 10%. The lease ended on June 30, 2021, without further renewal.

During the year ended May 31, 2022, the Company entered into another lease agreement for manufacturing and office space for a term of five years. Upon the commencement of the lease, the Company recognized a right-of-use asset of $221,820 and a lease liability of $221,820 using an incremental borrowing rate of 10%.

The below table shows the continuity of the right-of-use asset:

Right of use asset		
Cost:		
Balance, May 31, 2020 (unaudited)	$	**57,219**
Addition		-
Balance, May 31, 2021 (unaudited)	$	57,219
Addition		221,820
Balance, May 31, 2022	$	279,039
Addition		-
Balance as at November 30, 2022	**$**	**279,039**
Accumulated depreciation:		
Balance as at May 31, 2020 (unaudited)	$	24,878
Depreciation		29,853
Balance as at May 31, 2021 (unaudited)	$	54,731
Depreciation		46,852
Balance as at May 31, 2022	$	101,583
Depreciation		22,182
Balance as at November 30, 2022	$	**123,765**
Net carrying value:		
At May 31, 2021 (unaudited)		2,488
At May 31, 2022	$	177,456
At November 30, 2022	**$**	**155,274**

(Expressed in Canadian dollars)

9. LEASES (continued)

The continuity of the Company's lease obligation below:

Lease liabilities		
Balance, May 31, 2020 (unaudited)		30,712
Addition		-
Interest		1,688
Payments		(32,400)
Balance, May 31, 2021 (unaudited)		-
Addition		221,820
Interest		19,050
Payments		(50,397)
Balance, May 31, 2022	$	190,473
Addition		-
Interest		9,126
Payments		(28,364)
Balance, November 30, 2022	**$**	**171,235**
Current portion		42,363
Non-current portion	**$**	**128,872**

At November 30, 2022, the Company is committed to minimum lease payments as follows:

Maturity analysis		
Less than one year	$	42,983
One to five years		160,415
Total undiscounted lease liabilities	$	203,398
Unamortized interest		(32,163)
Total lease liabilities – discounted	**$**	**171,235**

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payables and accrued liabilities consists of the following:

		Nov 30, 2022		**May 31, 2022**		**May 31, 2021** (unaudited
Accounts payable	**$**	**716,636**	$	396,297	**$**	101,607
Accrued liabilities and other		**140,478**		201,649		10,694
Credit cards payable		**359,332**		297,261		146,184
	$	**1,216,444**	$	895,207	**$**	258,485

11. LINE OF CREDIT

The Company has an operating line of credit with Meridian Credit Union of up to $100,000. The line of credit bears interest of prime plus 2.75% computed daily and compounded monthly. The line of credit is secured by a general security agreement and by guarantees and postponement of claims by the CEO. As at November 30, 2022, the line of credit balance is $Nil (May 31, 2022 - $81,660, May 31, 2021- $56,447).

Hybrid Power Solutions Inc.

Notes to the Consolidated Financial Statements
For the six months ended November 30, 2022 and twelve months ended May 31, 2022 and 2021
Figures as at May 31, 2021 and for the twelve months then ended are unaudited
(Expressed in Canadian dollars)

12. LOANS PAYABLE

A continuity of the Company's loans payable is set out below:

	BDC Loans (a, b, c d and e)	CEBA Loans* (f)	Driven Financial (g, and h)	Shareholders' Loans (i)	Scotiabank Auto loans (j,k)	American Express loan (l)	Maridian OneCap Loan (m)	Futurprenur (n)	Total
Balance, May 31, 2020 (unaudited)	**$ 51,441**	**$ 23,430**	**$ -**	**157,005**	**$ -**	**$ -**	**$ -**	**$ 3,390**	**$ 235,266**
Addition	165,000	20,000	-	38,335	-	-	-	-	223,335
Interest	5,043	-	-	-	-	-	-	165	5,208
Accretion	-	2,678	-	-	-	-	-	-	2,678
Loan forgiveness (note 17)	-	(11,718)	-	-	-	-	-	-	(11,718)
Repayments	(20,501)	-	-	(122,973)	-	-	-	(3,555)	(147,029)
Balance, May 31, 2021 (unaudited)	**$ 200,983**	**$ 34,390**	**$ -**	**72,367**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 307,740**
Addition	70,000	-	231,000	296,143	-	-	-	-	597,143
Interest	10,591	-	26,215	-	-	-	-	-	36,806
Accretion	-	3,432	-	-	-	-	-	-	3,432
Repayments	(39,242)	-	(218,352)	(98,416)	-	-	-	-	(356,010)
Balance, May 31, 2022	**$ 242,332**	**$ 37,822**	**$ 38,863**	**$ 270,094**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 589,111**
Addition	50,000	-	-	-	159,308	150,000	30,439	-	389,747
Interest	9,490	-	1,425	-	519	388	394	-	12,216
Accretion	336	1,857	-	-	-	-	-	-	2,193
Gain on debt	(16,320)	-	-	-	-	-	-	-	(16,320)
Repayments	(32,518)	-	(40,288)	(65,862)	(5,502)	(5,973)	(2,879)	-	(153,022)
Balance, November 30, 2022	**$ 253,320**	**$ 39,679**	**$ -**	**$ 204,232**	**$ 154,325**	**$ 144,415**	**$ 27,954**	**$ -**	**$ 823,925**
Current portion	113,334	39,679	-	**204,232**	34,819	144,415	5,517	-	541,996
Non-current portion	$ 139,986	$ -	$ -	$ -	$ 119,506	$ -	$ 22,437	- $	$ 281,929

***Canada Emergency Business Account**

12. LOANS PAYABLE (continued)

(a) On August 1, 2016, the Company received a loan of $50,000 from the Business Development Bank of Canada ("BDC"). The loan has an interest rate equal to BDC's floating base rate, plus 3.5% and a maturity date of June 1, 2022. The loan is jointly guaranteed by the Chief Executive Officer ("CEO") and a shareholder of the Company. During the six months ended November 30, 2022, the Company repaid $Nil (May 31,2022 - $Nil, May 31, 2021 - $12,143) of the loan and incurred interest expense of $Nil during the six months ended November 30, 2022 (May 31,2022 - $Nil , May 31, 2021 - $797). As at November 30, 2022, the loan balance is $Nil (May 31,2022 - $Nil , May 31, 2021 - $Nil)

(b) On April 7, 2020, the Company entered into a loan facility for up to $135,000 with the BDC. The loan facility has an interest rate equal to BDC's floating base rate, minus 1.75% and a maturity date of March 31, 2023. The loan is personally guaranteed by the CEO of the Company. During the six months ended November 30, 2022, the Company repaid $16,405 (May 31, 2022 - $30,443, May 31,2021 - $8,104) of the loan and incurred interest of $2,555 (May 31, 2022 - $3,443, May 31, 2022 - $3,509). As at November 30, 2022, the loan balance is $90,000 (May 31, 2022 - $103,500, May 31, 2021 - $130,500).

(c) On April 19, 2021, the Company entered into a loan facility for up to $70,000 with the BDC. The loan facility has an interest rate equal to BDC's floating base rate, plus 3.71% and a maturity date of March 1, 2028. The loan is personally guaranteed by the CEO of the Company. During the six months ended November 30, 2022, the Company repaid $9,215 (May 31, 2022 - $7,764, May 31,2021 - $254) of the loan and incurred interest of $3,381 (May 31, 2022 - $5,848, May 31, 2021 -$737). As at November 30, 2022, the loan balance is $62,221 (May 31, 2022 - $68,559, May 31, 2021 - $70,483).

(d) On March 19, 2022, the Company entered into a loan facility for up to $70,000 with the BDC. The loan facility has an interest rate equal to BDC's floating base rate, plus 4.57% and a maturity date of August 18, 2028. The loan is personally guaranteed by the CEO of the Company. During the six months ended November 30, 2022, the Company repaid $6,898 (May 31, 2022 - $1,035, May 31, 2021 - $Nil) of the loan and incurred interest of $3,554 (May 31, 2022 - $1,300, May 31, 2021 - $Nil). As at November 30, 2022, the loan balance is $67,083 (May 31, 2022 - $70,273, May 31,2021 - $Nil).

(e) On October 19, 2022, the Company entered into a loan facility for up to $50,000 with the BDC. The loan facility does not bear interest and matures on September 17, 2028. The loan is personally guaranteed by the CEO of the Company. During the six months ended November 30, 2022, the Company repaid $Nil (May 31,2022 - $Nil, May 31,2021 - $Nil) of the loan. The loan was fair valued at $33,680 using a discount rate of 12.00%, which was determined to be a market rate. The difference between the face value of the loan and the fair value of the loan of $16,320 was recognized as other income during the six months ended November 30,2022. The Company recognized an accretion expense in the amount of $336 for the six months ended. November 30, 2022 As at November 30, 2022, the loan balance is $34,016 (May 31, 2022 - $Nil, May 31,2021 - $Nil).

(f) On April 20, 2020, the Company was approved and received a $40,000 loan under the Canada Emergency Business Account ("CEBA") program. The loan is non-interest bearing and eligible for $10,000 forgiveness if repaid by December 31, 2023. If not repaid by December 31, 2023, the loan bears interest at 5% per annum and is due on December 31, 2025. The Company intends to repay the loan by December 31, 2023, and management has assessed that the Company will have the financial ability to do so. Accordingly, the Company recorded the $10,000 forgivable portion as government grant income for the year ended May 31, 2020. As the loan was issued at below market rates, the initial fair value of the loan was determined to be $23,196, which was determined using an estimated effective interest rate of 10%. The difference between the face value of the loan and the fair value of the loan of $6,804 was recognized as government grant income during the year ended May 31, 2020.

12. LOANS PAYABLE (continued)

On August 1, 2021, the Company received an additional $20,000 under the CEBA program. The additional loan is non-interest-bearing and repayable at any time without a penalty until December 31, 2023. If not repaid by December 31, 2023, the loan bears interest at 5% per annum and is due on December 31, 2025. The Company intends to repay the loan by December 31, 2023, and management has assessed that the Company will have the financial ability to do so. As it is probable that the conditions for the forgiveness of the loan will be met, the Company has recognized the $10,000 loan forgiveness as government grant income during the year ended May 31, 2021. As the loan was issued at below market rates, the initial fair value of the loan was determined to be $8,282, which was determined using an estimated effective interest rate of 10%. The difference between the face value of the loan and the fair value of the loan of $11,718 (Note 17) was recognized as government grant income during the year ended May 31, 2022. During the six months ended November 30, 2022, the Company recorded accretion expense of $1,857 (May 31, 2022 - $3,432, May 31,2021 - $2,678) on the loan. As at November 30, 2022, the carrying value of the loan was $39,679 (May 31, 2022 - $37,822, May 31, 2021 - $34,390).

(g) On September 9, 2021, the Company entered into a loan agreement for $150,000 with the Driven Financial. Under the terms of the agreement the Company is required to make weekly blended payments of $4,308, the loan has an effective interest rate of 10.91% and the cost of borrowing is a fixed amount of interest for the entire term. During the six months ended November 30, 2022, the Company repaid $8,493 (May 31, 2022 - $159,384, May 31,2021 - $Nil) of the loan and incurred interest of $73 (May 31, 2022 - $17,877, May 31, 2021 - $Nil). As of November 30, 2022, the loan balance is $Nil (May 31,2022 - $8,493, May 31,2021 - $Nil)

(h) On November 18, 2021, the Company entered into a loan agreement for $81,000 with the Driven Financial. Under the terms of the agreement the Company is required to make weekly blended payments of $4,536, the loan has an effective interest rate of 7.24% and the cost of borrowing is a fixed amount of interest for the entire term. During the six months ended November 30, 2022, the Company repaid $30,370 (May 31, 2022 - $58,968, May 31, 2022 - $Nil) of the loan and incurred interest of $1,352 (May 31, 2022 - $8,338, May 31, 2022 - $Nil). As at May 31,2022, the loan balance is $Nil (May 31, 2022 - $30,370, May 31, 2022 - $Nil).

(i) From time to time, the Company receives loans from the shareholders of the Company. The loans are non-interest-bearing, unsecured and due on demand. During the six months ended November 30, 2022, the Company received shareholders' loans of $Nil (May 31, 2022 - $296,143, May 31, 2021 - $38,335) and has so far made repayments of $65,862 (May 31, 2022 – $98,416, May 31, 2021 - $122,973). As of November 30, 2022, the shareholders' loans totaled $204,232 (May 31, 2022 – $270,094, May 31, 2021 - $72,367) (note 20).

(j) On October 17, 2022, the Company entered into an auto loan agreement for $93,788 with Scotiabank. The loan bears interest of 4.60% annually and a maturity date of October 17, 2026. The loan is secured against the vehicle purchased. During the six months ended November 30, 2022, the Company repaid $1,783 (May 31, 2022 - $Nil, May 31, 2021 - $Nil) of the loan and $359 in interest (May 31, 2022 - $Nil, May 31, 2021 - $Nil). As of November 30, 2022, the loan balance is $92,004 (May 31, 2022 - $Nil, May 31, 2021 - $Nil).

(k) On August 26, 2022, the Company entered into an auto loan agreement for $65,520 with Scotiabank. The loan bears interest of 0.99% annually and a maturity date of August 26, 2027. The loan is secured against the vehicle purchased. During the six months ended November 30, 2022, the Company repaid $3,200 (May 31, 2022 - $Nil, May 31, 2021 - $Nil) of the loan and $160 in interest (May 31, 2022 - $Nil, May 31, 2021 - $Nil). As of November 30, 2022, the loan balance is $62,321 (May 31, 2022 - $Nil, May 31, 2021 - $Nil).

12. LOANS PAYABLE (continued)

(l) On November 21, 2022, the Company entered into a loan agreement for $150,000 with American Express. The loan bears interest of 13.5% annually and a maturity date of May 22, 2023. The loan is personally guaranteed by the CEO of the Company. During the six months ended November 30, 2022, the Company repaid $5,973 (May 31, 2022 - $Nil, May 31, 2021 - $Nil) of the loan and incurred interest of $388 (May 31, 2022 - $Nil, May 31, 2021 - $Nil). As of November 30, 2022, the loan balance is $144,415 (May 31, 2022 - $Nil, May 31, 2021 - $Nil).

(m) On September 15, 2022, the Company entered into a loan agreement for $30,439 with Meridian OneCap to purchase equipment. The loan bears interest of 5.474% annually and a maturity date as of September 27, 2027. The loan is secured by the equipment purchased. During the six months ended November 30, 2022, the Company repaid $2,879 (May 31, 2022 - $Nil, May 31, 2021 - $Nil). of the loan and incurred interest of $394 (May 31, 2022 - $Nil, May 31, 2021 - $Nil). As of November 30, 2022, the loan balance is $27,954 (May 31, 2022 - $Nil, May 31, 2021 - $Nil).

(n) On March 9,2016, the Company received a loan of $15,000 from Futurpreneur Canada. The loan had an interest rate of 5.45% and a maturity date of March 9, 2021. The loan was guaranteed by the CEO of the Company. During the six months ended November 30, 2022, the Company repaid $Nil (May 31, 2022 - $Nil, May 31,2021 - $3,555) of the loan and incurred interest expense of $Nil (May 31, 2022 - $Nil, May 31, 2021- $165). As at November 30, 2022 the loan balance is $Nil (May 31, 2022 - $Nil, May 31, 2021 $Nil).

13. CONVERTIBLE DEBT

$328,500 Convertible Debenture Financing

On July 27, 2022, the Company closed a financing of non-transferable unsecured convertible debentures of $328,500. The debentures bear no interest and are payable two years from the closing date. If the Company fails to file a preliminary long form prospectus in connection with a going public transaction one-year from the closing date, the debentures will accrue interest at the rate of 10% per annum, payable on a semi-annual basis. If the Company files the preliminary prospectus, but does not complete an initial public offering ("IPO") for minimum gross proceeds of $5,000,000 within 180 days from the date the Company receives a receipt from applicable securities commissions for the preliminary prospectus then:

- the maturity date will automatically be extended to five years from the closing date and
- the debentures will bear interest at the prime rate, subject to the Company's prepayment right

If both events occur then the debentures will accrue interest for the first two years at a penalty rate of 10% per annum until the earlier of the conversion date and the date all of the principal amount has been repaid, subject to the prepayment.

If the Company completes a going public transaction, the principal amount will automatically be converted into common shares of the Company at a price of $0.02 per share on either the date the shares are listed on a recognized stock exchange in Canada or United States or a date that is within 10 business days (before or after) the listing date, subject to any applicable stock exchange acceptance and securities law.

Upon initial recognition, the convertible debentures were presented as a liability and the embedded conversion feature have been presented as equity as the fixed-for-fixed criteria is met. The fair value of the convertible debentures (host debt) in the amount of $291,216 was measured using a discount rate of 12%, which was determined to be a market rate for similar unsecured debt without the conversion feature. The residual amount of $37,284 was allocated to equity (conversion feature). The issuance costs of $12,578 was prorated and allocated to convertible

13. CONVERTIBLE DEBT (continued)

debenture and equity in the amount of $11,230 and $1,348 respectively. The convertible debenture was amortized at an effective interest rate of 15.13%. The Company recognized $14,908 in accretion expense during the six months ended November 30, 2022.

$1,170,000 Convertible Debenture Financing

On August 3, 2022 the Company closed a brokered private placement of $1,170,000 non-transferable unsecured convertible debentures of the Company. The debentures will bear no interest and are payable to the agent on behalf of the subscribers two years from the closing date. In consideration for the Agent's services, the Company paid the agent:

- A cash commission equal to 4.0% of the gross proceeds; and
- Compensation warrants equal to 4.0% of the principal amount of debentures issued. The warrants will be exercisable into common shares of the Company at a price of $0.20 per share for a period of 24 months from the closing date

Pursuant to the August 3, 2022 engagement letter, the agent will also act as sole and exclusive agent for the Company's IPO of a minimum of 12,500,000 units at a price of $0.40 per unit and a maximum if up to 15,000,000 units for gross proceeds of a minimum of $5,000,000 and a maximum of up to $6,000,000. As consideration the Agent will receive consideration of:

- Cash commission of 8.0% of the gross proceeds received by the Company from the sale of units (including those issued pursuant to the exercise of the Over-Allotment Option and excluding any units sold to President's list subscribers), provided that the IPO cash commission shall be reduced to 4.0% of the gross proceeds received by the Company from the sale of units to President's List Subscribers

- Compensation warrants equal to 8.0% of the principal amount of units issued pursuant to the IPO (including those issued pursuant to the exercise of the over-allotment option and excluding any units sold to President's list subscribers) provided that the number of IPO Agent's Warrants shall be reduced to 4.0% of the Principal Amount of Units sold to President's List subscribers. The warrants will be exercisable into Units of the Company at a price of $0.40 per unit for a period of 24 months from the closing date of the IPO.

- A work fee in the amount of $45,000 (plus GST) for providing corporate finance services in connection with the offering and the IPO offering payable to the Agent from the proceeds of the IPO Offering on closing of the IPO

The Agent has the option to purchase or sell up to an additional 15% units, on the same terms and conditions as the IPO, which will be exercisable by giving written notice to the Company at any time up to 48 hours prior to closing. The Company is entitled to designate to the Presidents List certain subscribers to be included in the Brokered Offering and certain subscribers to be included in the IPO Offering for up to $250,000 Units.

$458,500 Convertible Debenture Financing

On August 18, 2022, the Company approved additional non-brokered private placement of non-transferrable unsecured convertible debentures for gross proceeds of up to $458,500. The Debentures will bear no interest and are re-payable two years from the closing date of the offering or 180 days from the date the Company receives a receipt for the preliminary prospectus.

13. CONVERTIBLE DEBT (continued)

If the Company fails to file a preliminary long form prospectus in connection with a going public transaction one-year from the closing date, the debentures will accrue interest at the rate of 10% per annum, payable on a semi-annual basis. If the Company files the Preliminary Prospectus, but does not complete an initial public offering for minimum gross proceeds of $5,000,000 within 180 days from the date the Company receives a receipt from applicable securities commissions for the Preliminary Prospectus then:

- the Maturity Date will automatically be extended to five years from the Closing Date and
- the Debentures will bear interest at the prime rate, subject to the Company's Prepayment right

Upon initial recognition, the convertible debentures were presented as a liability and the embedded conversion feature have been presented as equity as the fixed-for-fixed criteria is met. The fair value of the convertible debentures (host debt) in the amount of $1,454,018 was measured using a discount rate of 12%, which was determined to be a market rate for similar unsecured debt without the conversion feature. The residual amount of $174,482 was allocated to equity (conversion feature). The issuance costs of $174,359 was prorated and allocated to convertible debenture and equity in the amount of $155,678 and $18,681 respectively. The issuance costs included the value of agents' warrants of $27,690, which was determined using the Black-Scholes pricing model with the following inputs and assumptions: Stock price - $.20; Exercise price - $.20; Dividend yield - $Nil; Expected volatility – 124.91%; Risk free interest rate 3.37% and expected life of 2 years. The convertible debenture was amortized at an effective interest rate of 22.86%. The Company recognized $85,750 in accretion expense during the six months ended November 30, 2022.

If both events occur then the debentures will accrue interest for the first two years at a penalty rate of 10% per annum until the earlier of the conversion date and the date all of the principal amount has been repaid, subject to the Prepayment. If the Company completes a going public transaction, the principal amount will automatically be converted into units of the Company at a price of $0.20 per unit on either the date the Shares are listed on a recognized stock exchange in Canada or United States or a date that is within 10 business days (before or after) the listing date, subject to any applicable stock exchange acceptance and securities law.

Each debenture unit will be comprised of one common share of the Company and one-half of one transferable common share purchase warrant. Each debenture warrant is exercisable into one common share at $0.60 per debenture warrant share for a period of two years from the conversion date, subject to acceleration, such that if the daily volume weighted average trading price of the Shares exceeds $0.80 on each of those 15 consecutive days, then the Warrants will expire in 30 days following notice.

The debenture units issuable upon conversion (including all underlying securities) will be subject to voluntary resale restrictions as follows:

- 10% of the debenture units (including all underlying securities) released on the
- listing date;
- 40% of the debenture units (including all underlying securities) released six
- months after the listing date; and
- 50% of the debenture units (including all underlying securities) released twelve
  months after the listing date;

Shares issuable upon conversion will be subject to voluntary resale restrictions as follows:

- 25% of the Shares released on the listing date;
- 25% of the Shares released four months after the listing date;
- 25% of the Shares released eight months after the listing date; and
- 25% of the Shares released twelve months after the listing date;

(Expressed in Canadian dollars)

13. CONVERTIBLE DEBT (continued)

During the six months ended November 30, 2022, the Company recorded a deferred tax asset of $56,118 against the conversion option (note 19).

14. REVENUE

Disaggregation of revenue from contracts with customers

The Company generates revenue from selling portable battery systems and customized energy solutions and its newly formed franchise business. The following table presents a disaggregation of revenue by source:

		Six Months ended November 30,2022		Twelve months ended May 31, 2022		Twelve months ended May 31, 2021 (unaudited)
Royalty revenue	$	**2,966**	$	-	$	-
Advertising revenue		**2,472**		-		-
Franchise fee revenue		**2,477**		-		-
Other revenue		**548**		-		-
Franchise revenue		**8,463**		**-**		**-**
Product and installation sales		**2,040,027**		1,832,373		638,722
Consulting and other revenue		**1,010**		5,607		19,967
Total	**$**	**2,049,500**	**$**	1,837,980	$	658,689

Revenue is generated in two geographical markets, being Canada and the United States.

The following table presents a disaggregation of revenue by geographic markets:

		Six Months ended November 30,2022		Twelve months ended May 31, 2022		Twelve months ended May 31, 2021 (unaudited)
Canada	$	**1,603,727**	$	1,728,661	$	630,689
United States		**445,773**		109,319		28,000
Total	**$**	**2,049,500**	**$**	1,837,980	$	658,689

The Company provides either a 6-month commercial or a 12-month standard warranty and a 30-day return period for products shipped. As at November 30, 2022, the Company has recorded a provision of $20,570 (May 31, 2022 - $18,180, May 31, 2021 - $6,421) in expected replacement parts and director labor on future warranty claims and expected returns.

(Expressed in Canadian dollars)

14. REVENUE (continued)

Contract assets and liabilities

As at November 30, 2022, May 31, 2022 and May 31, 2021 the Company had the following contract assets:

		November 30, 2022		May 31, 2022		May 31, 2021
Contract assets - Contract costs*	**$**	**28,411**	**$**	**-**	**$**	**-**

*The Company incurs various costs to obtain contracts, in the form of sales commissions payable upon securing new franchisees and sign-up bonuses payable upon the receipt of payment of the initial franchise fee.

The continuity of contract liabilities is summarized in the table below:

		November 30, 2022		May 31, 2022		May 31, 2021 (unaudited)
Balance, beginning	**$**	**634,856**	**$**	67,679	$	-
Additions to contract liabilities		239,459		638,028		67,679
Revenue earned during the year		(627,700)		(67,679)		-
Balance, ending	**$**	**246,615**	**$**	638,028	$	67,679
Current portion		218,042		638,025		67,679
Non-current portion	**$**	**28,573**	**$**	**-**	**$**	**-**

Deferred revenue was $218,042 and $28,573 for the current and long-term portions as of November 30, 2022 (May 31, 2022 - $638,028 and $Nil, May 31, 2021 - $67,679 and $Nil). The current portion of deferred revenue consists mainly of consideration received from customers for orders received and paid for but not yet delivered. Non-current portion of deferred revenue consists of franchise fees received in advance, which will be recognize in revenue over the period of the contract. The amounts deferred include the unrecognized portion of the initial franchise fee related to access to franchise right.

Figures as at May 31, 2021 and for the twelve months then ended are unaudited (Expressed in Canadian dollars)

15. COST OF SALES

Cost of sales for the six months ended November 30, 2022 and twelve months ended May 31, 2022 and May 31, 2021 is summarized in the table below.

		November 30, 2022		May 31, 2022		May 31, 2021 (unaudited)
Parts, materials, and direct labour	**$**	**1,167,644**	**$**	1,301,515	$	445,687
Shipping		**72,973**		56,679		4,777
Total	**$**	**1,240,617**	**$**	1,358,194	$	450,464

16. GENERAL AND ADMINISTRATIVE EXPENSES

The following is a breakdown of general and administrative expenses for the six months ended November 30, 2022, and twelve months ended May 31, 2022 and May 31, 2021.

		November 30, 2022		May 31, 2022		May 31, 2021 (unaudited)
Automotive	**$**	**9,547**	$	12,352	$	4,044
Bad debts		**71,271**		16,262		30,782
Bank and transaction charges		**47,500**		41,364		17,806
Brokerage fees		**27,624**		34,622		3,027
Delivery		**38,514**		43,669		9,995
Depreciation		**35,278**		49,498		31,402
Dues and subscriptions		**2,911**		1,599		957
Consulting fees		**83,621**		-		-
Education and training		**5,022**		14,435		6,011
Insurance		**13,888**		12,187		8,196
Meal and entertainment		**11,904**		7,886		2,455
Office		**33,264**		43,873		16,533
Rent		**12,495**		12,667		26,123
Repairs and maintenance		**3,754**		15,849		827
Telephone and internet		**14,587**		27,995		15,797
Utilities		**2,889**		8,375		8,395
Travel		**19,288**		7,477		2,054
Total	**$**	**433,357**	**$**	350,110	$	184,404

(Expressed in Canadian dollars)

17. GOVERNMENT ASSISTANCE

		Six months ended November 30, 2022	Twelve months ended May 31,2022		Twelve months ended May 31,2021 (unaudited)
Canada Digital Adoption Program Grant	$	**15,000**	-		-
CanExport SME's Program ("CanExport")		**18,520**	-		-
Canada-Ontario job grant ("COJG")		**4,200**	17,008		727
Colleges and Institutes Canada Career Launcher ("Career Launcher")		**12,632**	-		-
Canada emergency rent subsidy ("CERS")		**-**	-		3,384
Canada emergency wage subsidy ("CEWS")		**-**	-		159,560
CEBA loan forgiveness		**-**	-		11,718
Canada's tech network- Scale from Home		**-**	-		3,540
National research council Industrial Research Assistance Program ("NRC IRAP")		**8,441**	41,570		-
National research council youth employment program ("NRC YEP")		**-**	25,005		25,000
Social development Canada- Canada summer jobs program		**-**	7,478		-
Scientific research and experimental development investment tax credit (SR&ED)		**-**	-		26,022
Total	$	**58,793**	91,061	$	229,951

During the six months ended November 30, 2022, the Company recognized $15,000 (May 31,2022 - $Nil, May 31, 2021 - $Nil) in Canada Digital Adoption Grant Program as government assistance. The Canada Digital Adoption Grant Program provides up to $15,000 for for-profit companies or sole proprietorships to boost their business technology through hiring a digital advisor.

During six months ended November 30, 2022, the Company recognized $18,820 (May 31,2022 - $Nil , May 31, 2021 - $Nil) received from CanExport as government assistance. CanExport's SME's Program is designed to provide direct financial assistance to small and medium-sized enterprises seeking to develop new export opportunities and markets, especially in high-growth emerging markets. The Company applied for the grant to support expansion into the Southwestern US by identifying potential representatives or agents and meet potential clients. During the six months ended November 30,2022, the Company received $35,000 from CanExport for the project which ends on March 31, 2023. As of November 30, 2022, the Company has deferred $16,480 of the grant (May 31, 2022 - $Nil, May 31, 2021 -$Nil).

During the six months ended November 30,2022, the Company recognized $4,200 (May 31,2022 - $17,008, May 31, 2021 - $727) in COJG as government assistance. The COJG supports eligible training costs up to a maximum per trainee. Under the terms of the COJG the Company qualifies as a small employer and can receive the following funding:

- Contributions of 5/6th of eligible training costs up to a maximum of $10,000 per person
- New hires (unemployed individuals) or previously employed persons who were laid-off and are being re-hired in a different position, may be eligible for 100% funding up to $15,000 per trainee. New hires are defined as any person(s) currently unemployed, who are not yet working with the employer but the employer plans on hiring them as a result of the training.

17. GOVERNMENT ASSISTANCE (continued)

During the six months ended November 30, 2022, the Company recognized $12,632 (May 31, 2022 - $Nil, May 31, 2021- $Nil) received from the Career Launcher Program. The Program connects employers with skilled students and grads by providing up to $35,000 towards an intern's salary and training expenses, in the form of a wage subsidy, the Company is eligible for $25,000.

During the six months ended November 30, 2022, the Company recognized $Nil (May 31,2022 - $Nil, May 31, 2021 - $3,384) in CERS as government assistance. CERS was introduced in response to the COVID-19 pandemic and provided a subsidy of up to 65% of a Company's rent or mortgage interest, property tax and insurance if the business was required to shut down due to public health restrictions.

During the six months ended November 30, 2022, the Company recognized $Nil (May 31,2022 - $Nil, May 31, 2021 - $159,560) in CEWS as government assistance. CEWS was introduced in response to the COVID-19 pandemic and provided a subsidy of up to 75% eligible remuneration paid by and eligible corporation and employee up to $847 per week during prescribed claim periods.

During the six months ended November 30, 2022, the Company recognized government grant income on its CEBA loan of $Nil (May 31, 2022 - $Nil, May 31, 2021 - $11,718) (Note 11(f)).

During the six months ended November 30, 2022, the Company recognized $Nil (May 31, 2022 - $Nil, May 31, 2021 - $3,540) in government assistance in connection with funds received from Canada's Tech Network's Soft Landing: Scale from Home program. The program offers qualified tech-driven start-ups and scale-ups exposure to digital business opportunities by offering $4,000 in reimbursable marketing and sales expenses.

During the six months ended November 30, 2022, the Company recognized $8,441 (May 31, 2022 - $41,570, May 31, 2021 - $Nil) in NRC IRAP as government assistance. The NRC IRAP provides advice, connections, and funding to help Canadian small and medium-sized businesses increase their innovation capacity and take ideas to market. During the six months ended November 30, 2022, and years ended May 31, 2022 and May 31, 2021, the Company received funding for the development of a new product.

During the six months ended November 30, 2022, the Company recognized $Nil (May 31,2022 - $25,005, May 31,2021 - $25,000) in NRC YEP as government assistance. The NCR YEP provides financials assistance to small or medium sized businesses (500 or fewer employees) that partner with NRC IRAP so they can hire young talent to contribute to their innovation needs.

During the six months ended November 30, 2022, the Company recognized $Nil (May 31, 2022 - $7,478, May 31, 2021 - $Nil) in government assistance in connection with funds received from Social Development Canada's Canada Summer Jobs program. The program provides wage subsidies to employers from not-for-profit organizations, the public sector, and private sector organizations with 50 or fewer full-time employees, to create quality summer work experiences for young people aged 15 to 30 years.

During the year ended November 30, 2022, the Company recognized $Nil (May 31, 2022, May 31, 2021 - $26,022) in SR&ED as government assistance. SR&ED provides tax incentives to encourage businesses to conduct research and development in Canada.

18. SHARE CAPITAL

Authorized capital

The Company is authorized to issue an unlimited number of common shares without par value.

(Expressed in Canadian dollars)

18. SHARE CAPITAL (continued)

As of November 30,2022, the Company had 27,000,000 shares outstanding.

During the six months ended November 30, 2022, the Company issued 221,447 shares to an employee as payment of commissions totalling $37,752 (May 31, 2022 - $Nil; May 31, 2021 - $Nil).

19. INCOME TAXES

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to income (loss) from operations before income taxes, shown as follows:

		November 30, 2022		May 31, 2022		May 31, 2021
Loss before taxes for the year	**$**	**(1,062,717)**	$	(876,698)	$	(241,242)
Canadian federal and provincial income tax rates		**26.50%**		26.50%		26.50%
Expected income tax recovery based on the above rates	**$**	**(281,620)**	$	(232,325)	$	(63,929)
Permanent differences		**1,521**		962		530
Change in estimate				-		(7,991)
Change in tax assets not recognized		**223,981**		231,363		71,390
Income tax recovery	**$**	**(56,118)**	$	-	$	-

For the period ended November 30, 2022, the company recognized a total income tax recovery of $56,118. The income tax recovery consists of the following:

		November 30, 2022		May 31, 2022		May 31, 2021
Current tax expense (recovery)	**$**	**-**	$	-	$	-
Deferred tax expense (recovery)		**(56,118)**		-		-
Income tax recovery	**$**	**(56,118)**	$	-	$	-

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The following deferred tax assets and liabilities have not been recognized for accounting purposes:

		November 30, 2022		May 31, 2022		May 31, 2021
Deferred tax asset	**$**	**75,976**	$	52,903	$	14,342
Deferred tax liability		**(75,976)**		(52,903)		(14,342)
Net deferred tax asset (liability)	**$**	**-**	$	-	$	-

(Expressed in Canadian dollars)

19. INCOME TAXES (continued)

The effect of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax liability, which have not been recognized during the year are as follows:

	May 31, 2022	Recognized in profit and loss	Recognized in Equity	**November 30, 2022**
Deferred tax asset				
Non-capital losses	$ 5,877	$ 28,951	$ -	**$ 34,828**
Lease liability	47,026	(5,878)	-	**41,148**
	$ 52,903	$ 23,073	$ -	**$ 75,976**
Deferred tax liability				
Loans payable	$ (5,877)	$ 492	$ -	**$ (5,385)**
Right of use asset	(47,026)	5,878	-	**(41,148)**
Convertible debt	-	26,675	(56,118)	**(29,443)**
	(52,903)	33,045	(56,118)	**(75,976)**
Net deferred tax liability	$ -	$ 56,118	$ (56,118)	**$ -**

	May 31, 2021	Recognized in profit and loss	Recognized in Equity	May 31, 2022
Deferred tax asset				
Non-capital losses	$ 14,342	$ (8,465)	$ -	$ 5,877
Lease liability	-	47,026	-	47,026
	$ 14,342	$ 38,561	$ -	$ 52,903
Deferred tax liability				
Loans payable	$ (6,787)	$ 910	$ -	$ (5,877)
Right of use asset	(659)	(46,367)	-	(47,026)
Scientific research and development (SRED)	(6,896)	6,896	-	-
	(14,342)	(38,561)	-	(52,903)
Net deferred tax liability	$ -	-	$ -	$ -

(Expressed in Canadian dollars)

19. INCOME TAXES (continued)

	May 31, 2020	Recognized in profit and loss	Recognized in Equity	May 31, 2021
Deferred tax asset				
Non-capital losses	$ 4,914	$ 9,428	$ -	$ 14,342
Lease liability	8,292	(8,292)	-	-
	$ 13,206	$ 1,136	$ -	$ 14,342
Deferred tax liability				
Loans payable	$ (4,474)	$ (2,313)	$ -	$ (6,787)
Right of use asset	(8,732)	8,073	-	(659)
Scientific research and development (SRED)	-	(6,896)	-	(6,896)
	(13,206)	(1,136)	-	(14,342)
Net deferred tax liability	$ -	-	$ -	$ -

Gross temporary differences and loss carry forwards that give rise to significant portions of the deferred tax asset, which have not been recognized, are approximately as follows:

	November 30, 2022	May 31, 2022	May 31, 2021
Non-capital losses	**$ 2,115,113**	$ 1,072,939	$ 252,528
Property and equipment	**33,910**	22,406	19,760
Accounts receivable	**24,880**	47,044	30,782
Return and warranty liability	**20,570**	18,180	-
Lease liability	**15,961**	13,017	-
Share issuance costs	**38,174**		
Deferred government assistance	**16,480**		
Total	**$ 2,265,088**	$ 1,173,586	$ 303,070

As at November 30, 2022, the Company had non capital losses of approximately $2,115,113 (May 31, 2022 - $Nil; May 31, 2021- $Nil) that may be available to offset future income for income tax purposes, which expire in 2042.

Due to the uncertainty of realization of these deductible temporary differences, the tax benefit is not reflected in the consolidated financial statements.

(Expressed in Canadian dollars)

20. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel comprise officers and directors of the Company.

Remuneration attributed to key management personnel for the six months ended November 30, 2022 and twelve months ended May 31, 2022 and May 31,2021 are summarized as follows:

		November 30, 2022		May 31, 2022		May 31, 2021 (unaudited)
Salaries and benefits	**$**	**34,310**	**$**	118,022	$	26,661
Total	**$**	**34,310**	**$**	118,022	$	26,661

As of November 30, 2022, accounts receivable included $82,434 (May 31, 2022 - $Nil, May 31, 2021 - $Nil) due from the CEO and a shareholder of the Company (note 5).

As of November 30, 2022, loans payable included $204,322 (May 31, 2022 - $270,094, May 31, 2021 - $72,367) due to a shareholder of the Company (note 12).

As of November 30, 2022, accounts payable included $345,525 (May 31, 2022 - $Nil, May 31, 2021 - $Nil) owing to a Company controlled by the CFO. The Company incurred a total of $388,215 from the Company controlled by CFO for accounting, audit preparation, and audit support services for the six months ended November 30, 2022, and twelve months ended May 31, 2022 and 2021. In addition, the Company controlled by CFO has also provided CFO services, transaction advisory services and consulting services related to Go Public transaction during this period. The fees were included in professional services line item.

21. SUBSEQUENT EVENTS

On February 9, 2023 (the "$0.30 First Closing Date"), the Company completed a private placement (the "$0.30 First Tranche") and issued 1,012,667 Common Shares at a price of $0.30 per Common Share for gross proceeds of $303,800. In connection with the private placement, the Company also issued 37,840 finder's warrants (the "$0.30 Finder's Warrants"), exercisable to purchase an additional Common Share of the Company at a price of $0.30 for a period of two years from closing.

On March 24, 2023, the Company closed a brokered private placement. The Company issued 1,999,664 common shares of the Company at a price of $0.30 per share for gross proceeds of $599,899. The Company also closed a non-brokered private placement, where the Company issued 2,087,669 common shares of the Company at a price of $0.30 per share for gross proceeds of $626,301. In connection with the private placement, the Company paid finders' fees of $36,810 and issued an aggregate of 89,166 warrants. Each finders' warrant is exercisable for a period of two years from the date of issuance at an exercise price of $0.30 per share.

On April 3, 2023, the Company issued 9,000,000 management performance warrants ("Management Performance Warrants") as an incentive to key management personnel. The Management Performance Warrants are exercisable for one Common Share upon attainment of certain milestone events, at an exercise price of $0.000001 per share upon attainment of certain events. Upon vesting, the Management Performance Warrants will be exercisable for one (1) year from the Exercise Event ("Exercise Period").

21. SUBSEQUENT EVENTS (continued)

On April 3, 2023, the Company issued 3,000,000 performance warrants ("Performance Warrants") as an incentive to personnel. The Performance Warrants are exercisable for one Common Share upon attainment of certain milestone events, at an exercise price of $0.000001 per share upon attainment of certain events. Upon vesting, the Performance Warrants will be exercisable for one (1) year.

Hybrid Power Solutions Inc.

Condensed Consolidated Interim Financial Statements
For the three and nine months ended February 28, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

Hybrid Power Solutions Inc.

Condensed Consolidated Interim Statements of Financial Position
As at February 28, 2023 and May 31, 2022
(Expressed in Canadian dollars)

	Notes		February 28, 2023		May 31, 2022	
ASSETS						
Current assets						
Cash		**$**	**1,236**	$	107,633	$
Accounts and other receivable	5		**406,474**		185,021	
Prepaid expenses and deposits	6		**284,804**		234,694	
Inventory	7		**1,119,234**		562,648	
Total current assets			**1,811,748**		1,089,996	
Contract costs	14		**26,932**		-	
Prepaid expenses and deposits	6		**81,127**			
Property and equipment	8		**449,419**		118,544	
Right of use assets	9		**144,183**		177,456	
Total assets		**$**	**2,513,409**	$	1,385,996	$
LIABILITIES AND SHAREHOLDERS' (DEFICIENCY)						
Current liabilities						
Accounts payable and accrued liabilities	10,20	**$**	**1,409,743**	$	895,207	$
Line of credit	11		**51,087**		81,660	
Return and warranty liability	14		**27,000**		18,180	
Contract liabilities	14		**204,867**		638,025	
Loans payable	12,20		**658,466**		472,445	
Lease liability	9		**43,872**		39,456	
Convertible debentures	13		**1,769,625**		-	
Convertible debentures to be issued	13,20		**-**		65,000	
Total current liabilities			**4,164,660**		2,209,973	
Lease liability	9		**117,380**		151,017	
Loans payable	12,20		**266,811**		116,666	
Contract liabilities	14		**34,210**		-	
Total liabilities			**4,583,061**		2,477,656	
Shareholders' (deficiency)						
Share capital	18	**$**	**465,695**	$	114,273	$
Reserves			**33,957**		-	
Convertible debt – conversion option	13		**135,619**		-	
Deficit			**(2,704,923)**		(1,205,933)	
Total shareholders' deficiency			**(2,069,652)**		(1,091,660)	
Total liabilities and shareholders' deficiency		**$**	**2,513,409**	$	1,385,996	$

Nature of operations and going concern (Note 1)

Hybrid Power Solutions Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and nine months ended February 28, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

	Notes		Three months ended, February 28 2023	2022		Nine months ended, February 28 2023	2022
Revenue	14	$	717,972	440,744	$	2,767,472	1,317,758
Cost of sales	7, 15		477,564	300,317		1,718,181	912,348
Gross profit			240,408	140,427		1,049,291	405,410
Expenses							
Advertising		$	48,817	25,746	$	190,249	34,234
General and administrative	16		107,385	56,504		540,742	203,499
Salaries and benefits	20		299,321	177,194		935,763	468,357
Professional fees			285,320	20,863		829,155	32,002
Research and development			1,806	-		42,180	-
Total operating expenses			(742,649)	(280,307)		(2,538,089)	(738,092)
Interest and accretion	9,12		(106,384)	(16,036)		(234,106)	(54,581)
Foreign exchange			(7,315)	20,060		(33,316)	21,046
Government assistance	17		28,848	24,155		87,641	58,101
Other income	20		94,701	4,502		113,471	22,171
Net loss before income taxes		$	(492,391)	(107,199)	$	(1,555,108)	(285,945)
Deferred tax recovery (loss) gain			-	25,288		56,118	25,288
Net loss and comprehensive loss for the year			(492,391)	(81,911)		(1,498,990)	(260,657)
Weighted average number of shares – Basic and diluted	18		27,213,797	26,778,523		27,025,868	26,778,522
Loss per share – Basic and diluted		$	(0.02)	0.00	$	(0.06)	$ (0.01)

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

Hybrid Power Solutions Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency
For the nine months ended February 28, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

	Notes	Number of common shares		Amount		Reserve		Convertible debt-Conversion option		Deficit		Total shareholders' deficiency
Balance, May 31, 2021		26,778,523	$	114,273	$	-	$	-	$	(329,234)	$	(214,962)
Net loss		-		-		-		-		(221,016)		(221,016)
Balance, February 28, 2022		**26,778,523**	**$**	**114,273**	**$**	**-**	**$**	**-**	**$**	(550,251)	**$**	(435,978)
Balance, May 31, 2022	**18**	**26,778,523**	**$**	**114,273**	**$**	**-**	**$**	**-**	**$**	**(1,205,933)**	**$**	**(1,091,660)**
Issuance of shares	**18**	1,234,144		341,552		**-**		**-**		**-**		**341,552**
Share issuance costs	**18**	**-**		(65,130)		6,267		-		**-**		**(58,863)**
Shares to be issued	**18**	**-**		75,000		-		-		**-**		**75,000**
Issuance of convertible debt	**13**	**-**		-		-		135,619		**-**		**135,619**
Convertible debt issuance costs - warrants		**-**		-		27,690		**-**		**-**		**27,690**
Net loss		-		-		-		-		(1,498,990)		**(1,498,990)**
Balance, February 28, 2023		**28,012,667**	**$**	**465,695**	**$**	**33,957**	**$**	**135,619**	**$**	**(2,704,923)**	**$**	**(2,069,652)**

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

Hybrid Power Solutions Inc.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)
For the nine months ended February 28,

	Notes	2023		2022
Operating activities				
Net loss for the period	**$**	**(1,498,990)**	$	(221,016)
Items not affecting cash:				
Accrued interest and accretion	**9,12**	**213,797**		28,842
Bad debt expense	**16**	**71,571**		-
Deferred income tax recovery		**(56,118)**		-
Depreciation	**16**	**53,097**		37,499
Government assistance	**17**	**(16,320)**		-
Shares issued for services		**37,752**		-
Non-cash working capital items:				
Accounts receivable	**5**	**(293,023)**		(372,190)
Prepaid expenses	**6**	**(131,237)**		(8,226)
Inventory	**7**	**(556,586)**		(325,890)
Contract costs	**14**	**(24,682)**		-
Accounts payable and accrued liabilities	**10,20**	**512,286**		152,840
Deferred revenue	**14**	**(398,948)**		612,943
Return and warranty liability		**8,820**		(3,241)
Net cash used in operating activities		**(2,078,581)**		(98,436)
Investing activities				
Purchase of property and equipment	**8**	**(366,161)**		(4,676)
Sale of property and equipment	**8**	**15,462**		-
Net cash used in investing activities		**(350,699)**		(4,676)
Financing activities				
Line of credit	**11**	**(30,573)**		-
Proceeds from loans payable	**12,20**	**589,934**		347,838
Proceeds from issuance of shares	**18**	**378,800**		-
Share issuance costs	**18**	**(58,863)**		-
Repayments of loans payable	**12,20**	**(259,947)**		(247,826)
Principal portion of lease payments	**9**	**(42,546)**		(36,652)
Interest on lease liability	**9**	**13,325**		14,140
Proceeds from convertible debentures	**13**	**1,732,753**		65,000
Net cash provided by financing activities		**2,322,883**		142,500
Change in cash		**(106,397)**		39,388
Cash, beginning of period		**107,633**		2,255
Cash, end of period	**$**	**1,236**	$	41,640
Supplemental cashflow disclosure				
Interest paid	**$**	**39,276**	$	8,203
Taxes paid	**$**	**-**	$	-
Agent's warrants issued	**$**	**33,957**	$	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Hybrid Power Solutions Inc. (the "Company") was incorporated on December 7, 2015, under the laws of Ontario, and continued into British Columbia under the Business Corporations Act (British Columbia) on June 13, 2022. Its head office is located at 208-333 Terminal Avenue, Vancouver, British Columbia, V6A 4C1, and its manufacturing facility is in Toronto, Ontario. HPS Solar Inc., a wholly owned subsidiary of the Company, was incorporated under the laws of Ontario on March 17, 2022.

On July 22, 2022, the Company amalgamated with its parent company Hybrid Power Solutions Inc. (formerly 2494760 Ontario Inc.). On July 23, 2022, the Company completed a forward split of all issued and outstanding common shares on a 1 existing share for 10,000 post-subdivision common shares for a total of 1,110,000 issued and outstanding post subdivision common shares. On July 26, 2022, the Company completed a second forward split of all issued and outstanding common shares on a 1 existing share for 24.12479488340 post-subdivision common shares for a total of 27,000,000 issued and outstanding post-subdivision common shares. Prior to the first forward splits, the Company had 111 shares issued and outstanding. An additional 9,180 shares were issued prior to the second forward split, which then added additional 221,478 shares to the pool after the second split. Except where otherwise indicated, all historical share numbers and per share amounts have been adjusted on a retroactive basis to reflect the share reorganization and forward split.

The Company designs and manufactures patent pending portable battery systems and customized energy solutions for a variety of industrial markets, including the mining, railway, public transit, and construction sectors. During the nine months ended February 28, 2023, the Company, through its wholly owned subsidiary, HPS Solar Inc., introduced a franchise network of solar power installers that operate under the Company's trademark and offer the sale and installation of the Company's products.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements ("financial statements"), including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These financial statements do not include all of the disclosures required for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the six-month period ended November 30, 2022 and the year ended May 31, 2022, which were prepared in accordance with International Reporting Standards ("IFRS").

Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are stated at fair value. In addition, they have been prepared using the accrual basis of accounting, except for the cash flow information.

Going concern

The Company incurred a net loss of $1,498,990 for the nine months ended February 28, 2023, and as at that date the Company's accumulated deficit was $2,704,923. The Company has a working capital deficit of $2,352,912 The Company has not generated positive cash flows from operations and relies on financing for its activities. The Company's ability to continue as a going concern is dependent upon raising additional capital or evaluating strategic alternatives. These factors indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION (continued)

Going concern (continued)

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these
financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. On March 11, 2020, the outbreak of the novel strain of coronavirus specifically identified as “COVID-19” was declared a pandemic by the World Health Organization. The outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of the virus which in turn has caused material disruption to business globally. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Conditions surrounding COVID-19 continue to rapidly evolve and the efficacy of the government and central bank interventions is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Basis of consolidation

These financial statements include the accounts of the Company and its subsidiary. Subsidiaries are those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to variable returns from its activities. Details of the Company’s subsidiary are follows:

SUBSIDIARIES	OWNERSHIP PERCENTAGE	JURISDICTION OF INCORPORATION
HPS Solar Inc.	100%	Ontario, Canada

Inter-company balances and transactions are eliminated on consolidation.

The financial statements were approved and authorized for issuance on July 14, 2023, by the Board of Directors.

Significant accounting judgments and estimates

The preparation of the Company’s financial statements in accordance with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both the current and future periods.

2. BASIS OF PRESENTATION (continued)

Significant accounting judgments and estimates (continued)

In preparing these financial statements, the significant accounting judgements and critical accounting estimates were generally the same as those applied to the audited financial statements as at and for the period ended November 30, 2022 and the year ended May 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are consistent with the accounting policies disclosed in Note 3 of the audited consolidated financial statements for the period ended November 30, 2022 and the year ended May 31, 2022.

4. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, price risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt and equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company has cash as of February 28, 2023 in the amount of $1,236 (May 31, 2022 - $107,633). There is no assurance that financing will be available or, if available, that such financing will be on terms acceptable to the Company. The Company monitors its risk of shortage of funds by monitoring the maturity dates of its existing liabilities. The Company's accounts payable and accrued liabilities are due within 90 days of February 28, 2023.

The amounts disclosed in the table are the contractual undiscounted payments as of February 28, 2023:

	Less than one year	One to two years	Two to three years	More than three years	Total
Accounts payable and accrued liabilities	1,409,743	-	-	-	1,409,743
Bank overdraft	51,087	-	-	-	51,087
Convertible debenture	1,957,000	-	-	-	1,957,000
Lease contract liabilities	58,039	120,889	10,288	-	189,216
Loans Payable	646,190	238,864	122,150	11,868	1,019,072
	4,122,059	359,753	132,438	11,868	4,626,118

The convertible debentures included in the table above automatically converts into common shares of the Company upon successful completion of an IPO (see Note 13 for additional information on the conversion).

4. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, and accounts receivable. The Company limits its exposure to credit loss by placing its cash with high quality financial institutions. The Company mitigates credit risk by evaluating the creditworthiness of customers prior to conducting business with them and monitoring its exposure for credit losses with existing customers. During the nine months ended February 28, 2023, the Company incurred $71,571 in bad debt expense (February 28, 2022 - $Nil).
The following table provides disclosures about credit risk exposure and expected credit losses on individual trade and other receivables as at:

February 28, 2023

	Aging Bucket					
	Current	**Overdue 1-30 days**	**Overdue 31-60 days**	**Overdue 61-90 days**	**Overdue 91+ days**	**Total**
Gross carrying amount	10,245	62,846	23,910	72,892	150,259	320,152
Loss allowance	(1,082)	(13,279)	(7,578)	(30,802)	(65,874)	(118,615)
Net	9,163	49,567	16,332	42,090	84,385	201,537
ECL rate	11%	21%	32%	42%	44%	37%

May 31, 2022

	Aging Bucket					
	Current	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91+ days	Total
Gross carrying amount	27,839	42,987	54,176	7,216	99,847	232,065
Loss allowance	-	-	(139)	(352)	(46,553)	(47,044)
Net	27,839	42,987	54,037	6,864	53,294	185,021
ECL rate	Nil%	Nil%	Nil%	5%	47%	20%

The continuity of expected credit losses is summarized in the table below:

		February 28, 2023 (9 months)		**May 31, 2022 (year)**
Balance, beginning	$	47,044	$	30,782
Additions to expected credit loss allowance recognized during the period /year		71,571		16,262
Ending expected credit losses	**$**	**118,615**	**$**	**47,044**

4. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

Foreign exchange rate risk

Currency risk is the risk of loss due to the fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. A portion of the Company's transactions occur in US dollars; therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its US dollars denominated trade receivables, accounts payable and accrued liabilities. A change of 1% in the U.S./CDN exchange rate will have immaterial impact on the net loss.

		February 28, 2023		May 31, 2022
Cash	$	296	$	84,887
Accounts receivable		25,435		14,722
Accounts payable and accrued liabilities		(149,266)		(59,550)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their loans. The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company depends on external financing to fund its activities. The Company considers its capital structure to consist of shareholders' equity, line of credit, loans, and convertible debentures. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements, and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended May 31, 2022.

5. ACCOUNTS AND OTHER RECEIVABLE

		February 28, 2023		May 31, 2022
Accounts receivable	$	320,152	$	232,065
Royalty and franchise fee receivable		14,890		-
Sales taxes receivable		190,047		-
Expected credit loss provision		(118,615)		(47,044)
	$	**406,474**	**$**	**185,021**

6. PREPAIDS EXPENSES AND DEPOSITS

		February 28, 2023		May 31, 2022
Prepaid construction	$	81,127	$	-
Prepaid advertising		9,177		-
Prepaid insurance		-		2,193
Prepaid inventory		230,575		216,062
Prepaid software subscription		27,959		442
Retainers and deposits		1,502		-
Security deposit		14,647		12,747
Vehicle deposit		944		3,250
	$	**365,931**	**$**	**234,694**
Current portion		284,804		234,694
Long-term portion		81,127		-

7. INVENTORY

		February 28, 2023		May 31, 2022
Finished goods	$	249,919	$	306,597
Raw materials		869,315		256,051
	$	**1,119,234**	**$**	**562,648**

During three- and nine-months periods ended February 28, 2023, the cost of inventories recognized as an expense totalled $477,564 and $1,718,181 (February 28, 2022 - $300,317 and $912,348), respectively. During the nine-month period ended February 28, 2023, Company did not impair any inventory (May 31, 2022 - $Nil).

8. PROPERTY AND EQUIPMENT

Cost		Computer equipment		Equipment		Vehicles		Building Under Construction		Total
Balance, May 31, 2021	**$**	**1,888**	**$**	**3,078**	**$**	**-**	**$**	**-**	**$**	**4,966**
Additions		2,419		50,013		-		66,329		118,761
Balance, May 31, 2022	**$**	**4,307**	**$**	**53,091**	**$**	**-**	**$**	**66,329**	**$**	**123,727**
Additions		2,188		34,938		141,759		187,276		366,161
Disposition		-		(18,937)		-		-		(18,937)
Balance, February 28, 2023	**$**	**6,495**	**$**	**69,092**	**$**	**141,759**	**$**	**253,605**	**$**	**470,951**
Accumulated Depreciation										
Balance, May 31, 2021	**$**	**523**	**$**	**2,014**	**$**	**-**	**$**	**-**	**$**	**2,537**
Depreciation		859		1,787		-		-		2,646
Balance, May 31, 2022	**$**	**1,382**	**$**	**3,801**	**$**	**-**	**$**	**-**	**$**	**5,183**
Depreciation		1,435		14,388		4,001		-		19,824
Disposition		-		(3,475)		-		-		(3,475)
Balance, February 28, 2023	**$**	**2,817**	**$**	**14,714**	**$**	**4,001**	**$**	**-**	**$**	**21,532**
Carrying Amounts										
As of May 31, 2022	$	2,925	$	49,290	$	-	$	66,329	$	118,544
As of February 28, 2023	**$**	**3,678**	**$**	**54,378**	**$**	**137,758**	**$**	**253,605**	**$**	**449,419**

Included in property and equipment, and equipment under lease with net book value of $39,836, the contractual lease payments on this lease are included in note 15.

9. LEASES

In March 2019, the Company entered into a lease agreement to rent two units in a building as its manufacturing facility and office space for a term of three years. Upon the commencement of the lease, the Company recognized a right-of-use asset of $57,219 and a lease liability of $54,519 using an incremental borrowing rate of 10%. The lease ended on June 30, 2021, without further renewal.

During the year ended May 31, 2022, the Company entered into another lease agreement for manufacturing and office space for a term of five years. Upon the commencement of the lease, the Company recognized a right-of-use asset of $221,820 and a lease liability of $221,820 using an incremental borrowing rate of 10%.

9. LEASES (continued)

The below table shows the continuity of the right-of-use asset:

Right of use asset		
Cost:		
Balance, May 31, 2021	$	57,219
Addition		221,820
Balance, May 31, 2022	$	279,039
Addition		-
Balance as at February 28, 2023	**$**	**279,039**
Accumulated depreciation:		
Balance as at May 31, 2021	$	54,731
Depreciation		46,852
Balance as at May 31, 2022	$	101,583
Depreciation		33,273
Balance as at February 28, 2023	$	**134,856**
Net carrying value:		
At May 31, 2022	$	177,456
At February 28, 2023	**$**	**144,183**

The continuity of the Company's lease obligation is below:

Lease liabilities		
Balance, May 31, 2021		-
Addition		221,820
Interest		19,050
Payments		(50,397)
Balance, May 31, 2022	$	190,473
Addition		-
Interest		13,325
Payments		(42,546)
Balance, February 28, 2023	**$**	**161,252**
Current portion		43,872
Non-current portion	**$**	**117,380**

At February 28, 2023, the Company is committed to minimum lease payments as follows:

Maturity analysis		
Less than one year	$	58,039
One to five years		131,177
Total undiscounted lease liabilities	$	189,216
Unamortized interest		(27,964)
Total lease liabilities – discounted	**$**	**161,252**

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payables and accrued liabilities consists of the following:

		Feb 28, 2023		May 31, 2022
Accounts payable	**$**	**1,016,631**	$	396,297
Accrued liabilities and other		**177,907**		201,649
Credit cards payable		**208,577**		297,261
Sales taxes payable		**6,628**		-
	$	**1,409,743**	$	895,207

11. LINE OF CREDIT

The Company has an operating line of credit with Meridian Credit Union of up to $100,000. The line of credit bears interest of prime plus 2.75% computed daily and compounded monthly. The line of credit is secured by a general security agreement and by guarantees and postponement of claims from both the CEO. As of February 28, 2023, the line of credit balance is $51,087 (May 31, 2022 - $81,660).

12. LOANS PAYABLE

A continuity of the Company's loans payable is set out below:

	BDC Loans (a, b, c and d)	CEBA Loans* (e)	Driven Financial (f, and g)	Shareholders' Loans (h)	Scotiabank Auto loans (i, and j)	American Express loan (k)	Maridian OneCap Loan (l)	Total
Balance, May 31, 2021	**$ 200,983**	**$ 34,390**	**$ -**	**72,367**	**$ -**	**$ -**	**$ -**	**$ 307,740**
Addition	70,000	-	231,000	296,143	-	-	-	597,143
Interest	10,591	-	26,215	-	-	-	-	36,806
Accretion	-	3,432	-	-	-	-	-	3,432
Repayments	(39,242)	-	(218,352)	(98,416)	-	-	-	(356,010)
Balance, May 31, 2022	**$ 242,332**	**$ 37,822**	**$ 38,863**	**$ 270,094**	**$ -**	**$ -**	**$ -**	**$ 589,111**
Addition	50,000	-	-	200,187	159,308	150,000	30,439	589,934
Interest	14,674	1	1,425	-	1,708	388	771	18,967
Accretion	1,354	2,177	-	-	-	-	-	3,531
Gain on debt	(16,320)	-	-	-	-	-	-	(16,320)
Repayments	(50,277)	-	(40,288)	(65,861)	(15,290)	(83,624)	(4,607)	(259,947)
Balance, February 28, 2023	**$ 241,763**	**$ 40,000**	**$ -**	**$ 404,420**	**$ 145,726**	**$ 66,764**	**$ 26,603**	**$ 925,277**
Current portion	106,583	40,000	-	404,420	35,106	66,764	5,593	658,466
Non-current portion	$ 135,180	$ -	$ -	$ -	$ 110,621	$ -	$ 21,010	$ 266,811

***Canada Emergency Business Account**

12. LOANS PAYABLE (continued)

(a) On April 7, 2020, the Company entered into a loan facility for up to $135,000 with the Business Development Bank of Canada ("BDC"). The loan facility has an interest rate equal to BDC's floating base rate, minus 1.75% and a maturity date of March 31, 2023. The loan is personally guaranteed by the CEO of the Company. During the nine months ended February 28, 2023, the Company repaid $24,638 (May 31, 2022 - $30,443) of the loan and incurred interest of $4,038 (February 28, 2022 - $2,546). As at February 28, 2023, the loan balance is $83,250 (May 31, 2022 - $103,500).

(b) On April 19, 2021, the Company entered into a loan facility for up to $70,000 with the BDC. The loan facility has an interest rate equal to BDC's floating base rate, plus 3.71% and a maturity date of March 1, 2028. The loan is personally guaranteed by the CEO of the Company. During the nine months ended February 28, 2023, the Company repaid $13,996 (May 31, 2022 - $7,764) of the loan and incurred interest of $5,294 (February 28, 2022 - $3,897). As at February 28, 2023, the loan balance is $59,305 (May 31, 2022 - $68,559).

(c) On March 19, 2022, the Company entered into a loan facility for up to $70,000 with the BDC. The loan facility has an interest rate equal to BDC's floating base rate, plus 4.57% and a maturity date of August 18, 2028. The loan is personally guaranteed by the CEO of the Company. During the nine months ended February 28, 2023, the Company repaid $11,993 (May 31, 2022 - $1,035) of the loan and incurred interest of $6,097 (February 28, 2022 - $Nil). As at February 28, 2023, the loan balance is $64,167 (May 31, 2022 - $70,273).

(d) On October 19, 2022, the Company entered into a loan facility for up to $50,000 with the BDC. The loan facility does not bear interest and matures on September 17, 2028. The loan is personally guaranteed by the CEO of the Company. During the nine months ended February 28, 2023, the Company repaid $Nil (May 31,2022 - $Nil) of the loan. The loan was fair valued at $33,680 using a discount rate of 12.00%, which was determined to be a market rate. The difference between the face value of the loan and the fair value of the loan of $16,320 was recognized as other income during the nine months ended February 28, 2023. The Company recognized an accretion expense in the amount of $1,361 for the nine months ended. February 28, 2023. As at February 28, 2023, the loan balance is $35,041 (May 31, 2022 - $Nil).

(e) On April 20, 2020, the Company was approved and received a $40,000 loan under the Canada Emergency Business Account ("CEBA") program. The loan is non-interest bearing and eligible for $10,000 forgiveness if repaid by December 31, 2023. If not repaid by December 31, 2023, the loan bears interest at 5% per annum and is due on December 31, 2025. The Company recorded the $10,000 forgivable portion as government grant income for the year ended May 31, 2020. As the loan was issued at below market rates, the initial fair value of the loan was determined to be $23,196, which was determined using an estimated effective interest rate of 10%. The difference between the face value of the loan and the fair value of the loan of $6,804 was recognized as government grant income during the year ended May 31, 2020.

On August 1, 2021, the Company received an additional $20,000 under the CEBA program. The additional loan is non-interest-bearing and repayable at any time without a penalty until December 31, 2023. If not repaid by December 31, 2023, the loan bears interest at 5% per annum and is due on December 31, 2025. The Company has recognized the $10,000 loan forgiveness as government grant income during the year ended May 31, 2021. As the loan was issued at below market rates, the initial fair value of the loan was determined to be $8,282, which was determined using an estimated effective interest rate of 10%. The difference between the face value of the loan and the fair value of the loan of $11,718 (Note 17) was recognized as government grant income during the year ended May 31, 2022. During the nine months ended February 28, 2023, the Company recorded accretion expense of $2,169 (February 28, 2022 - $2,536) on the loan. As at February 28, 2023, the carrying value of the loan was $40,001 (May 31, 2022 - $37,822).

12. LOANS PAYABLE (continued)

(f) On September 9, 2021, the Company entered into a loan agreement for $150,000 with the Driven Financial. Under the terms of the agreement the Company is required to make weekly blended payments of $4,308, the loan has an effective interest rate of 10.91% and the cost of borrowing is a fixed amount of interest for the entire term. During the nine months ended February 28, 2023, the Company repaid $8,567 (May 31, 2022 - $159,384) of the loan and incurred interest of $73 (February 28, 2022 - $15,066). As of February 28, 2023, the loan balance is $Nil (May 31,2022 - $8,493).

(g) On November 18, 2021, the Company entered into a loan agreement for $81,000 with the Driven Financial. Under the terms of the agreement the Company is required to make weekly blended payments of $4,536, the loan has an effective interest rate of 7.24% and the cost of borrowing is a fixed amount of interest for the entire term. During the nine months ended February 28, 2023, the Company repaid $31,722 (May 31, 2022 - $58,968) of the loan and incurred interest of $1,352 (February 28, 2022 - $5,387). As at February 28, 2023, the loan balance is $Nil (May 31, 2022 - $30,370).

(h) From time to time, the Company receives loans from the shareholders of the Company. The loans are non-interest-bearing, unsecured and due on demand. During the nine months ended February 28, 2023, the Company received shareholders' loans of $200,187 (May 31, 2022 - $296,143) and has so far made repayments of $65,862 (May 31, 2022 – $98,416). As of February 28, 2023, the shareholders' loans totaled $404,419 (May 31, 2022 – $270,094) (note 20). The shareholders' loan includes mortgage proceeds personally received by the shareholder and transferred to the Company. The proceeds were for the construction of the new warehouse. The mortgage is between the lender and the shareholder, and the Company is the guarantor for this mortgage. The total proceeds from the mortgage were $300,000, of which $294,507 was transferred to the Company after legal proceeds of $5,493 were paid upon closing. The loan is repayable by December 15, 2026.

(i) On October 17, 2022, the Company entered into an auto loan agreement for $93,788 with Scotiabank. The loan bears interest of 4.60% annually and a maturity date of October 17, 2026. The loan is secured against the vehicle purchased. During the nine months ended February 28, 2023, the Company repaid $7,175 (May 31, 2022 - $Nil) of the loan and $1,397 in interest (February 28, 2022 - $Nil). As of February 28, 2023, the loan balance is $86,613 (May 31, 2022 - $Nil).

(j) On August 26, 2022, the Company entered into an auto loan agreement for $65,520 with Scotiabank. The loan bears interest of 0.99% annually and a maturity date of August 26, 2027. The loan is secured against the vehicle purchased. During the nine months ended February 28, 2023, the Company repaid $6,407 (May 31, 2022 - $Nil) of the loan and $311 in interest (February 28, 2023 - $Nil). As of February 28, 2023, the loan balance is $59,113 (May 31, 2022 - $Nil).

(k) On November 21, 2022, the Company entered into a loan agreement for $150,000 with American Express. The loan bears interest of 13.5% annually and a maturity date of May 22, 2023. The loan is personally guaranteed by the CEO of the Company. During the nine months ended February 28, 2023, the Company repaid $83,624 (May 31, 2022 - $Nil) of the loan and incurred interest of $388 (February 28, 2022 - $Nil). As of February 28, 2023, the loan balance is $66,764 (May 31, 2022 - $Nil).

(l) On September 15, 2022, the Company entered into a loan agreement for $30,439 with Meridian OneCap to purchase equipment. The loan bears interest of 5.474% annually and a maturity date as of September 27, 2027. The loan is secured by the equipment purchased. During the nine months ended February 28, 2023, the Company repaid $4,607 (May 31, 2022 - $Nil). of the loan and incurred interest of $771 (February 28, 2022 - $Nil). As of February 28, 2023, the loan balance is $26,603 (May 31, 2022 - $Nil).

13. CONVERTIBLE DEBT

$328,500 Convertible Debenture Financing

On July 27, 2022, the Company closed a financing of non-transferable unsecured convertible debentures of $328,500. The debentures bear no interest and are payable two years from the closing date. If the Company fails to file a preliminary long form prospectus in connection with a going public transaction one-year from the closing date, the debentures will accrue interest at the rate of 10% per annum, payable on a semi-annual basis. If the Company files the preliminary prospectus, but does not complete an initial public offering ("IPO") for minimum gross proceeds of $5,000,000 within 180 days from the date the Company receives a receipt from applicable securities commissions for the preliminary prospectus then:

- the maturity date will automatically be extended to five years from the closing date and
- the debentures will bear interest at the prime rate, subject to the Company's prepayment right

If both events occur then the debentures will accrue interest for the first two years at a penalty rate of 10% per annum until the earlier of the conversion date and the date all of the principal amount has been repaid, subject to the prepayment.

If the Company completes a going public transaction, the principal amount will automatically be converted into common shares of the Company at a price of $0.02 per share on either the date the shares are listed on a recognized stock exchange in Canada or United States or a date that is within 10 business days (before or after) the listing date, subject to any applicable stock exchange acceptance and securities law.

Upon initial recognition, the convertible debentures were presented as a liability and the embedded conversion feature have been presented as equity as the fixed-for-fixed criteria is met. The fair value of the convertible debentures (host debt) in the amount of $291,216 was measured using a discount rate of 12%, which was determined to be a market rate for similar unsecured debt without the conversion feature. The residual amount of $37,284 was allocated to equity (conversion feature). The issuance costs of $12,578 was prorated and allocated to convertible debenture and equity in the amount of $11,230 and $1,348 respectively. The convertible debenture was amortized at an effective interest rate of 15.13%. The Company recognized $26,045 in accretion expense during the nine months ended February 28, 2023.

$1,170,000 Convertible Debenture Financing

On August 3, 2022 the Company closed a brokered private placement of $1,170,000 non-transferable unsecured convertible debentures of the Company. The debentures will bear no interest and are payable to the agent on behalf of the subscribers two years from the closing date. If the Company fails to file a preliminary long form prospectus in connection with a going public transaction one-year from the closing date, the debentures will accrue interest at the rate of 10% per annum, payable on a semi-annual basis. If the Company files the Preliminary Prospectus, but does not complete an initial public offering for minimum gross proceeds of $5,000,000 within 180 days from the date the Company receives a receipt from applicable securities commissions for the Preliminary Prospectus then:

- the Maturity Date will automatically be extended to five years from the Closing Date and
- the Debentures will bear interest at the prime rate, subject to the Company's Prepayment right

In consideration for the Agent's services, the Company paid the agent:

- A cash commission equal to 4.0% of the gross proceeds; and
- Compensation warrants equal to 4.0% of the principal amount of debentures issued. The warrants will be exercisable into common shares of the Company at a price of $0.20 per share for a period of 24 months from the closing date

13. CONVERTIBLE DEBT (continued)

Pursuant to the August 3, 2022 engagement letter, the agent will also act as sole and exclusive agent for the Company's IPO of a minimum of 12,500,000 units at a price of $0.40 per unit and a maximum if up to 15,000,000 units for gross proceeds of a minimum of $5,000,000 and a maximum of up to $6,000,000. As consideration the Agent will receive consideration of:

- Cash commission of 8.0% of the gross proceeds received by the Company from the sale of units (including those issued pursuant to the exercise of the Over-Allotment Option and excluding any units sold to President's list subscribers), provided that the IPO cash commission shall be reduced to 4.0% of the gross proceeds received by the Company from the sale of units to President's List Subscribers

- Compensation warrants equal to 8.0% of the principal amount of units issued pursuant to the IPO (including those issued pursuant to the exercise of the over-allotment option and excluding any units sold to President's list subscribers) provided that the number of IPO Agent's Warrants shall be reduced to 4.0% of the Principal Amount of Units sold to President's List subscribers. The warrants will be exercisable into Units of the Company at a price of $0.40 per unit for a period of 24 months from the closing date of the IPO.

- A work fee in the amount of $45,000 (plus GST) for providing corporate finance services in connection with the offering and the IPO offering payable to the Agent from the proceeds of the IPO Offering on closing of the IPO

The Agent has the option to purchase or sell up to an additional 15% units, on the same terms and conditions as the IPO, which will be exercisable by giving written notice to the Company at any time up to 48 hours prior to closing. The Company is entitled to designate to the Presidents List certain subscribers to be included in the Brokered Offering and certain subscribers to be included in the IPO Offering for up to $250,000 Units.

$458,500 Convertible Debenture Financing

On August 18, 2022, the Company approved additional non-brokered private placement of non-transferrable unsecured convertible debentures for gross proceeds of up to $458,500. The Debentures will bear no interest and are re-payable two years from the closing date of the offering or 180 days from the date the Company receives a receipt for the preliminary prospectus.

If the Company fails to file a preliminary long form prospectus in connection with a going public transaction one-year from the closing date, the debentures will accrue interest at the rate of 10% per annum, payable on a semi-annual basis. If the Company files the Preliminary Prospectus, but does not complete an initial public offering for minimum gross proceeds of $5,000,000 within 180 days from the date the Company receives a receipt from applicable securities commissions for the Preliminary Prospectus then:

- the Maturity Date will automatically be extended to five years from the Closing Date and
- the Debentures will bear interest at the prime rate, subject to the Company's Prepayment right

Upon initial recognition, the convertible debentures were presented as a liability and the embedded conversion feature have been presented as equity as the fixed-for-fixed criteria is met. The fair value of the convertible debentures (host debt) in the amount of $1,454,018 was measured using a discount rate of 12%, which was determined to be a market rate for similar unsecured debt without the conversion feature. The residual amount of $174,482 was allocated to equity (conversion feature). The issuance costs of $174,359 was prorated and allocated to convertible debenture and equity in the amount of $155,678 and $18,681 respectively. The issuance costs included the value of agents' warrants of $27,690, which was determined using the Black-Scholes pricing model with the following inputs and assumptions: Stock price - $.20; Exercise price - $.20; Dividend yield - $Nil; Expected volatility – 124.91%; Risk free interest rate 3.37% and expected life of 2 years.

13. CONVERTIBLE DEBT (continued)

The convertible debenture was amortized at an effective interest rate of 22.86%. The Company recognized $165,254 in accretion expense during the nine months ended February 28, 2023.

If both events occur then the debentures will accrue interest for the first two years at a penalty rate of 10% per annum until the earlier of the conversion date and the date all of the principal amount has been repaid, subject to the Prepayment. If the Company completes a going public transaction, the principal amount will automatically be converted into units of the Company at a price of $0.20 per unit on either the date the Shares are listed on a recognized stock exchange in Canada or United States or a date that is within 10 business days (before or after) the listing date, subject to any applicable stock exchange acceptance and securities law.

Each debenture unit will be comprised of one common share of the Company and one-half of one transferable common share purchase warrant. Each debenture warrant is exercisable into one common share at $0.60 per debenture warrant share for a period of two years from the conversion date, subject to acceleration, such that if the daily volume weighted average trading price of the Shares exceeds $0.80 on each of those 15 consecutive days, then the Warrants will expire in 30 days following notice.

The debenture units issuable upon conversion (including all underlying securities) will be subject to voluntary resale restrictions as follows:

- 10% of the debenture units (including all underlying securities) released on the listing date;
- 40% of the debenture units (including all underlying securities) released six months after the listing date; and
- 50% of the debenture units (including all underlying securities) released twelve months after the listing date;

Shares issuable upon conversion will be subject to voluntary resale restrictions as follows:

- 25% of the Shares released on the listing date;
- 25% of the Shares released four months after the listing date;
- 25% of the Shares released eight months after the listing date; and
- 25% of the Shares released twelve months after the listing date;

14. REVENUE

Disaggregation of revenue from contracts with customers

The Company generates revenue from selling portable battery systems and customized energy solutions and its newly formed franchise business. The following table presents a disaggregation of revenue by source:

		Nine months ended February 28, 2023		Nine months ended February 28, 2022
Royalty revenue	$	**4,223**	$	-
Advertising revenue		**3,519**		-
Franchise fee revenue		**5,470**		-
Other revenue		**548**		-
Franchise revenue		**13,760**		**-**
Product and installation sales		**2,752,702**		1,312,151
Consulting and other revenue		**1,010**		5,607
Total	**$**	**2,767,472**	**$**	1,317,758

14. REVENUE (continued)

Revenue is generated in two geographical markets, being Canada and the United States.

The following table presents a disaggregation of revenue by geographic markets:

		Nine months ended February 28, 2023		Nine months ended February 28, 2022	
Canada	$	**2,203,104**	$	1,262,854	$
United States		**564,368**		54,904	
Total	**$**	**2,767,472**	**$**	1,317,758	$

The Company provides either a 6-month commercial or a 12-month standard warranty and a 30-day return period for products shipped. As at February 28, 2023, the Company has recorded a provision of $27,000 (May 31, 2022 - $18,180) in expected replacement parts and director labour on future warranty claims and expected returns.

Contract assets and liabilities

As at February 28, 2023 and May 31, 2022 the Company had the following contract assets:

		February 28, 2023		May 31, 2022
Contract assets - Contract costs*	**$**	**26,932**	**$**	**-**

*The Company incurs various costs to obtain contracts, in the form of sales commissions payable upon securing new franchisees and sign-up bonuses payable upon the receipt of payment of the initial franchise fee.

The continuity of contract liabilities is summarized in the table below:

		February 28, 2023		May 31, 2022
Balance, beginning	**$**	**638,025**	**$**	67,679
Additions to contract liabilities		373,567		638,025
Revenue earned during the year		(772,515)		(67,679)
Balance, ending	**$**	**239,077**	**$**	638,025
Current portion		204,867		638,025
Non-current portion	**$**	**34,210**	**$**	**-**

Contract liabilities were $170,657 and $34,210 for the current and long-term portions, respectively, as of February 28, 2023 (May 31, 2022 - $638,028 and $Nil). The current portion of contract liabilities consist mainly of consideration received from customers for orders received and paid for but not yet delivered. Non-current portion of contract liabilities consists of franchise fees received in advance, which will be recognize in revenue over the period of the contract. The amounts deferred include the unrecognized portion of the initial franchise fee related to access to franchise right.

15. COST OF SALES

Cost of sales for the nine months ended February 28, 2023 and 2022 is summarized in the table below.

		February 28, 2023		February 28, 2022
Parts and materials	**$**	**1,470,289**	**$**	873,0321
Direct labour		**125,846**		-
Shipping		**122,046**		39,316
Total	**$**	**1,718,181**	**$**	912,348

16. GENERAL AND ADMINISTRATIVE EXPENSES

The following is a breakdown of general and administrative expenses for the nine months ended February 28, 2023 and 2022.

		February 28, 2023		February 28, 2022
Automotive	**$**	**11,370**	$	8,845
Bad debts		**71,571**		-
Bank and transaction charges		**65,466**		25,604
Brokerage fees		**28,794**		14,095
Delivery		**42,511**		23,580
Depreciation		**53,097**		37,499
Dues and subscriptions		**107,086**		355
Education and training		**5,022**		10,072
Insurance		**19,322**		14,504
Meal and entertainment		**15,588**		6,620
Office		**46,274**		24,998
Rent		**22,543**		10,003
Repairs and maintenance		**4,279**		3,144
Telephone and internet		**23,984**		16,846
Utilities		**2,889**		5,220
Travel		**20,946**		2,114
Total	**$**	**540,742**	**$**	203,499

17. GOVERNMENT ASSISTANCE

		Three months ended February 28,		Nine months ended February 28,	
		2023	2022	**2023**	**2022**
Canada Digital Adoption Program Grant	$	**-**	-	**15,000**	-
CanExport SME's Program ("CanExport")		**16,480**	-	**35,000**	-
Canada-Ontario job grant ("COJG")		**-**	2,541	**4,200**	8,687
Colleges and Institutes Canada Career Launcher ("Career Launcher")		**12,368**	-	**25,000**	-
National research council Industrial Research Assistance Program ("NRC IRAP")		**-**	16,931	**8,441**	16,931
National research council youth employment program ("NRC YEP")		**-**	4,683	**-**	25,005
Social development Canada- Canada summer jobs program		**-**	-	**-**	7,478
Total	$	**28,848**	24,155	**87,641**	58,101

During the three and nine months ended February 28, 2023, the Company recognized $Nil and $15,000 (February 28, 2022 - $Nil and $Nil), respectively, in Canada Digital Adoption Grant Program as government assistance. The Canada Digital Adoption Grant Program provides up to $15,000 for for-profit companies or sole proprietorships to boost their business technology through hiring a digital advisor.

During three and nine months ended February 28, 2023, the Company recognized $16,480 and $35,000 (February 28, 2022 - $Nil and $Nil), respectively, received from CanExport as government assistance. CanExport's SME's Program is designed to provide direct financial assistance to small and medium-sized enterprises seeking to develop new export opportunities and markets, especially in high-growth emerging markets. The Company applied for the grant to support expansion into the Southwestern US by identifying potential representatives or agents and meet potential clients. During the nine months ended February 28, 2023, the Company received $35,000 from CanExport for the project which ends on March 31, 2023.

During the three and nine months ended February 28, 2023, the Company recognized $Nil and $4,200 (February 28, 2022 - $2,541 and $8,687), respectively, in COJG as government assistance. The COJG supports eligible training costs up to a maximum per trainee. Under the terms of the COJG the Company qualifies as a small employer and can receive the following funding:

- Contributions of 5/6th of eligible training costs up to a maximum of $10,000 per person
- New hires (unemployed individuals) or previously employed persons who were laid-off and are being re-hired in a different position, may be eligible for 100% funding up to $15,000 per trainee. New hires are defined as any person(s) currently unemployed, who are not yet working with the employer but the employer plans on hiring them as a result of the training.

During the three and nine months ended February 28, 2023, the Company recognized $12,368 and $25,000 (February 28, 2022 - $Nil and $Nil), respectively, received from the Career Launcher Program. The Program connects employers with skilled students and grads by providing up to $35,000 towards an intern's salary and training expenses, in the form of a wage subsidy, the Company is eligible for $25,000.

17. GOVERNMENT ASSISTANCE (continued)

During the three and nine months ended February 28, 2023, the Company recognized $Nil and $8,441 (February 28, 2022 - $16,931 and $16,931), respectively, in NRC IRAP as government assistance. The NRC IRAP provides advice, connections, and funding to help Canadian small and medium-sized businesses increase their innovation capacity and take ideas to market. During the nine months ended February 28, 2023 and 2022, the Company received funding for the development of a new product.

During the three and nine months ended February 28, 2023, the Company recognized $Nil and $Nil (February 28, 2022 - $4,683 and $25,005), respectively, in NRC YEP as government assistance. The NCR YEP provides financials assistance to small or medium sized businesses (500 or fewer employees) that partner with NRC IRAP so they can hire young talent to contribute to their innovation needs.

During the three and nine months ended February 28, 2023, the Company recognized $Nil and $Nil (February 28, 2022 - $Nil and $7,478), respectively, in government assistance in connection with funds received from Social Development Canada's Canada Summer Jobs program. The program provides wage subsidies to employers from not-for-profit organizations, the public sector, and private sector organizations with 50 or fewer full-time employees, to create quality summer work experiences for young people aged 15 to 30 years.

18. SHARE CAPITAL AND RESERVES

Authorized capital

The Company is authorized to issue an unlimited number of common shares without par value.

Issued share capital

As of February 28, 2023, the Company had 28,012,667 (May 31, 2022 – 26,778,523) shares outstanding.

During the nine months ended February 28, 2023:

On July 25, 2022, the Company issued 221,447 shares to an employee as payment of commissions totalling $37,752 (February 28, 2022 - $Nil).

On February 9, 2023, the Company closed a non-brokered private placement. The Company issued 1,012,667 common shares of the Company at a price of $0.30 per share for gross proceeds of $303,800. In connection with the private placement, the Company paid finders' fees of $31,380 and issued an aggregate of 37,840 warrants. Each finders' warrant is exercisable for a period of two years from the date of issuance at an exercise price of $0.30 per share. The fair value of the compensation options was determined to be $6,267 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 3.98%, expected life of 2 years, volatility factor of 103.05% and dividend yield of Nil. In connection with the closing of the private placement, the Company incurred an additional $27,483 share issuance costs.

During the nine months period ended February 28, 2022, the Company did not issue any shares.

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

18. SHARE CAPITAL AND RESERVES (continued)

	Number of Warrants		Weighted Average Exercise Price
Balance, May 31, 2022	**-**	**$**	**-**
Granted	258,840		0.21
Expired	-		-
Balance, February 28, 2023	**258,840**	**$**	**0.21**

As at February 28, 2023, the following warrants were exercisable:

Outstanding and Exercisable Number of Warrants	Exercise Price	Expiry Date
213,000	$0.20	August 19, 2024
8,000	$0.20	August 19, 2024
37,840	$0.30	February 9, 2025
258,840		

During the nine months ended February 28, 2023, the Company granted 37,840 finders' warrants in connection with the private placement above. The finders' warrants were valued at $6,267 using the Black-Scholes option pricing model with the following inputs: share price of $0.30, exercise price of $0.30, expected life of 2 years, volatility of 103.05% and risk-free interest rate of 3.98%.

The Company granted 213,000 agents' warrants during the nine months ended February 28, 2023, pursuant to the issuance of convertible debentures (Note 13). A value of $27,690 was assigned to the warrants using the Black-Scholes option pricing model with the following inputs: Stock price - $.20; Exercise price - $.20; Dividend yield - $Nil; Expected volatility – 124.91%; Risk free interest rate 3.37% and expected life of 2 years.

As of February 28, 2023, the weighted average remaining contractual life of outstanding warrants is 1.54 years (May 31, 2022 – Nil).

Reserves

As at February 28, 2023, the Company had the following reserves:

		Reserves	Convertible Debt – Conversion option	Total
Balance, May 31, 2022	**$**	**-**	**-**	**-**
Issuance of convertibles debentures		-	211,766	211,766
Transaction costs		-	(20,029)	(20,029)
Deferred income tax		-	(56,118)	(56,118)
Issuance of finders' warrants		33,957	-	33,957
Balance at February 28, 2023	**$**	**33,957**	**135,619**	**169,576**

19. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel comprise officers and directors of the Company.

Remuneration attributed to key management personnel for the nine months ended February 28, 2023 and 2022 are summarized as follows:

		February 28, 2023		February 28, 2022
Salaries and benefits	**$**	**42,310**	**$**	24,271
Total	**$**	**42,310**	**$**	24,271

As of February 28, 2023, loans payable included $200,187 (May 31, 2022 - $Nil) due to the CEO and a shareholder of the Company (note 5).

As of February 28, 2023, loans payable included $204,233 (May 31, 2022 - $270,094) due to a shareholders of the Company (note 12).

As of February 28, 2023, convertible debentures to be issued includes $Nil (May 31, 2022 - $65,000) owing to a Company controlled by the CFO.

As of February 28, 2023, accounts payable included $430,934 (May 31, 2022 - $Nil) owing to a Company controlled by the CFO. The Company incurred a total of $508,047 from the Company controlled by CFO, for accounting, audit preparation, and audit support services for the nine months ended February 28, 2023 (February 28, 2022 - $Nil). In addition, the Company controlled by CFO has also provided CFO services, transaction advisory services and consulting services related to Go Public transaction during this period. The fees were included in professional services line item.

20. OTHER INCOME

Other income for the nine months ended February 28, 2023 and 2022 is summarized in the table below.

		February 28, 2023		February 28, 2022
Shipping income	**$**	**1,383**	**$**	-
Grant income		**78,859**		2,500
Sublease		**3,700**		2,846
Gain on loan		**16,320**		-
Gain on sale of property, plant and equipment		**12,539**		-
Interest income		**-**		17,006
Other		**670**		(181)
Total	**$**	**113,471**	**$**	22,171

21. SUBSEQUENT EVENTS

On March 24, 2023, the Company closed a brokered private placement. The Company issued 1,999,664 common shares of the Company at a price of $0.30 per share for gross proceeds of $599,899. The Company also closed a non-brokered private placement, where the Company issued 2,087,669 common shares of the Company at a price of $0.30 per share for gross proceeds of $626,301. In connection with the private placement, the Company paid finders' fees of $36,810 and issued an aggregate of 89,166 warrants. Each finders' warrant is exercisable for a period of two years from the date of issuance at an exercise price of $0.30 per share.

On April 3, 2023, the Company issued 9,000,000 management performance warrants ("Management Performance Warrants") as an incentive to key management personnel. The Management Performance Warrants are exercisable for one Common Share upon attainment of certain milestone events, at an exercise price of $0.000001 per share upon attainment of certain events. Upon vesting, the Management Performance Warrants will be exercisable for one (1) year from the Exercise Event ("Exercise Period").

On April 3, 2023, the Company issued 3,000,000 performance warrants ("Performance Warrants") as an incentive to personnel. The Performance Warrants are exercisable for one Common Share upon attainment of certain milestone events, at an exercise price of $0.000001 per share upon attainment of certain events. Upon vesting, the Performance Warrants will be exercisable for one (1) year.

SCHEDULE B

MD&A

[Attached]

Hybrid Power Solutions Inc.
Management Discussion and Analysis
For the six months ended November 30, 2022, and twelve months ended May 31, 2022, and 2021
(expressed in Canadian Dollars)

The following management discussion and analysis (MD&A) of the Company's financial condition and results of operations for the six months ended November 30, 2022, and twelve months ended May 31, 2022, and 2021, should be read in conjunction with the audited consolidated financial statements for the six months ended November 30, 2022, and twelve months ended May 31, 2022.

The date of this management's discussion and analysis ("MD&A") is July 14, 2023. Unless otherwise indicated, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. This MD&A has been prepared pursuant to the disclosure requirements under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.

All currency amounts are expressed in Canadian dollars, unless otherwise noted.

This MD&A was approved by the Directors on July 14, 2023.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("forward-looking information"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under "risks and uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information.

NON-GAAP MEASURES

Certain financial measures used in this MD&A make reference to certain non-GAAP measures. These non-GAAP measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing a further understanding of results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the financial information of the Company reported under IFRS. Earnings before interest, taxes, depreciation and amortization ("EBITDA") should not be construed as alternatives to net income/loss determined in accordance with IFRS. EBITDA does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

NATURE OF BUSINESS

Hybrid Power Solutions Inc. (the "Company") was incorporated on December 7, 2015, under the laws of Ontario, and continued into British Columbia under the Business Corporations Act (British Columbia) on June 13, 2022. Its head office is located at 208-333 Terminal Avenue, Vancouver, British Columbia, V6A 4C1, and its manufacturing facility is located in Toronto, Ontario. HPS Solar Inc., a wholly owned subsidiary of the Company, was incorporated under the laws of Ontario on March 17, 2022.

The Company designs and manufactures patent pending portable battery systems and customized energy solutions for a variety of industrial markets, including the mining, railway, public transit and construction sectors. During the six months ended November 30, 2022, the Company, through its wholly owned subsidiary, HPS Solar Inc., introduced a franchise network of solar power installers that operate under the Company's trademark and offer the sale and installation of the Company's products.

OPERATIONAL UPDATES

On July 22, 2022, the Company amalgamated with its parent company Hybrid Power Solutions Inc. (formerly 2494760 Ontario Inc.). On July 23, 2022, the Company completed a forward split of all issued and outstanding common shares on a 1 existing share for 10,000 post-subdivision common shares for a total of 1,100,000 issued and outstanding post-subdivision common shares. On July 26, 2022, the Company completed a second forward split of all issued and outstanding common shares on a 1 existing share for 24.12479488340 post-subdivision common shares for a total of 27,000,000 issued and outstanding post-subdivision common shares. Prior to the first forward splits, the Company had 111 shares issued and outstanding. An additional 9,180 shares were issued prior to the second forward split, which then added additional 221,478 shares to the pool after the second split. Except where otherwise indicated, all historical share numbers and per share amounts have been adjusted on a retroactive basis to reflect the share reorganization and forward split.

On July 27, 2022 (the "$0.02 Closing Date"), the Company completed a non-brokered private placement (the "$0.02 Financing") of unsecured non-transferrable convertible debentures (the "$0.02 Debentures") for an aggregate principal amount of $328,500 (the "$0.02 Debenture Principal Amount"). The $0.02 Debentures bear no interest and have a two-year maturity term (the "$0.02 Debenture Maturity Date"). If the Company completes a Going Public Transaction, the $0.02 Debentures Principal Amount will automatically be converted into Common Shares (the "$0.02 Shares") at a price of $0.02 per $0.02 Share (the "$0.02 Conversion Price") on either the Listing Date or a date that is within 10 business days (before or after) of the Listing Date (the "$0.02 Conversion Date"), subject to any applicable stock exchange acceptance and securities laws.

On August 19, 2022, (the "$0.20 Closing Date"), the Company completed a private placement (the "$0.20 Financing") on a brokered and non-brokered basis (the brokered portion of which was completed with the Agent) of unsecured non-transferrable convertible debentures (the "$0.20 Debentures") for an aggregate principal amount of $1,628,500 (the "$0.20 Debenture Principal Amount"). The $0.20 Debentures bear no interest and mature on the date which is two years after $0.20 Closing Date ("$0.20 Debenture Maturity Date"). If the Company completes a Going Public Transaction the $0.20 Debenture Principal Amount will automatically be converted into units of the Company (the "$0.20 Units") at a price of $0.20 per $0.20 Debenture Unit (the "$0.20 Conversion Price") on either the Listing Date or a date that is within 10 business days (before or after) of the Listing Date (the "$0.20 Conversion Date"), subject to any applicable stock exchange acceptance and securities laws.

Each $0.20 Debenture Unit will be comprised of one Common Share (the "$0.20 Shares") and one-half of one transferable common share purchase warrant (each whole warrant, a "Debenture Warrant"). Each Debenture Warrant is exercisable into one common share (the "Debenture Warrant Shares") at $0.60 per Debenture Warrant Share for a period of two years from the $0.20 Conversion Date, subject to acceleration, such that if the daily volume weighted average trading price of the Common Shares (on the stock exchange where the Common Shares are listed for trading and the majority of the trading volume occurs) exceeds $0.80 on each of those 15 consecutive days, then the Debenture Warrants will expire in 30 days following notice (the "Accelerated Exercise Period") unless exercised prior to such date. Any Insiders who are unable to exercise their Debenture Warrant due to any 'blackout period' being in effect during the term of their Warrants will automatically have their Accelerated Exercise Period extended by the aggregate time of the blackout period(s).

OVERALL PERFORMANCE:

The following financial information has been summarized from the Company's consolidated financial statements for the six months ended November 30, 2022 and twelve months ended May 31, 2022 and 2021:

		Six Months Ended November 30,2022		**Year Ended May 30, 2022**		**Year Ended May 30, 2021**
Revenue	$	2,049,500	$	1,837,980	$	658,689
Cost of revenue		1,240,617		1,358,194		450,464
Operating expenses		1,795,440		1,394,666		690,336
Other (expenses) income		(76,160)		38,182		240,869
Net loss		(1,062,717)		(876,698)		(241,242)
Loss per share – basic and diluted		(0.04)		(0.03)		(0.01)

		Six Months Ended November 30,2022		**Year Ended May 30, 2022**		**Year Ended May 30, 2022**
Cash	$	30,970	$	107,633	$	2,255
Working capital (deficiency)		(2,108,853)		(1,119,977)		(13,450)
Total assets		2,277,057		1,385,996		481,810
Total long-term liabilities		439,374		267,683		206,429
Shareholders' deficiency		(1,897,198)		(1,091,660)		(214,962)

Revenue

For the twelve months ended May 31, 2022, the Company generated total revenues of $1,837,980, an increase of $1,179,291 compared to revenues of $658,689 for the twelve months ended May 31, 2021. Revenue for the twelve months ended May 31, 2022, consisted of the sale and in some cases installation of products including solar panels, portable battery systems, and other energy related products as well as consulting income. The revenue from the sale and installation of products increased from $638,722, during the twelve months ended May 31, 2021, to $1,832,373 during the twelve months ended May 31, 2022. This increase of $1,193,651 is primarily attributed to an increase in the sales volumes of the Company's line of residential solar products consisting of the Power Tower, an all-in-one solar inverter compatible with PT5 and PT14 batteries, which launched in late 2020. Revenue from consulting decreased from $19,967, during the twelve months ended May 31, 2021 to $5,607, during the twelve months ended May 31, 2022, as a result of the Company focusing its efforts on the development, manufacturing and installation of direct-to-consumer cleantech products.

For the six months ended November 30, 2022, the Company generated total revenues of $2,049,500. Revenue for the six months ended November 30, 2022, consisted of the sale and in some cases installation of products including solar panels, portable battery systems, and other energy related products, consulting income and franchise revenues. The revenue from the sale and installation of products approximated $2,040,000 during the six months ended November 30, 2022. The increase in sales was due to sales volumes as a result of the Company's continued advertising efforts focusing on digital marketing and tradeshow attendance. Revenue from consulting decreased to $1,010, during the six months ended November 30, 2022, as a result of the Company continuing to focus its efforts on the development, manufacturing and installation of direct-to-consumer cleantech products and formation of the franchisee business. During the six months ended November 30, 2022, the Company, through its wholly owned subsidiary, HPS Solar Inc., introduced a franchise network of solar power installers that operate under the Company's trademark and offer the sale and installation of the Company's products. During the six months ended November 30, 2022, the Company recruited three franchisees and generated a total of $8,463 in revenues during the six months ended November 30, 2022.

Cost of Sales and Gross Profit

For the twelve months ended May 31, 2022, the Company's costs of sales and gross profit were $1,358,194 and $479,786, respectively, compared to $450,464 and $208,225 for the twelve months ended May 31, 2021. The gross profit margin decreased from 31.61% for the twelve months ended May 31, 2021, to 26.10% for the twelve months ended May 31, 2022. A lower gross profit margin was realized for the twelve months ended May 31, 2022, primarily due to an increase in product cost which was driven by significantly higher international shipping costs and supply chain challenges brought on by the COVID 19 pandemic. In addition, with revenue growth, the Company saw a change in the product mix which also contributed to the decrease in the overall gross margin. The most significant change in the product mix relates to the sale of the battery packs which has historically represented a higher percentage of total revenue and contributed a higher gross margin compared to other products. During the twelve months ended May 31, 2022, battery pack sales represented 30% of total revenue compared to 50% in the comparative period.

For the six months ended November 30, 2022, the Company's costs of sales and gross profit were $1,240,617 and $808,883, respectively, compared to $1,358,194 and $479,786 for the twelve months ended May 31, 2022. The gross profit margin increased from 26.10% for the twelve months ended May 31, 2022, to 39.47% for the six months ended November 30, 2022. A higher gross profit margin was realized for the six months ended November 30, 2022, primarily due to an decrease in product cost which was driven by significantly lower international shipping costs compared to prior period. In addition, with revenue growth, the Company saw a change in the product mix which also contributed to the increase in the overall gross margin. The most significant change in the product mix relates to the sale of the battery packs which has historically represented a higher percentage of total revenue and contributed a higher gross margin compared to other products. During the six months ended November 30, 2022, battery pack sales represented 38% of total revenue compared to 30% in the comparative period.

Other income (expenses)

Other (expenses) income for the six months ended November 30, 2022, twelve months ended May 31, 2022, and twelve months ended May 31, 2021, were $(46,727), $38,182 and $240,869, respectively. The increase in other expenses to $46,727 during the six months ended November 30, 2022, was primarily due to accretion expenses related to convertible debentures issued during the six months ended November 30, 2022.

The decrease in other income to $38,182 on May 31, 2021 from $240,869 on May 31, 2022 was primarily due to additional interest incurred from entering into a lease agreement for manufacturing and office space during the twelve-months ended May 31 ,2022, and decreased in government assistance due to the end of government programs introduced as a response to the COVID-19 pandemic, such as the Canada emergency rent subsidy ("CERS") and Canada emergency wage subsidy ("CEWS").

Assets

Total assets as of November 30, 2022, May 31, 2022, and May 31, 2021, were $2,277,057, $1,385,996 and $481,810, respectively.

The increase in total assets from $481,810 on May 31, 2021, to $1,385,996 on May 31, 2022, was primarily due to increases in property and equipment, inventory, and right-of-use assets. The increase in property and equipment from $2,429 on May 31, 2021, to $118,544 on May 31, 2022, was due to the Company beginning construction of a new office and manufacturing facility expected to be completed in July 2023, as well as due to investing in battery testing equipment. The increase in inventory from $208,000 on May 31, 2021, to $526,648 on May 31, 2022, was due to the Company keeping additional raw materials and finished goods on hand. The increase in inventory was due to large number of unfulfilled orders that remained as part of contract liabilities in the amount of $638,025 as of May 31, 2022. Additional raw materials were purchased to complete these orders, which were then fulfilled by the end of November 2022. In addition, the Company was expanding its manufacturing capacity to support increase in customer demand. The increase in right-of-use assets from $2,488 on May 31, 2021, to $177,456 on May 31, 2022, was the result of the Company entering into a lease agreement for manufacturing and office space during the 12 months ended May 31,2022.

The increase in total assets from $1,385,996 on May 31, 2022, to $2,277,057 on November 30, 2022, was primarily due to increases in property, equipment and inventory. The increase in property and equipment was due to the Company purchasing additional vehicles and additional materials for the construction of a new office and manufacturing facility expected to be completed in July 2023. The increase in inventory from $562,648 on May 31, 2022, to $1,189,261 on November 30, 2022, was due to the Company keeping additional raw materials and finished goods on hand. The increase in inventory was due to several unfulfilled orders that remained as part of contract liabilities in the amount of $218,042 as of November 30, 2022, which were fulfilled subsequent to period end. Additionally, the Company purchased larger amount of raw materials to expand its manufacturing capacity to support increases of 211% in sales since May 31, 2021.

Liabilities

The increase in long-term liabilities from $206,429 on May 31 ,2021 to $267,683 on May 31 ,2022 was primarily due to increase in lease liability due to the Company entering into a lease agreement for manufacturing and office space during the 12 months ended May 31,2022.

Total long-term liabilities as of November 30, 2022, May 31, 2022, and May 31, 2021, were $439,374, $267,683 and $206,429, respectively. The increase in long-term liabilities from $267,683 on May 31, 2022, to $439,374 on November 30, 2022, was primarily due to an increase in loans obtained to finance the purchase of two vehicles, machinery and operations.

Shareholders' deficiency

The shareholders' deficiency as of November 30, 2022, May 31, 2022, and May 31, 2021 were $1,897,198, $1,091,660 and $214,962, respectively. The increases in shareholders' deficiency are mainly due to losses incurred year over year.

Operating Expenses

General and administrative costs for the twelve months ended May 31, 2022, and 2021 are summarized as follows (in Canadian Dollars):

For the twelve months ended May 31,	**2022**	**2021**	**Change $**	**Change %**
Advertising expense	96,563	15,374	81,189	528%
General and administrative	350,110	184,404	165,706	90%
Salaries and benefits	788,199	464,771	323,428	70%
Professional fees	78,598	18,481	60,117	325%
Research and development	81,196	7,306	73,890	1,011%
Total expenses	**$ 1,394,666**	**$ 690,336**	**$ 704,330**	**102%**

For the year ended May 31, 2022, total expenses increased by $704,330, compared to the same period in the prior year. The increase is largely a result of increase in general and administrative expenses and salaries and wages during the year ended May 31, 2022.

Advertising expense increased by $81,189 from $15,374 for the twelve months ended May 31, 2021, to $96,563 for the twelve months ended May 31, 2022. The increase was a result of increased advertising efforts to promote the brand name by attending numerous trade shows.

General and administrative expenses increased by $165,706 compared to the same period of the prior year. The increase is largely due to increase in depreciation expenses, office expenses, bank and transaction fees and delivery charges. Depreciation increased by $18,096 due to the Company acquiring additional machinery, equipment, furniture and computers during the twelve months ended May 31, 2022, and incurring amortization on additional right-of-use asset for the new property lease which commenced in June 2021. Additional increase of $131,189 in repairs and maintenance, office expenses, transaction costs and shipping charges were to support growing operations.

Salaries and benefits increased by $323,428 from $464,771 for the twelve months ended May 31, 2021, to $788,199 for the twelve months ended May 31, 2022. This increase was a result of additional staff added in the current year to expand sales and manufacturing teams.

Professional fees increased by $60,117 from $18,481 for the year ended May 31, 2021, to $78,598 for the year ended May 31, 2022. This increase was a result of higher legal and accounting fees incurred for general corporate matters, as well as costs associated with the go public transaction.

Research and development costs increased by $73,890 from $7,306 for the year ended May 31, 2021, to $81,196 for the year ended May 31, 2022. Higher research and development related expenses were incurred during the year ended May 31, 2022, due to the Company's efforts to develop the Batt Pack Energy and Batt Pack Pro products.

General and administrative costs for the six months ended November 30, 2022, are summarized as follows (in Canadian Dollars):

For the six months ended		**November 30, 2022**
Advertising expense		141,432
General and administrative		433,357
Salaries and benefits		636,442
Professional fees		543,835
Research and development		40,374
Total expenses	**$**	**1,795,440**

The Company incurred advertising expenses of $141,432 for the six months ended November 30, 2022 as a result of its continued efforts to focus on digital marketing, through hiring a digital marketing advisor, and trade show attendances to promote the brand name as well as to support expansion into the United States.

The Company incurred general and administrative expenses of $433,357 for the six months ended November 30, 2022. General and administrative primarily consists of bad debts of $71,271, bank and transaction fees of $47,500, delivery and brokerage fees of $66,138 and consulting fees of $83,621. A total of $71,271 of bad debt was recorded to reflect the expected credit losses on trade receivables. Transaction fees of $47,500, and delivery and brokerage fees of $66,138 were incurred to support growing operations. Consulting fees of $83,621 were incurred in connection with the set-up and implementation of the Company's ERP system.

The Company incurred professional fees of $543,835 for the six months ended November 30, 2022. The professional fees for the period were incurred in connection with the go public transaction and the preparation and audit of the financial statements for the period ended November 30, 2022 and year ended May 31, 2022.

The Company incurred research and development costs of $40,374 for the six months ended November 30, 2022, in connection with the purchase of raw materials and subcontracted services incurred for the improvement of its existing products available for sale.

LIQUIDITY AND CAPITAL RESOURCES

Working capital deficiency

Working capital deficiency as of November 30, 2022, May 31, 2022, and May 31, 2021, was $2,108,853, $1,119,977 and $13,450, respectively.

The increase in working capital deficiency to $1,119,977 on May 31,2022 from $13,450 on May 31, 2021, was primarily due to Company obtaining additional operational loans and signing of a new lease agreement for manufacturing and office space during the 12 months ended May 31,2022. The increase in working capital deficiency was also due to increases in accounts payable and deferred revenue. The increase in accounts payable was due to large of amounts of inventory purchased close to year-end. The increase in contract liabilities was due to large customer orders requiring deposits being placed towards year end. Most of these orders have been fulfilled during the six months ended November 30, 2022.

The increase in working capital deficiency to $2,108,853 on November 30, 2022, from $1,119,977 on May 31,2022, was primarily due to convertible debt issued during November 30, 2022, period for gross proceeds of $1,957,000, as well as increase in accounts payable due to additional purchases of raw materials. The convertible debentures with total principal amount of $1,628,500 are to be converted into Company's units at a conversion price of $0.20 per unit, and the convertible debenture with total principle amounts of $328,500 are to be converted into Company's shares at a price of $0.02 per share upon a Going Public Transaction.

The Company expects that, over the next twelve months, it will need additional capital to fund operations and settle obligations as the obligations come due. The Company plans to fund the capital as needed through the use of share issuances, debt issuances, and/or loans. In February 2023 the Company closed the first tranche of its $0.30 private placement for gross proceeds of $303,800. In March 2023, the Company closed the second tranche of its $0.30 private placement for gross proceeds of $1,226,200.

Cash Flows

A summary of cash flows for the twelve months ended May 31, 2022, and twelve months ended May 31, 2021 is as follows:

Twelve months ended		**May 31, 2022**		**May 31, 2021**		**Change**
Operating activities	$	(93,615)	$	(153,608)	$	59,993
Investing activities		(118,762)		(1,888)		(116,874)
Financing activities		317,755		105,552		212,203
Change in cash	**$**	**105,378**	**$**	**(49,944)**	**$**	**155,322**

Cash used in operating activities decreased by $59,993. This decrease in cash used in operating activities is largely due to additional amount of $570,346 in deposits received by the Company for customer orders towards the year end in combination with the increased number of unpaid accounts payable amounting to $367,039. These increases were partially offset by an overall increase in net loss during the year ended May 31, 2022.

Cash flows used by investing activities increased by $116,874, which is primarily due to the Company beginning construction of a new office and manufacturing facility expected to be completed in July 2023 as well as investing in battery testing equipment, which resulted in additional cash outlay of $118,762.

Cash flows from financing activities increased by $212,203, which is primarily due to an increase in loans received to fund operations during the year ended May 31, 2022.

A summary of cash flows for the six months ended November 31, 2022, and twelve months ended May 31, 2022, is as follows:

		Six months ended November 30, 2022		Twelve months ended May 31, 2022		Change
Operating activities	$	(1,655,347)	$	(93,615)	$	(1,561,732)
Investing activities		(280,770)		(118,762)		(162,008)
Financing activities		1,859,454		317,755		1,541,699
Change in cash	**$**	**(76,663)**	**$**	**105,378**	**$**	**(182,041)**

Cash used in operating activities increased by $1,561,732. This increase is largely due to larger operating losses and higher amount of cash consumed to increase inventory levels to expand the Company's product offering and meet increasing consumer demand. During the year ended May 31, 2022, the Company received deposits for large customer orders towards year end which were fulfilled during the six months ended November 30, 2022.

Cash flows used by investing activities increased by $162,008, which is primarily due to the Company purchasing two vehicles and continuing construction of a new office and manufacturing facility expected to be completed by July 2023.

Cash flows from financing activities increased by $1,541,699, which is primarily due to the issuances of convertible debt during the six months ended November 31, 2022.

RELATED PARTY DISCLOSURES

The Company defines its related parties as its key members of management, companies controlled by its key members of management, and family members of its key members management. Key management consists of the Directors and Officers who are responsible for planning, directing, and controlling the activities of the Company.

Related party transactions and balances

Remuneration attributed to key management personnel for the six months ended November 30, 2022 and twelve months ended May 31, 2022 and May 31,2021 are summarized as follows:

		November 30, 2022		May 31, 2022		May 31, 2021 (unaudited)
Salaries and benefits	**$**	**34,310**	**$**	118,022	$	26,661
Total	**$**	**34,310**	**$**	118,022	$	26,661

The salaries and benefits in the amount of $34,310, $118,022, and $26,661 were paid to Francois Byrne, the CEO and shareholder of the Company.

As of November 30, 2022, accounts receivable included $82,434 (May 31, 2022 - $Nil, May 31, 2021 - $Nil) due from Francois Byrne, the CEO and a shareholder of the Company.

As of November 30, 2022, loans payable included $204,232 (May 31, 2022 - $270,094, May 31, 2021 - $72,367) due to Marie-Claude Renaud, a shareholder of the Company.

As of November 30, 2022, accounts payable included $345,525 (May 31, 2022 - $Nil, May 31, 2021 - $Nil) owing to a Company controlled by the CFO. The Company incurred a total of $388,215 from Treewalk Inc., the Company controlled by CFO, for accounting, audit preparation, and audit support services for the six months ended November 30, 2022, and twelve months ended May 31, 2022 and 2021. In addition, the Company controlled by CFO has also provided CFO services, transaction advisory services and consulting services related to Go Public transaction during this period. The fees were included in professional services line item.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both the current and future periods.

The following are the judgments that have been made in applying the Company's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Income taxes

Income assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences, and accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time. The Company believes that its accruals for tax balances are adequate for all open audit years based on its assessment of many factors including past experience, and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. These differences could materially impact net income (loss).

Research and development expenditures

Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 Intangible Assets are met. Those criteria require that the product is technically and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any product development costs as of November 30, 2022, May 31, 2022 and 2021.

Government assistance

Government assistance is recognized in the statement of loss and comprehensive loss over the periods in which the Company recognizes as expenses the related costs for which the assistance is intended to reimburse.

The following are the estimates and assumptions that have been made in applying the Company's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

Property and equipment – useful lives

The Company estimates the useful lives and selects methods used to allocate amortization amounts of property and equipment on a systematic basis. Technical obsolescence of the tangible assets could significantly impact estimated residual useful lives and in turn, carrying values being over or understated.

Provision for expected credit losses (ECL)

For trade receivables and contract assets, the Company applies a simplified approach to calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date, by applying a loss rate to each aging bucket. In estimating the expected credit loss, management takes into account historical experience, current collection trends, age of receivables and when warranted and available, the financial condition of specific counterparties.

Sales returns and warranty

Revenue is recorded net of discounts. The Company provides a 6- month commercial or 12-month standard warranty on its products and a 30-day return period on unused and unopened products. An allowance is made for warranty claims based on estimated expenditures in the remaining warranty period as well as estimated returns.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in leases where it is the lessee. As such, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of comparable value to the right-of-use asset in a similar economic environment. IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or where the applicable rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Leases – Estimating the lease term

The Company assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. When it is reasonably certain that the extension or early termination options will be exercised, the Company determines the lease to be the lesser of the original lease term, the original lease term plus the extension option, or the remaining lease term assuming exercise of the early termination option. Extension of the lease or exercise of an early termination option could affect future results.

Impairment of Long-Lived Assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and right-of-use assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The Company considered various factors including, but not limited to, the condition of its long-lived assets, economic factors that may impact the value of the long-lived assets and any indications of obsolescence.

Inventory

Inventory is valued at the lower of cost and net realizable value. Net realizable value is determined with reference to the estimated selling price. The Company estimates selling price based upon assumptions about future demand and current and anticipated retail market conditions.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the Company's audited consolidated financial statements for the six months ended November 30, 2022 and twelve months ended May 31, 2022 are disclosed in Note 3.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Other than the proposed initial public offering of units by the Company and concurrent listing of the Company's common shares on the Canadian Securities Exchange (CSE) pursuant to the preliminary prospectus for which this MD&A is attached, there are no proposed transactions as at the date of this MD&A.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Basis of Fair Value

	Level		November 30, 2022		May 31, 2022		May 31, 2021
FINANCIAL ASSETS							
FVTPL							
Cash	1	$	30,970	$	107,633	$	2,255
Other assets, at amortized cost							
Accounts receivable			370,237		185,021		140,111
Total financial assets		**$**	**401,207**	**$**	**292,654**	**$**	**142,366**

FINANCIAL LIABILITIES

	Level	November 30, 2022	May 31, 2022	May 31, 2021
Other liabilities, at amortized cost				
Accounts payable and accrued liabilities		1,216,445	895,207	258,485
Line of credit		-	81,660	56,447
Convertible debentures		1,678,985	-	-
Convertible debentures to be issued		-	65,000	-
Loans payable		823,925	589,111	307,740
Total financial liabilities	$	**3,719,355**	$ **1,630,978**	**$ 622,672**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

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

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities. Cash is measured at fair value on a recurring basis.

RISK MANAGEMENT

The Company is exposed, through its operations, to the following financial risks:

a) Market Risk
b) Credit Risk
c) Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The directors and officers have overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The directors and officers review the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous reported periods unless otherwise stated in the note.

The overall objective of the directors and officers is to set policies that seek to reduce risk as much as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign currency exchange, interest rates, and equity price risk.

(i) Foreign Currency Risk:

Currency risk is the risk of loss due to the fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. A large portion of the Company's transactions occur in US dollars; therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its US dollars denominated trade receivables, accounts payable and accrued liabilities. A change of 1% in the U.S./CDN exchange rate would not have had a material impact on the net loss.

(ii) Interest Rate Risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their loans. The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

b) Credit Risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, and accounts receivable. The Company limits its exposure to credit loss by placing its cash with high quality financial institutions. The Company mitigates credit risk by evaluating the creditworthiness of customers prior to conducting business with them and monitoring its exposure for credit losses with existing customers. During six months ended November 30, 2022, the Company incurred $71,271 in bad debt expense (May 31, 2022 - $16,262, May 31, 2021 - $30,782).

The following table provides disclosures about credit risk exposure and expected credit losses on individual trade receivables as at:

November 30, 2022

	Aging Bucket					
	Current	**Overdue 1-30 days**	**Overdue 31-60 days**	**Overdue 61-90 days**	**Overdue 91+ days**	**Total**
Gross carrying amount	70,553	27,756	27,901	34,673	113,077	273,960
Loss allowance	(18,751)	(7,050)	(2,948)	(17,709)	(71,857)	(118,315)
Net	51,802	20,706	24,953	16,964	41,220	155,645
ECL rate	27%	25%	11%	51%	64%	43%

May 31, 2022

	Aging Bucket					
	Current	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91+ days	Total
Gross carrying amount	27,839	42,987	54,176	7,216	99,847	232,065
Loss allowance	-	-	(139)	(352)	(46,553)	(47,044)
Net	27,839	42,987	54,037	6,864	53,294	185,021
ECL rate	Nil%	Nil%	Nil%	5%	47%	20%

May 31, 2021

	Aging Bucket					
	Current	**Overdue 1-30 days**	**Overdue 31-60 days**	**Overdue 61-90 days**	**Overdue 91+ days**	**Total**
Gross carrying amount	28,743	65,203	11,008	153	33,411	138,518
Loss allowance	-	-	-	-	(30,782)	(30,782)
Net	28,743	65,203	11,008	153	2,629	107,736
ECL rate	Nil%	Nil%	Nil%	Nil%	92%	22%

The continuity of expected credit losses is summarized in the table below:

	November 30, 2022	May 31, 2022	May 31, 2021 (unaudited)
Balance, beginning	$ 47,044	$ 30,782	**$** -
Additions to expected credit loss allowance recognized during the year	71,271	16,262	30,782
Ending expected credit losses	**$** 118,315	**$ 47,044**	**$ 30,782**

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sources of funding have been through loans, and loans from the CEO and a shareholder of the Company. The Company's access to financing is uncertain. There can be no assurance of continued access to significant debt or equity funding. The following table displays the Company's ageing undiscounted obligations.

The amounts disclosed in the table are the contractual undiscounted payments.

<u>November 30, 2022</u>

	Less than one year	**One to two years**	**Two to three years**	**More than three years**	**Total**
Accounts payable and accrued liabilities	$ 1,216,445	$ -	$ -	$ -	$ 1,216,445
Lease contract liabilities	42,983	119,265	41,150	-	203,398
Loans	452,362	239,599	136,428	15,340	843,729
	$ 1,711,790	$ 358,864	$ 177,578	$ 15,340	$ 2,263,572

<u>May 31, 2022</u>

	Less than one year	**One to two years**	**Two to three years**	**More than three years**	**Total**
Accounts payable and accrued liabilities	$ 895,207	$ -	$ -	$ -	$ 895,207
Line of credit	81,660	-	-	-	81,660
Lease contract liabilities	56,727	58,477	59,976	56,582	231,762
Loans	413,793	97,223	34,161	85,475	630,652
	$ 1,447,387	$ 155,700	$ 94,137	$ 142,057	$ 1,839,281

May 31, 2021

		Less than one year		One to two years		Two to three years		More than three years		Total
Accounts payable and accrued liabilities	$	258,485	$	-	$	-	$	-	$	258,485
Line of credit		56,447		-		-		-		56,447
Lease contract liabilities		50,396		56,727		58,477		116,558		282,158
Loans		329,132		126,731		78,066		55,683		589,612
	$	694,460	$	183,458	$	136,543	$	172,241	$	1,186,702

RISKS

Limited Operating History

The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered during these early stages of operations.

Limited Business History

The Company has not had any history of earnings; has not paid any dividends and it is unlikely that the Company will pay any dividends in the immediate or foreseeable future. The Company will generate earnings in the near future. The success of the Company will depend entirely on the expertise, ability, judgment, discretion, integrity and good faith of its management.

The Company has limited financial resources and there is no assurance that additional funding will be available to the Company for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Company can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such an event, the probability of a profitable resale of the Common Shares would be diminished.

Research and Development Activities

It is important for the Company to continue to invest steadily in research and development. However, because the Company will compete in a constantly evolving market, it may pursue research and development projects that do not result in viable commercial products. Any failure to translate research and development expenditures into successful new product introductions could have an adverse effect on the Company's business.

Technical Risks

Technical risks are inherent in the development process, in that an immature technology could present unexpected challenges that exceed the planned time or money to overcome. There can be no guarantee that the Company will be able to overcome technical risks.

Inability to Protect Intellectual Property

The Company owns certain material intellectual property which is not yet registered. The Company may file patent, trademark and copyright applications in the United States, Canada and in other foreign countries as part of its strategy to protect its intellectual property. However, these registrations may provide only limited protection of the Company's intellectual property.

The Company considers its rights to its products, know-how and trade secrets, to represent a significant portion of its net assets. The Company has, therefore, utilized a combination of security measures, confidentiality policies, contractual arrangements to protect its proprietary formulations and other valuable trade secrets. The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. There can be no assurances that any steps taken by the Company to protect its intellectual property will be adequate to prevent misappropriation or independent third-party development of the Company's intellectual property.

Product Errors or Defects

Errors or defects in the Company's products could result in losses to the Company's customers or users. The Company's customers and users may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Furthermore, a customer or user could share information about bad experiences on social media, which could result in damage to the Company's reputation and loss of future revenue. There can be no assurance that any actions we take in an attempt to limit the Company's exposure to claims would work as expected or be adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if not successful, a claim brought against us by any of the Company's customers or users would likely be time-consuming and costly to defend.

Manufacture or Design Defects

Our products may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. The Company offers a six month commercial warranty or twelve month standard warranty. The Company also offers a two year or 500 cycle warranty on its batteries, whichever comes first.

Unpredictability of Contract Procurement

The Company relies on the continued procurement of contracts to sustain its revenues. Significant fluctuations in the procurement of contracts may occur due to several factors, including decreased demand, supply chain deficiencies, unpredictability of the timing of development, and inability to find third party buyers in a timely manner, on favorable terms and conditions, or at all. If the Company does not obtain any projects or the amount of contracts decreases substantially, this would have a material adverse effect on the Company's profitability, results of operations and financial condition.

Contractual Risk

The Company is a party to various contracts, and it is always possible that the other contracting parties may not fully perform their obligations. Any dereliction of contractual duties could and may have a material adverse effect on the Company's ability to generate revenue.

Operating Risk and Insurance Coverage

The Company intends to obtain insurance to protect its assets, operations and employees. While the Company believes insurance coverage can adequately address all material risks to which it may be exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for all risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its current business strategy. The Company intends to fund its business objectives by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved.

Achieving our projected development goals in the announced and expected time frames

From time to time, the Company sets goals for, and makes statements regarding, the expectations and timing of the accomplishment of certain objectives that are material to our success. The actual timing of these events can vary dramatically. If the Company fails to achieve one or more of these milestones as planned, there is a risk that the Company's operations, financial condition and the price of the Company's Common Shares could be materially adversely affected. In the past, following periods of volatility in the market price of public company securities, shareholders have often instituted class action securities litigation against those companies. There is a risk that the Company could be subject to such litigation.

Risks Related to the COVID-19 Pandemic

The current outbreak of COVID-19 and the spread of this virus could continue to have a material adverse effect on global economic conditions which may adversely impact the Company's business. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak and characterized it as a pandemic on March 11, 2020. The extent to which the outbreak impacts the Company's business will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the outbreak and the actions to contain the outbreak or treat its impact, among others. Moreover, the actual and threatened spread of the coronavirus globally could also have a material adverse effect on the regional economies in which the Company intends

to operate, continue to negatively impact stock markets, adversely impact the Company's ability to raise capital, and cause continued interest rate volatility. In particular, the outbreak in Canada, which has resulted in restrictions including quarantines, closures, cancellations and travel restrictions, may have a material adverse effect on the Company's business including operating, manufacturing supply chain, research and development, regulatory submissions and project development delays and disruptions, labour shortages, travel and shipping disruption and shutdowns, interruptions in product supply or restrictions on the export or shipment of the Company's products and reduced customer demand. The Company may incur expenses or delays relating to such events outside of the Company's control, which could have a material adverse impact on the Company's business, operating results and financial condition. Any of these developments, and others, could have a material adverse effect on the Company's business.

Brand Image, Reputation and Marketing Initiatives

Any adverse publicity concerning marketing practices, market trends or consumer dissatisfaction relating directly to the Company or relating to the any of the clean energy industry as a whole may damage the Company's corporate reputation and brand image, undermine customer confidence and reduce long-term demand for its products.

The impact of adverse publicity on the Company's operations may be magnified due to the rapidly changing media environment. The growing use of social and digital media increases the speed and extent that information or misinformation and opinions can be shared. Negative information about the Company, its brand(s) or products on social and digital media, whether valid or not, could seriously damage its brand(s) and reputation quickly, forcing the Company to actively respond to (and curtail to the extent possible) negative feedback received. If the Company is unable to manage its digital activities and interactions, its product sales, financial condition and operating results could be materially and adversely affected.

The success of the Company's sales and marketing initiatives and practices may be subject to risk, including uncertainties about consumer acceptance, current inventory levels and the ability to communicate key brand and corporate messages to digital audiences. The success of these initiatives is also subject to potential restrictions on product marketing via extensive government regulations and product specific policies. Furthermore, consumers and competitors may challenge certain marketing materials and practices by claiming, among other things, false and misleading advertising. A significant claim of judgement against the Company could result in monetary damages, and limit the Company's ability to maintain sales and marketing practices and negatively impact its profitability. Even if such a claim is unsuccessful or unwarranted, the negative publicity surrounding such assertions could negatively impact the Company's business operations.

Competition

The Company's primary competitors have greater substantial financial, marketing and production resources; the Company may not have access to such a wide breadth of resources and therefore it may be unsuccessful in competing against current and future competitors. These competitors have diversified portfolios and likely benefit from greater economies of scale due to their size and global manufacturing capabilities. The Company may also face competition from new and emerging businesses that may enter its existing or future markets.

Many of the Company's competitors and potential competitors have longer operating histories, greater brand recognition and loyalty, facilities devoted to research and development, a larger customer base as well as operations dedicated towards identifying consumer preferences, strong industry relationships with both customers and distributors, as well as significantly greater financial, sales, marketing, manufacturing, distribution, technical, and other resources than the Company has. As a result, they may be able to respond

more quickly to customer requirements and devote greater resources towards price-based promotional activities better than the Company can. These competitors may also be able to adapt more quickly to new or emerging technologies and standards and may be able to deliver services that are comparable or superior to that of the Company's services at a far more reduced rate. Such pressures may also restrict the Company's ability to increase prices in response to commodities such as ingredients and equipment, wages and other applicable cost increases. If the Company is unable to compete effectively, its financial condition and operating results may suffer.

Negative Cash Flows From Operations

For the year ended May 31, 2022, the Company sustained net losses from operations of $808,022 and had negative cash flow from operating activities of $54,887. The Company continues to have negative operating cash flow. It is possible the Company may have negative cash flow in any future period and as a result, the Company may need to use available cash, including proceeds from the Offering and any future financings to fund any such negative cash flow.

Decreased Demand for the Company's Products

Demand for the Company's products will depend on consumer preferences and how successfully the Company can predict, identify and interpret the preferences and habits of consumers, and to offer products that appeal to their preferences, including concerns regarding product attributes and ingredients at a competitive cost. If the Company does not accurately predict shifts in consumer preferences or fails to introduce new and improved product offerings, sales could decline. In addition, due to the immense competition within the industry, it is imperative the Company is able to offer an array of products that satisfy the broad spectrum of consumer preferences. If the Company fails to expand their product offerings successfully across product categories or is unable to rapidly develop products in faster growing and more profitable categories, demand for its products will decrease and profitability could suffer.

Additionally, the willingness of consumers to purchase portable battery products depends in part on local economic conditions. The Company must anticipate market trends and the price, performance and functionality requirements of current and potential future customers and must successfully adapt its product offerings to meet these requirements. Failure to do so will have a negative adverse effect on the Company.

There are well documented market trends which suggest demand from consumers shifting from basic to premium products. Customers interested in portable power products are looking for mobile power that is easy to use and maintain but offers the power and portability found in gas generators with the advantages offered by all electric systems. The residential solar market is looking for an easy to operate, attractive power system that can serve not only as a backup power system but also as a way to reduce power costs. While the Company's new products appear to address these demands, it is not possible to predict the level of success that these new products will have in the market. Failure to penetrate these markets in a successful and timely manner will have a negative adverse effect on the Company.

Demand for Solar Power

The Company may be adversely affected by volatile solar energy market and industry conditions, specifically the demand for the Company's products and services may decline. The solar energy market and industry may from time to time experience oversupply, which may adversely affect the Company. Oversupply conditions across the value chain can put pressure on average selling prices, resulting in lower revenue for many industry participants, including the Company. If the supply of solar systems grows faster than demand, demand and the average selling price for our products could be materially and adversely affected.

The solar power market is still at a relatively early stage of development and future demand for solar power products and services is uncertain. Market data for the solar power industry is not as readily available as for more established industries, where trends are more reliably assessed from data gathered over a longer period.

Many factors may affect the viability of solar power technology and the demand for solar power products, including:

- the cost-effectiveness, performance and reliability of solar power products and services, including the Company's solar power projects compared to conventional and other renewable energy sources and products and services;
- the availability of government subsidies and incentives to support the development of the solar power industry;
- the availability and cost of capital, including long-term debt and tax equity, for solar power projects;
- the success of other alternative energy technologies, such as wind power, hydroelectric power, geothermal power, and biomass fuel;
- fluctuations in economic and market conditions that affect the viability of conventional and other renewable energy sources, such as increases or decreases in the prices of oil, gas and other fossil fuels;
- capital expenditures by end users of solar power products and services, which tend to decrease when the economy slows; and
- the availability of favorable regulation for solar power within the electric power industry and the broader energy industry.

If solar power technology is not suitable for widespread adoption or if sufficient demand for solar power products and services does not develop or takes longer to develop than anticipated, this may be a material adverse effect on the Company's profitability, results of operation and financial condition.

Reliance on Industry Suppliers and Manufacturers

In order to continue executing its business strategy, the Company will rely on third party suppliers to provide certain goods necessary to enable the Company to manufacture, package and distribute its products, in particular key raw materials and necessary packaging materials. The Company may be unable to arrange for the manufacture of its products in a timely fashion, or at all, if any of its suppliers should cease or interrupt production or otherwise fail to supply the Company, or if certain supply agreements are suspended, terminated or otherwise expire without renewal, the Company's activities and results could be materially adversely affected. The Company's ability to deliver according to market demands and contractual commitments depends significantly on obtaining a timely and adequate supply of materials, equipment components (when and if necessary), production capacity and other vital offerings and solutions on competitive terms.

Access to and Cost of Raw Materials

The Company is dependent on a sufficient supply of raw materials and any ingredients that are required to meet current and future customer demand for the Company's products. These materials are necessary for the commercial production of the Company's various product offerings. Variations in supply and demand of these materials at global or regional levels, weather conditions, regulatory changes, geopolitical events and the outbreak of the novel coronavirus (COVID-19) could substantially impact the price and availability of both, raw materials and materials needed to package the Company's products, which could result in loss of sales or claims against the Company as well as adversely affect its brand and reputation. Profitability of the Company is sensitive to fluctuations in wholesale prices of these raw materials as well as other factors such as energy, fuel, equipment, labour and shipping costs and other market conditions, all of which are external factors, beyond the Company's control.

OUTSTANDING SHARE DATA

	November 30, 2022	May 31, 2022	As at July 14, 2023
Common shares	27,000,000	26,778,523	32,100,000
Restricted share units		-	-
Warrants	221,000	-	12,348,006
Options		-	-

Hybrid Power Solutions Inc.
Management Discussion and Analysis
For the nine months ended February 28, 2023
(Expressed in Canadian Dollars)

The following management discussion and analysis (MD&A) of the Company's financial condition and results of operations for the nine months ended February 28, 2023, should be read in conjunction with the condensed consolidated interim financial statements for the nine months ended February 28, 2023.

The date of this management's discussion and analysis ("MD&A") is July 14, 2023. Unless otherwise indicated, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. This MD&A has been prepared pursuant to the disclosure requirements under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.

All currency amounts are expressed in Canadian dollars, unless otherwise noted.

This MD&A was approved by the Directors on July 14, 2023.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("forward-looking information"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under "risks and uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information.

NON-GAAP MEASURES

Certain financial measures used in this MD&A make reference to certain non-GAAP measures. These non-GAAP measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing a further understanding of results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the financial information of the Company reported under IFRS. Earnings before interest, taxes, depreciation and amortization ("EBITDA") should not be construed as alternatives to net income/loss determined in accordance with IFRS. EBITDA does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

NATURE OF BUSINESS

Hybrid Power Solutions Inc. (the "Company") was incorporated on December 7, 2015, under the laws of Ontario, and continued into British Columbia under the Business Corporations Act (British Columbia) on June 13, 2022. Its head office is located at 208-333 Terminal Avenue, Vancouver, British Columbia, V6A 4C1, and its manufacturing facility is located in Toronto, Ontario. HPS Solar Inc., a wholly owned subsidiary of the Company, was incorporated under the laws of Ontario on March 17, 2022.

The Company designs and manufactures patent pending portable battery systems and customized energy solutions for a variety of industrial markets, including the mining, railway, public transit and construction sectors. During the nine months ended February 28, 2023, the Company, through its wholly owned subsidiary, HPS Solar Inc., introduced a franchise network of solar power installers that operate under the Company's trademark and offer the sale and installation of the Company's products.

OPERATIONAL UPDATES

On July 22, 2022, the Company amalgamated with its parent company Hybrid Power Solutions Inc. (formerly 2494760 Ontario Inc.). On July 23, 2022, the Company completed a forward split of all issued and outstanding common shares on a 1 existing share for 10,000 post-subdivision common shares for a total of 1,110,000 issued and outstanding post-subdivision common shares. On July 26, 2022, the Company completed a second forward split of all issued and outstanding common shares on a 1 existing share for 24.12479488340 post-subdivision common shares for a total of 27,000,000 issued and outstanding post-subdivision common shares. Prior to the first forward splits, the Company had 111 shares issued and outstanding. An additional 9,180 shares were issued prior to the second forward split, which then added additional 221,478 shares to the pool after the second split. Except where otherwise indicated, all historical share numbers and per share amounts have been adjusted on a retroactive basis to reflect the share reorganization and forward split.

On July 27, 2022 (the "$0.02 Closing Date"), the Company completed a non-brokered private placement (the "$0.02 Financing") of unsecured non-transferrable convertible debentures (the "$0.02 Debentures") for an aggregate principal amount of $328,500 (the "$0.02 Debenture Principal Amount"). The $0.02 Debentures bear no interest and have a two-year maturity term (the "$0.02 Debenture Maturity Date"). If the Company completes a Going Public Transaction, the $0.02 Debentures Principal Amount will automatically be converted into Common Shares (the "$0.02 Shares") at a price of $0.02 per $0.02 Share (the "$0.02 Conversion Price") on either the Listing Date or a date that is within 10 business days (before or after) of the Listing Date (the "$0.02 Conversion Date"), subject to any applicable stock exchange acceptance and securities laws.

On August 19, 2022, (the "$0.20 Closing Date"), the Company completed a private placement (the "$0.20 Financing") on a brokered and non-brokered basis (the brokered portion of which was completed with the Agent) of unsecured non-transferrable convertible debentures (the "$0.20 Debentures") for an aggregate principal amount of $1,628,500 (the "$0.20 Debenture Principal Amount"). The $0.20 Debentures bear no interest and mature on the date which is two years after $0.20 Closing Date ("$0.20 Debenture Maturity Date"). If the Company completes a Going Public Transaction the $0.20 Debenture Principal Amount will automatically be converted into units of the Company (the "$0.20 Units") at a price of $0.20 per $0.20 Debenture Unit (the "$0.20 Conversion Price") on either the Listing Date or a date that is within 10 business days (before or after) of the Listing Date (the "$0.20 Conversion Date"), subject to any applicable stock exchange acceptance and securities laws.

Each $0.20 Debenture Unit will be comprised of one Common Share (the "$0.20 Shares") and one-half of one transferable common share purchase warrant (each whole warrant, a "Debenture Warrant"). Each Debenture Warrant is exercisable into one common share (the "Debenture Warrant Shares") at $0.60 per Debenture Warrant Share for a period of two years from the $0.20 Conversion Date, subject to acceleration, such that if the daily volume weighted average trading price of the Common Shares (on the stock exchange where the Common Shares are listed for trading and the majority of the trading volume occurs) exceeds $0.80 on each of those 15 consecutive days, then the Debenture Warrants will expire in 30 days following notice (the "Accelerated Exercise Period") unless exercised prior to such date. Any Insiders who are unable to exercise their Debenture Warrant due to any 'blackout period' being in effect during the term of their Warrants will automatically have their Accelerated Exercise Period extended by the aggregate time of the blackout period(s).

On February 9, 2023, the Company closed a non-brokered private placement. The Company issued 1,012,667 common shares of the Company at a price of $0.30 per share for gross proceeds of $303,800. In connection with the private placement, the Company paid finders' fees of $31,380 and issued an aggregate of 37,840 warrants. Each finders' warrant is exercisable for a period of two years from the date of issuance at an exercise price of $0.30 per share. The fair value of the compensation options was determined to be $6,267 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 3.98%, expected life of 2 years, volatility factor of 103.05% and dividend yield of Nil. In connection with the closing of the private placement, the Company incurred an additional $33,750 share issuance costs.

OVERALL PERFORMANCE:

The following financial information has been summarized from the Company's condensed consolidated interim financial statements for the nine months ended February 28, 2023 and 2022:

		Nine Months Ended February 28, 2023		Nine Months Ended February 28, 2022	
Revenue	$	2,767,472	$	1,317,758	$
Cost of revenue		(1,718,181)		(912,348)	
Operating expenses		(2,538,089)		(738,092)	
Other (expenses) income		(10,192)		72,025	
Net loss and comprehensive loss		(1,498,990)		(260,657)	
Loss per share – basic and diluted		(0.06)		(0.01)	

		Nine Months Ended February 28, 2023		Year ended May 31, 2022	
Cash	$	1,236	$	107,633	$
Working capital (deficiency)		(2,352,912)		(1,119,977)	
Total assets		2,513,409		1,385,996	
Total long-term liabilities		(418,401)		(267,683)	
Shareholders' deficiency		(2,069,652)		(1,091,660)	

Revenue

For the nine months ended February 28, 2023, the Company generated total revenues of $2,767,472, an increase of $1,449,714 compared to revenues of $1,317,758 for the nine months ended February 28, 2023. Revenue for the nine months ended February 28, 2023, consisted of the sale and in some cases installation of products including solar panels, portable battery systems, and other energy related products, consulting income and franchise revenues. The revenue from the sale and installation of products increased from $1,312,151 during the nine months ended February 28, 2022, to $2,752,702 during the nine months ended February 28, 2023. The increase in sales of $1,440,551 was due to an increase in sales volumes as a result of the Company's continued advertising efforts focusing on digital marketing and tradeshow attendance. Revenue from consulting decreased from $5,607, during the nine months ended February 28, 2022, to $1,010, during the nine months ended February 28, 2023, as a result of the Company continuing to focus its efforts on the development, manufacturing and installation of direct-to-consumer cleantech products and formation of the franchisee business. During the nine months ended February 28, 2023, the Company, through its wholly owned subsidiary, HPS Solar Inc., introduced a franchise network of solar power installers that operate under the Company's trademark and offer the sale and installation of the Company's products. During the nine months ended February 28, 2023, the Company generated a total of $13,760 in revenues.

Cost of Sales and Gross Profit

For the nine months ended February 28, 2023, the Company's costs of sales and gross profit were $1,718,181 and $1,049,291 respectively, compared to $912,348 and $405,410 for the nine months ended February 28, 2022. The gross profit margin increased from 30.77% for the nine months ended February 28, 2022, to 37.92% for the nine months ended February 28, 2023. A higher gross profit margin was realized for the nine months ended February 28, 2023, primarily due to a decrease in product cost which was driven by significantly lower international shipping costs compared to prior period. In addition, with revenue growth, the Company saw a change in the product mix which also contributed to the increase in the overall gross margin. The most significant change in the product mix relates to the sale of the battery packs which has historically represented a higher percentage of total revenue and contributed a higher gross margin compared to other products. During the nine months ended February 2023, battery pack sales represented 44% of total revenue compared to 30% in the comparative period. *Other income (expenses)*

Other (expenses) income for the nine months ended February 28, 2023 and 2022 were $(10,192) and $72,025, respectively. The increase in other expenses to $10,192 during the nine months ended February 28, 2023, was primarily due to accretion expenses related to convertible debentures issued during the nine months ended February 28, 2023.

Assets

Total assets as of February 28, 2023 and May 31, 2022, were $2,513,409 and $1,385,996, respectively.

The increase in total assets from $1,385,996 on May 31, 2022, to $2,513,409 on February 28, 2023, was primarily due to increases in property and equipment, prepaid expenses, accounts receivable, and inventory. The increase in property and equipment from $118,544 on May 31, 2022, to $449,419 on February 28, 2023, was due to the Company beginning construction of a new office and manufacturing facility expected to be completed in July 2023, as well as due to investing in battery testing equipment. The increase in inventory from $562,648 on May 31, 2022, to $1,119,234 on February 28, 2023, was due to the Company keeping additional raw materials and finished goods on hand. The increase in inventory was due to large number of unfulfilled orders that remained as part of contract liabilities in the amount of $204,867 as of

February 28, 2023. Additional raw materials were purchased to complete these orders, which were then fulfilled by the end of May 2023. In addition, the Company was expanding its manufacturing capacity to support increase in customer demand. The increase in prepaid expenses from $234,694 on May 31, 2022, to $365,931 on February 28, 2023, was due to the implementation of a new ERP system.

Liabilities

The total long-term liabilities as of February 28, 2023 and May 31, 2022, were $418,401 and $267,683, respectively. The increase in long-term liabilities from $267,683 on May 31, 2022, to $418,401 on February 28, 2023, was primarily due to an increase in loans obtained to finance the purchase of two vehicles, machinery and operations.

Shareholders' deficiency

The shareholders' deficiency as of February 28, 2023 and May 31, 2022 were $2,069,652 and $1,091,660, respectively. The increases in shareholders' deficiency are mainly due to losses incurred year over year.

Operating Expenses

Operating expenses for the nine months ended February 28, 2023 and 2022, are summarized as follows (in Canadian Dollars):

For the nine months ended February 28,	**2023**	**2022**	**Change $**	**Change %**
Advertising expense	190,249	34,234	156,015	456%
General and administrative	540,742	203,499	337,243	166%
Salaries and benefits	935,763	468,357	467,406	100%
Professional fees	829,155	32,002	797,153	2491%
Research and development	42,180	-	42,180	100%
Total expenses	**$ 2,538,089**	**$ 738,092**	**$ 1,799,997**	**244%**

For the nine months ended February 28, 2023, total expenses increased by $1,799,997, compared to the same period in the prior year. The increase is largely a result of increase in general and administrative expenses, advertising expenses, professional fees and salaries and wages during the nine months ended February 28, 2023.

Advertising expense increased by $156,015 from $34,234 for the nine months ended February 28, 2022, to $190,249 for the nine months ended February 28, 2023. The increase was a result of increased advertising efforts to promote the brand name by attending numerous trade shows.

General and administrative expenses increased by $337,243 compared to the same period of the prior year. The increase is largely due to increase in depreciation expenses, office expenses, bank and transaction fees, bad debt expense, delivery charges, and dues and subscriptions. Depreciation increased by $15,598 due to the Company acquiring additional machinery, equipment, furniture and computers during the nine months ended February 28, 2023, and incurring amortization on additional right-of-use asset for the new property lease. Additional increase of $321,646 in repairs and maintenance, office expenses, transaction costs and shipping charges were to support growing operations.

The Company incurred general and administrative expenses of $540,742 for the nine months ended February 28, 2023. General and administrative primarily consists of bad debts of $71,571, bank and transaction fees of $65,466, delivery and brokerage fees of $71,305, dues and subscriptions fees of $107,086, and deprecation of $53,097. A total of $71,571 of bad debt was recorded to reflect the expected credit losses on trade receivables. Transaction fees of $65,466, and delivery and brokerage fees of $71,305 were incurred to support growing operations. Dues and subscriptions fees of $107,086 were incurred in connection with the set-up and implementation of the Company's ERP system.

Salaries and benefits increased by $467,406 from $468,357 for the nine months ended February 28, 2022, to $935,763 for the nine months ended February 28, 2023. This increase was a result of additional staff added in the current year to expand sales and manufacturing teams.

Professional fees increased by $797,153 from $32,002 for the nine months ended February 28, 2022, to $829,155 for the nine months ended February 28, 2023. This increase was a result of higher legal and accounting fees incurred for general corporate matters, as well as costs associated with the going public transaction.

Research and development costs increased by $42,180 from $Nil for the nine months ended February 28, 2022, to $42,180 for the nine months ended February 28, 2023. Higher research and development related expenses were incurred in connection with the purchase of raw materials and subcontracted services incurred for the improvement of its existing products available for sale.

LIQUIDITY AND CAPITAL RESOURCES

Working capital deficiency

Working capital deficiency as of February 28, 2023, and May 31, 2022, was $2,352,912 and $1,119,977, respectively.

The increase in working capital deficiency to $2,352,912 on February 28, 2023, from $1,119,977 on May 31, 2022, was primarily due to convertible debt issued during the February 28, 2023 period for gross proceeds of $1,957,000, as well as increase in accounts payable due to additional purchases of raw materials. The convertible debentures with total principal amount of $1,628,500 are to be converted into Company's units at a conversion price of $0.20 per unit, and the convertible debenture with total principle amounts of $328,500 are to be converted into Company's shares at a price of $0.02 per share upon a Going Public Transaction.

The Company expects that, over the next twelve months, it will need additional capital to fund operations and settle obligations as the obligations come due. The Company plans to fund the capital as needed through the use of share issuances, debt issuances, and/or loans. In March 2023, the Company closed the second tranche of its $0.30 private placement for gross proceeds of $1,226,200.

Cash Flows

A summary of cash flows for the nine months ended February 28, 2023 and 2022 is as follows:

Nine months ended February 28,		**2023**		**2022**		**Change**
Operating activities	$	(2,078,581)	$	(98,436)	$	(1,980,145)
Investing activities		(350,699)		(4,676)		(346,023)
Financing activities		2,322,883		142,500		2,180,383
Change in cash	**$**	**(106,397)**	**$**	**39,388**	**$**	**(145,785)**

Cash used in operating activities increased by $1,980,145. This increase is largely due to larger operating losses and higher amount of cash consumed to increase inventory levels to expand the Company's product offering and meet increasing consumer demand. During the nine months ended February 28, 2022, the

Company received deposits for large customer orders towards year end which were fulfilled during the nine months ended February 28 2023.

Cash flows used by investing activities increased by $346,023, which is primarily due to the Company purchasing two vehicles and continuing construction of a new office and manufacturing facility expected to be completed by July 2023.

Cash flows from financing activities increased by $2,180,383, which is primarily due to funds received from the issuance of shares and convertible debentures during the nine months ended February 28, 2023.

RELATED PARTY DISCLOSURES

The Company defines its related parties as its key members of management, companies controlled by its key members of management, and family members of its key members management. Key management consists of the Directors and Officers who are responsible for planning, directing, and controlling the activities of the Company.

Related party transactions and balances

Remuneration attributed to key management personnel for the nine months ended February 28, 2023 and 2022, are summarized as follows:

		February 28, 2023		February 28, 2022 (unaudited)
Salaries and benefits	**$**	**42,310**	**$**	24,271
Total	**$**	**42,310**	**$**	24,271

The salaries and benefits in the amount of $42,310 and $24,271, were paid to Francois Byrne, the CEO and shareholder of the Company.

As of February 28, 2023, loans payable included $200,187 (May 31, 2022 - $Nil) due to Francois Byrne, the CEO and a shareholder of the Company.

As of February 28, 2023, loans payable included $204,233 (May 31, 2022 - $270,094) due to Marie-Claude Renaud, a shareholder of the Company.

As of February 28, 2023, convertible debentures to be issued includes $Nil (May 31, 2022 - $65,000) owing to a Company controlled by the CFO.

As of February 28, 2023, accounts payable included $430,934 (May 31, 2022 - $Nil) owing to a Company controlled by the CFO. The Company incurred a total of $508,047 from Treewalk Inc., the Company controlled by CFO, for accounting, audit preparation, and audit support services for the nine months ended February 28, 2023 (February 28, 2022 - $Nil). In addition, the Company controlled by CFO has also provided CFO services, transaction advisory services and consulting services related to Go Public transaction during this period. The fees were included in professional services line item.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both the current and future periods.

The following are the judgments that have been made in applying the Company's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Income taxes

Income assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences, and accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time. The Company believes that its accruals for tax balances are adequate for all open audit years based on its assessment of many factors including past experience, and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. These differences could materially impact net income (loss).

Research and development expenditures

Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 Intangible Assets are met. Those criteria require that the product is technically and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any product development costs as of February 28, 2023.

Government assistance

Government assistance is recognized in the statement of loss and comprehensive loss over the periods in which the Company recognizes as expenses the related costs for which the assistance is intended to reimburse.

The following are the estimates and assumptions that have been made in applying the Company's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

Property and equipment – useful lives

The Company estimates the useful lives and selects methods used to allocate amortization amounts of property and equipment on a systematic basis. Technical obsolescence of the tangible assets could significantly impact estimated residual useful lives and in turn, carrying values being over or understated.

Provision for expected credit losses (ECL)

For trade receivables and contract assets, the Company applies a simplified approach to calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date, by applying a loss rate to each aging bucket. In estimating the expected credit loss, management takes into account historical experience, current collection trends, age of receivables and when warranted and available, the financial condition of specific counterparties.

Sales returns and warranty

Revenue is recorded net of discounts. The Company provides a 6- month commercial or 12-month standard warranty on its products and a 30-day return period on unused and unopened products. An allowance is made for warranty claims based on estimated expenditures in the remaining warranty period as well as estimated returns.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in leases where it is the lessee. As such, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of comparable value to the right-of-use asset in a similar economic environment. IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or where the applicable rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Leases – Estimating the lease term

The Company assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. When it is reasonably certain that the extension or early termination options will be exercised, the Company determines the lease to be the lesser of the original lease term, the original lease term plus the extension option, or the remaining lease term assuming exercise of the early termination option. Extension of the lease or exercise of an early termination option could affect future results.

Impairment of Long-Lived Assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and right-of-use assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The Company considered various factors including, but not limited to, the condition of its long-lived assets, economic factors that may impact the value of the long-lived assets and any indications of obsolescence.

Inventory

Inventory is valued at the lower of cost and net realizable value. Net realizable value is determined with reference to the estimated selling price. The Company estimates selling price based upon assumptions about future demand and current and anticipated retail market conditions.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the Company's audited consolidated financial statements for the six months ended November 30, 2022 and twelve months ended May 31, 2022 are disclosed in Note 3.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Other than the proposed initial public offering of units by the Company and concurrent listing of the Company's common shares on the Canadian Securities Exchange (CSE) pursuant to the preliminary prospectus for which this MD&A is attached, there are no proposed transactions as at the date of this MD&A.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Basis of Fair Value

	Level		February 28, 2023		May 31, 2022	
FINANCIAL ASSETS						
FVTPL						
Cash	1	$	1,236	$	107,633	$
Other assets, at amortized cost						
Accounts receivable			406,474		185,021	
Total financial assets		**$**	**407,710**	**$**	**292,654**	**$**

FINANCIAL LIABILITIES

	Level		February 28, 2023		May 31, 2022	
Other liabilities, at amortized cost						
Accounts payable and accrued liabilities			1,409,743		895,207	
Bank overdraft			51,087		-	
Line of credit			-		81,660	
Convertible debentures			1,769,625		-	
Convertible debentures to be issued			-		65,000	
Loans payable			925,277		589,111	
Total financial liabilities		$	**4,155,732**	$	**1,630,978**	**$**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities. Cash is measured at fair value on a recurring basis.

RISK MANAGEMENT

The Company is exposed, through its operations, to the following financial risks:

a) Market Risk
b) Credit Risk
c) Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The directors and officers have overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The directors and officers review the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous reported periods unless otherwise stated in the note.

The overall objective of the directors and officers is to set policies that seek to reduce risk as much as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign currency exchange, interest rates, and equity price risk.

(i) Foreign Currency Risk:

Currency risk is the risk of loss due to the fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. A large portion of the Company's transactions occur in US dollars; therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its US dollars denominated trade receivables, accounts payable and accrued liabilities. A change of 1% in the U.S./CDN exchange rate would not have had a material impact on the net loss.

(ii) Interest Rate Risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their loans. The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

b) Credit Risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, and accounts receivable. The Company limits its exposure to credit loss by placing its cash with high quality financial institutions. The Company mitigates credit risk by evaluating the creditworthiness of customers prior to conducting business with them and monitoring its exposure for credit losses with existing customers. During nine months ended February 28, 2023, the Company incurred $71,271 in bad debt expense (February 28, 2022 - $Nil).

The following table provides disclosures about credit risk exposure and expected credit losses on individual trade receivables as at:

<u>February 28, 2023</u>

	Aging Bucket					
	Current	**Overdue 1-30 days**	**Overdue 31-60 days**	**Overdue 61-90 days**	**Overdue 91+ days**	**Total**
Gross carrying amount	10,245	62,846	23,910	72,892	150,259	320,152
Loss allowance	(1,082)	(13,279)	(7,578)	(30,802)	(65,874)	(118,615)
Net	9,163	49,567	16,332	42,090	84,385	201,537
ECL rate	11%	21%	32%	42%	44%	37%

Aging Bucket

May 31, 2022

	Current	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91+ days	Total
Gross carrying amount	27,839	42,987	54,176	7,216	99,847	232,065
Loss allowance	-	-	(139)	(352)	(46,553)	(47,044)
Net	27,839	42,987	54,037	6,864	53,294	185,021
ECL rate	Nil%	Nil%	Nil%	5%	47%	20%

The continuity of expected credit losses is summarized in the table below:

		February 28, 2023		**May 31, 2022**
Balance, beginning	$	47,044	$	30,782
Additions to expected credit loss allowance recognized during the year		71,571		16,262
Ending expected credit losses	**$**	118,615	**$**	**47,044**

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sources of funding have been through loans, and loans from the CEO and a shareholder of the Company. The Company's access to financing is uncertain. There can be no assurance of continued access to significant debt or equity funding. The following table displays the Company's ageing undiscounted obligations.

The amounts disclosed in the table are the contractual undiscounted payments.

February 28, 2023

	Less than one year	**One to two years**	**Two to three years**	**More than three years**	**Total**
Accounts payable and accrued liabilities	1,409,743	-	-	-	1,409,743
Bank overdraft	51,087	-	-	-	51,087
Convertible debenture	1,957,000				1,957,000
Lease contract liabilities	58,039	120,889	10,288	-	189,216
Loans	646,190	238,864	122,150	11,868	1,019,072
	4,122,059	359,753	132,438	11,868	4,626,118

May 31, 2022

	Less than one year	One to two years	Two to three years	More than three years	Total
Accounts payable and accrued liabilities	$ 895,207	$ -	$ -	$ -	$ 895,207
Line of credit	81,660	-	-	-	81,660
Lease contract liabilities	56,727	58,477	59,976	56,582	231,762
Loans	413,793	97,223	34,161	85,475	630,652
	$ 1,447,387	$ 155,700	$ 94,137	$ 142,057	$ 1,839,281

RISKS

Limited Operating History

The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered during these early stages of operations.

Limited Business History

The Company has not had any history of earnings; has not paid any dividends and it is unlikely that the Company will pay any dividends in the immediate or foreseeable future. The Company will generate earnings in the near future. The success of the Company will depend entirely on the expertise, ability, judgment, discretion, integrity and good faith of its management.

The Company has limited financial resources and there is no assurance that additional funding will be available to the Company for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Company can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such an event, the probability of a profitable resale of the Common Shares would be diminished.

Research and Development Activities

It is important for the Company to continue to invest steadily in research and development. However, because the Company will compete in a constantly evolving market, it may pursue research and development projects that do not result in viable commercial products. Any failure to translate research and development expenditures into successful new product introductions could have an adverse effect on the Company’s business.

Technical Risks

Technical risks are inherent in the development process, in that an immature technology could present unexpected challenges that exceed the planned time or money to overcome. There can be no guarantee that the Company will be able to overcome technical risks.

Inability to Protect Intellectual Property

The Company owns certain material intellectual property which is not yet registered. The Company may file patent, trademark and copyright applications in the United States, Canada and in other foreign countries as part of its strategy to protect its intellectual property. However, these registrations may provide only limited protection of the Company's intellectual property.

The Company considers its rights to its products, know-how and trade secrets, to represent a significant portion of its net assets. The Company has, therefore, utilized a combination of security measures, confidentiality policies, contractual arrangements to protect its proprietary formulations and other valuable trade secrets. The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. There can be no assurances that any steps taken by the Company to protect its intellectual property will be adequate to prevent misappropriation or independent third-party development of the Company's intellectual property.

Product Errors or Defects

Errors or defects in the Company's products could result in losses to the Company's customers or users. The Company's customers and users may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Furthermore, a customer or user could share information about bad experiences on social media, which could result in damage to the Company's reputation and loss of future revenue. There can be no assurance that any actions we take in an attempt to limit the Company's exposure to claims would work as expected or be adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if not successful, a claim brought against us by any of the Company's customers or users would likely be time-consuming and costly to defend.

Manufacture or Design Defects

Our products may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. The Company offers a six-month commercial warranty or twelve-month standard warranty. The Company also offers a two year or 500 cycle warranty on its batteries, whichever comes first.

Unpredictability of Contract Procurement

The Company relies on the continued procurement of contracts to sustain its revenues. Significant fluctuations in the procurement of contracts may occur due to several factors, including decreased demand, supply chain deficiencies, unpredictability of the timing of development, and inability to find third party buyers in a timely manner, on favorable terms and conditions, or at all. If the Company does not obtain any projects or the amount of contracts decreases substantially, this would have a material adverse effect on the Company's profitability, results of operations and financial condition.

Contractual Risk

The Company is a party to various contracts, and it is always possible that the other contracting parties may not fully perform their obligations. Any dereliction of contractual duties could and may have a material adverse effect on the Company's ability to generate revenue.

Operating Risk and Insurance Coverage

The Company intends to obtain insurance to protect its assets, operations and employees. While the Company believes insurance coverage can adequately address all material risks to which it may be exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for all risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its current business strategy. The Company intends to fund its business objectives by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved.

Achieving our projected development goals in the announced and expected time frames

From time to time, the Company sets goals for, and makes statements regarding, the expectations and timing of the accomplishment of certain objectives that are material to our success. The actual timing of these events can vary dramatically. If the Company fails to achieve one or more of these milestones as planned, there is a risk that the Company's operations, financial condition and the price of the Company's Common Shares could be materially adversely affected. In the past, following periods of volatility in the market price of public company securities, shareholders have often instituted class action securities litigation against those companies. There is a risk that the Company could be subject to such litigation.

Risks Related to the COVID-19 Pandemic

The current outbreak of COVID-19 and the spread of this virus could continue to have a material adverse effect on global economic conditions which may adversely impact the Company's business. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak and characterized it as a pandemic on March 11, 2020. The extent to which the outbreak impacts the Company's business will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the outbreak and the actions to contain the outbreak or treat its impact, among others. Moreover, the actual and threatened spread of the coronavirus globally could also have a material adverse effect on the regional economies in which the Company intends

to operate, continue to negatively impact stock markets, adversely impact the Company's ability to raise capital, and cause continued interest rate volatility. In particular, the outbreak in Canada, which has resulted in restrictions including quarantines, closures, cancellations and travel restrictions, may have a material adverse effect on the Company's business including operating, manufacturing supply chain, research and development, regulatory submissions and project development delays and disruptions, labour shortages, travel and shipping disruption and shutdowns, interruptions in product supply or restrictions on the export or shipment of the Company's products and reduced customer demand. The Company may incur expenses or delays relating to such events outside of the Company's control, which could have a material adverse impact on the Company's business, operating results and financial condition. Any of these developments, and others, could have a material adverse effect on the Company's business.

Brand Image, Reputation and Marketing Initiatives

Any adverse publicity concerning marketing practices, market trends or consumer dissatisfaction relating directly to the Company or relating to the any of the clean energy industry as a whole may damage the Company's corporate reputation and brand image, undermine customer confidence and reduce long-term demand for its products.

The impact of adverse publicity on the Company's operations may be magnified due to the rapidly changing media environment. The growing use of social and digital media increases the speed and extent that information or misinformation and opinions can be shared. Negative information about the Company, its brand(s) or products on social and digital media, whether valid or not, could seriously damage its brand(s) and reputation quickly, forcing the Company to actively respond to (and curtail to the extent possible) negative feedback received. If the Company is unable to manage its digital activities and interactions, its product sales, financial condition and operating results could be materially and adversely affected.

The success of the Company's sales and marketing initiatives and practices may be subject to risk, including uncertainties about consumer acceptance, current inventory levels and the ability to communicate key brand and corporate messages to digital audiences. The success of these initiatives is also subject to potential restrictions on product marketing via extensive government regulations and product specific policies. Furthermore, consumers and competitors may challenge certain marketing materials and practices by claiming, among other things, false and misleading advertising. A significant claim of judgement against the Company could result in monetary damages and limit the Company's ability to maintain sales and marketing practices and negatively impact its profitability. Even if such a claim is unsuccessful or unwarranted, the negative publicity surrounding such assertions could negatively impact the Company's business operations.

Competition

The Company's primary competitors have greater substantial financial, marketing and production resources; the Company may not have access to such a wide breadth of resources and therefore it may be unsuccessful in competing against current and future competitors. These competitors have diversified portfolios and likely benefit from greater economies of scale due to their size and global manufacturing capabilities. The Company may also face competition from new and emerging businesses that may enter its existing or future markets.

Many of the Company's competitors and potential competitors have longer operating histories, greater brand recognition and loyalty, facilities devoted to research and development, a larger customer base as well as operations dedicated towards identifying consumer preferences, strong industry relationships with both customers and distributors, as well as significantly greater financial, sales, marketing, manufacturing, distribution, technical, and other resources than the Company has. As a result, they may be able to respond

more quickly to customer requirements and devote greater resources towards price-based promotional activities better than the Company can. These competitors may also be able to adapt more quickly to new or emerging technologies and standards and may be able to deliver services that are comparable or superior to that of the Company's services at a far more reduced rate. Such pressures may also restrict the Company's ability to increase prices in response to commodities such as ingredients and equipment, wages and other applicable cost increases. If the Company is unable to compete effectively, its financial condition and operating results may suffer.

Negative Cash Flows From Operations

For the nine months ended February 28, 2023, the Company sustained net losses from operations of $1,498,988 and had negative cash flow from operating activities of $2,078,581. The Company continues to have negative operating cash flow. It is possible the Company may have negative cash flow in any future period and as a result, the Company may need to use available cash, including proceeds from the Offering and any future financings to fund any such negative cash flow.

Decreased Demand for the Company's Products

Demand for the Company's products will depend on consumer preferences and how successfully the Company can predict, identify and interpret the preferences and habits of consumers, and to offer products that appeal to their preferences, including concerns regarding product attributes and ingredients at a competitive cost. If the Company does not accurately predict shifts in consumer preferences or fails to introduce new and improved product offerings, sales could decline. In addition, due to the immense competition within the industry, it is imperative the Company is able to offer an array of products that satisfy the broad spectrum of consumer preferences. If the Company fails to expand their product offerings successfully across product categories or is unable to rapidly develop products in faster growing and more profitable categories, demand for its products will decrease and profitability could suffer.

Additionally, the willingness of consumers to purchase portable battery products depends in part on local economic conditions. The Company must anticipate market trends and the price, performance and functionality requirements of current and potential future customers and must successfully adapt its product offerings to meet these requirements. Failure to do so will have a negative adverse effect on the Company.

There are well documented market trends which suggest demand from consumers shifting from basic to premium products. Customers interested in portable power products are looking for mobile power that is easy to use and maintain but offers the power and portability found in gas generators with the advantages offered by all electric systems. The residential solar market is looking for an easy to operate, attractive power system that can serve not only as a backup power system but also as a way to reduce power costs. While the Company's new products appear to address these demands, it is not possible to predict the level of success that these new products will have in the market. Failure to penetrate these markets in a successful and timely manner will have a negative adverse effect on the Company.

Demand for Solar Power

The Company may be adversely affected by volatile solar energy market and industry conditions, specifically the demand for the Company's products and services may decline. The solar energy market and industry may from time-to-time experience oversupply, which may adversely affect the Company. Oversupply conditions across the value chain can put pressure on average selling prices, resulting in lower revenue for many industry participants, including the Company. If the supply of solar systems grows faster than demand, demand and the average selling price for our products could be materially and adversely affected.

The solar power market is still at a relatively early stage of development and future demand for solar power products and services is uncertain. Market data for the solar power industry is not as readily available as for more established industries, where trends are more reliably assessed from data gathered over a longer period.

Many factors may affect the viability of solar power technology and the demand for solar power products, including:

- the cost-effectiveness, performance and reliability of solar power products and services, including the Company's solar power projects compared to conventional and other renewable energy sources and products and services;
- the availability of government subsidies and incentives to support the development of the solar power industry;
- the availability and cost of capital, including long-term debt and tax equity, for solar power projects;
- the success of other alternative energy technologies, such as wind power, hydroelectric power, geothermal power, and biomass fuel;
- fluctuations in economic and market conditions that affect the viability of conventional and other renewable energy sources, such as increases or decreases in the prices of oil, gas and other fossil fuels;
- capital expenditures by end users of solar power products and services, which tend to decrease when the economy slows; and
- the availability of favorable regulation for solar power within the electric power industry and the broader energy industry.

If solar power technology is not suitable for widespread adoption or if sufficient demand for solar power products and services does not develop or takes longer to develop than anticipated, this may be a material adverse effect on the Company's profitability, results of operation and financial condition.

Reliance on Industry Suppliers and Manufacturers

In order to continue executing its business strategy, the Company will rely on third party suppliers to provide certain goods necessary to enable the Company to manufacture, package and distribute its products, in particular key raw materials and necessary packaging materials. The Company may be unable to arrange for the manufacture of its products in a timely fashion, or at all, if any of its suppliers should cease or interrupt production or otherwise fail to supply the Company, or if certain supply agreements are suspended, terminated or otherwise expire without renewal, the Company's activities and results could be materially adversely affected. The Company's ability to deliver according to market demands and contractual commitments depends significantly on obtaining a timely and adequate supply of materials, equipment components (when and if necessary), production capacity and other vital offerings and solutions on competitive terms.

Access to and Cost of Raw Materials

The Company is dependent on a sufficient supply of raw materials and any ingredients that are required to meet current and future customer demand for the Company's products. These materials are necessary for the commercial production of the Company's various product offerings. Variations in supply and demand of these materials at global or regional levels, weather conditions, regulatory changes, geopolitical events and the outbreak of the novel coronavirus (COVID-19) could substantially impact the price and availability of both, raw materials and materials needed to package the Company's products, which could result in loss of sales or claims against the Company as well as adversely affect its brand and reputation. Profitability of the Company is sensitive to fluctuations in wholesale prices of these raw materials as well as other factors such as energy, fuel, equipment, labour and shipping costs and other market conditions, all of which are external factors, beyond the Company's control.

OUTSTANDING SHARE DATA

	February 28, 2023	May 31, 2022	As at July 14, 2023
Common shares	28,012,667	26,778,523	32,100,000
Restricted share units		-	-
Warrants	258,840	-	12,348,006
Options		-	-

SCHEDULE C

HYBRID POWER SOLUTIONS INC.
(the "Company")

AUDIT COMMITTEE CHARTER

The primary function of the audit committee (the "**Audit Committee**") is to assist the Company's board of directors (the "**Board**") in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels.

The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control systems and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board.

Composition

The Audit Committee shall be comprised of three directors as determined by the Board, the majority of whom shall be free from any relationship that, in the opinion of the Board, would reasonably interfere with the exercise of his or her independent judgement as a member of the Audit Committee. At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements. The members of the Audit Committee shall be elected by the Board at its first meeting following the annual shareholder's meeting.

Meetings

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit Committee shall:

Documents/Reports Review

(a) Review and update this Audit Committee Charter annually.

(b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including certification, report, opinion, or review rendered by the external auditors.

(c) Confirm that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

External Auditors

(a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Audit Committee as representatives of the shareholders of the Company.

(b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Company, consistent with the Independence Standards Board Standard 1.

(c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

(d) Take, or recommend that the full Board, take appropriate action to oversee the independence of the external auditors.

(e) Recommend to the Board the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

(f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

(g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

(h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

(i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The preapproval requirement is waived with respect to the provision of non-audit services if:

   i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of fees paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
   ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
   iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Audit Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Audit Committee. Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval, such authority may be delegated by the Audit Committee to one more independent members of the Audit Committee.

Financial Reporting Processes

(a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.

(b) Consider the external auditors' judgements about the quality and appropriateness of the Issuer's accounting principles as applied in its financial reporting.

(c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.

(d) Review significant judgements made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgements.

(e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

(f) Review any significant disagreement among management and the external auditors in connection with preparation of the financial statements.

(g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

(h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.

(i) Review certification process.

(j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

(a) Review any related-party transactions.

CERTIFICATE OF HYBRID POWER SOLUTIONS INC.

Dated: August 28, 2023

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Newfoundland and Labrador.

"Francois Renaud-Byrne"	*"Alex McAulay"*
Francois Renaud-Byrne Chief Executive Officer	Alex McAulay Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Paul Gorman"	*"Stephen Davidson"*
Paul Gorman Director	Stephen Davidson Director

CERTIFICATE OF THE PROMOTER

Dated: August 28, 2023

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Newfoundland and Labrador.

"Francois Renaud-Byrne"	*"Alex McAulay"*
Francois Renaud-Byrne Promoter	Alex McAulay Promoter

CERTIFICATE OF THE AGENT

Dated: August 28, 2023

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Newfoundland and Labrador.

RESEARCH CAPITAL CORPORATION

"Jovan Stupar"

Jovan Stupar
Managing Director