REVOLVE RENEWABLE POWER LIMITED

REPORT FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2021

This MD&A includes forward-looking statements. All statements other than statements of historical fact contained in this MD&A, including statements regarding the future financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. The words "believe", "may". "will", "estimate", "forecast", "continue", "anticipate", "intend", "should", "plan", "expect" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. The Company has based these forward-looking statements on the current expectations and projections about business strategy and financial needs. These forwards-looking statements are subject to a number of risks, uncertainties and assumptions as described elsewhere in this MD&A.

Other sections of this MD&A may include additional factors that could adversely affect the business and financial performance. Moreover, the Company operates in a very competitive and rapidly changing business environment. New risk factors emerge from time to time and it is not possible for management to predict all risk factors, nor can the Company assess the impact of all factors on its 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.

Readers should not rely upon forward-looking statements as predictions of future events or performance. The Company cannot provide assurance that the events and circumstances reflected in the forward- looking statements will be achieved or will occur. Although the Company believes that the expectations reflected in the forward-looking statements are within reason, the Company cannot assure future results, levels of activity, performance, or achievements.

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")

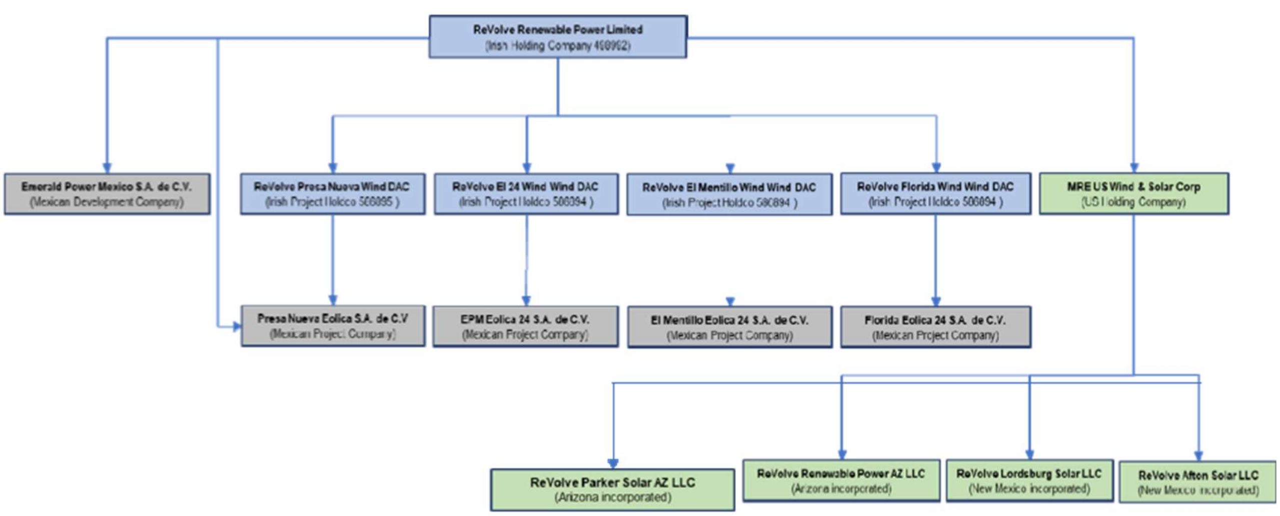
Date of Report

This MD&A dated March 27 2022, should be read in conjunction with the unaudited consolidated financial statements for the three and six months ended December 31, 2021. Such financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All figures herein are expressed in US dollars unless otherwise noted.

Business Overview

ReVolve Renewable Power Limited (the "Company") is a privately owned company located in Ireland and established in 2011. The Company has the following material subsidiaries:

- MRE Wind & Solar Inc, incorporated in Wyoming, United States of America - 90% owned
- Emerald Power Mexico S.A. de C.V., incorporated in Mexico - 100% owned
- ReVolve Presa Nueva Wind DAC, incorporated in Ireland - 100% owned
- ReVolve El 24 Wind DAC, incorporated in Ireland - 100% owned
- ReVolve El Mentillo Wind Limited, incorporated in Ireland - 100% owned
- ReVolve Florida Wind Limited, incorporated in Ireland - 100% owned



During the period Eólica El Sarro, S.A. de C.V. underwent a name change to Eólica La Florida, S.A. de C.V. and El Sarro Solar, S.A. de C.V. underwent a name change to Eólica El Mentillo, S.A. de C.V.

The Company was established as a developer of renewable energy electricity generation projects located in the US and Mexico.

The present principal operations consist of an active development portfolio of 3GW of wind, solar and battery storage projects. This portfolio includes twelve (12) individual projects ranging in capacity from 100MW to 1GW located in North Eastern Mexico, Arizona, New Mexico, Utah and Colorado.

In March 2021, the Company formed a joint venture company with Running Foxes Wind & Solar Inc, based in Colorado, USA with a view to expanding its development activities into the US renewable energy market. This joint venture company (MRE Wind & Solar Inc) is owned 90% by ReVolve and 10% by Running Foxes Wind & Solar Inc. ReVolve will lead the development of the joint venture including providing working capital funding at its discretion with Running Foxes Wind & Solar Inc providing land acquisition, rights of way and other project development support.

In addition to its active development portfolio the Company has a further 1.3GW greenfield development opportunities, which it is in the process of converting to its active development portfolio.

On June 16, 2021, the Company entered into a letter of intent with Philippine Metals Inc. (“PMI”), a company listed on the TSX Venture Exchange to acquire the entire share capital of the Company by PMI (“Proposed Transaction”). Pursuant to the Proposed Transaction:

- PMI’s common shares will be consolidated on a 4 to 1 basis (“PMI Consolidated Shares”);
- PMI will issue 35,100,000 PMI Consolidated Shares to acquire all of the issued and outstanding shares of the Company;
- The Company completed a concurring unit private placement of C$4.7m equivalent in August 2021; and
- PMI will complete a separate unit private placement of a minimum C$1,500,000.

As at the date of this MD&A, the Proposed Transaction was complete.

As at the date of this MD&A, the Company, through its 90% owned subsidiary, MRE US, incorporated ReVolve Renewable Power AZ LLC, ReVolve Alton Solar LLC, ReVolve Lordsburg Solar LLC and ReVolve Parker Solar LLC to serve as developers of renewable energy electricity generation projects located in the USA.

Overall Performance

Highlights

For the six months ended December 31, 2021 (“Q1 FY2022”), the Company:

- Recorded a net loss of $925,180 or $0.06 per share as a result of no further revenue being received from any of its historical development projects as well as the continued ramp up in development activity in the US market.
- Had working capital of $2,918,736, including cash of $2,676,295, following completion of a private placement on August 30, 2021 where the Company issued units at a price of €0.815 per unit.
- Incurred development costs of $473,448 on its portfolio of active wind, solar and battery storage development projects in the US and Mexico.

The decrease in net income attributable to shareholders of the Company for the six month period December 31, 2021 as compared to six month period ended December 31, 2020 is primarily due to the reduced milestone payments / revenue as well increased development costs associated with the Company’s expansion into the US market including an increase in professional fees. Going forward, management intends to continue to invest in its US operations to drive further growth in the Company’s active development portfolio. The loss per share the six months to December 31, 2021 was $0.06 as compared to earnings per share of $0.09 for the six months ended December 31, 2020.

Management and the board of directors of the Company (the "Board") have reviewed the cash position of the Company and have determined that the liquidity of the business remains a priority to enable the Company to continue to progress with the development of its active project portfolio, while also funding future growth in new project development opportunities. The Board does not anticipate declaring dividends in the foreseeable future.

The expenditures in respect of the development of its active project portfolio for the six months ended December 31, 2021 were $473,448, representing various project development activities undertaken during the period, including the submission of land option payments, environmental permit applications, interconnection study applications, site engineering and other associated development costs. This compares with development expenditures of $141,410 for the six months ended December 31, 2020.

On December 31, 2021, the Company had a cash balance of $2,676,295 as compared to $1,815,139 on December 31, 2020. The Company has no outstanding debt obligations.

Summary of Annual and Quarterly Results

	December 31, 2021 **3 months**	**December 31, 2020** **3 months**	**September 30, 2021** **3 months**	**September 30, 2020** **3 months**	**June 30, 2021** **12 months**	**June 30, 2020** **12 months**
Operating expenses	(305,395)	(258,527)	(619,785)	(205,372)	(1,299,425)	(1,262,943)
Other income	-	-	-	1,614,000	1,614,000	4,842,000
Income (loss) attributable to shareholders	(293,567)	(259,170)	(581,706)	1,408,628	334,863	2,940,807
Basic and diluted earnings (loss) per share	(0.03)	(0.02)	(0.04)	0.10	0.02	0.20
Total assets at period end	3,249,195	2,051,806	3,712,076	2,203,998	663,658	749,921
Total liabilities at period end	58,949	637,245	98,620	630,630	103,260	618,463

Results of Operations for the three month period Ended December 31, 2021

Income

The Company completed all remaining development services related to historical development projects that the Company had sold to third parties and as such no income was recognized during the three month period ended December 31, 2021.

Operating Expenses

The Company's main operating expenses are analysed below:

Operating Expenses	Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended June 30, 2021	Year ended June 30, 2020
Consulting fees	58,506	34,921	454,710	295,571
Development expense	96,951	72,903	438,856	575,060
General and administrative expenses	42,088	66,670	105,936	135,549
Management fees	18,156	15,269	-	-
Professional fees	41,620	5,509	42,149	18,137
Rent	5,820	4,898	19,572	18,894
Transaction costs	3,405	-	-	-
Travel	5,513	1,379	12,683	54,749

Operating expenses excluding foreign exchange loss increased by $16,178 during the three month period December 31, 2021 as compared to three month period ended December 31, 2020 and reflects the following significant items:

- Consulting fees and Management fees increased to $58,506 and $18,156 respectively, due to increased activity in the Company in relation to development, the private placement and the RTO transaction.
- Development Expense increased by $24,048 resulting from a increase in development expenses related to the Company's US development portfolio and specifically the Bouse Solar & Storage Project, the Lordsburg Solar & Storage Project, the Parker Solar & Storage Project and the Afton Solar & Storage Project. In addition to this the Company signed a number of land option agreements for new solar and wind projects in Colorado and made corresponding option fee payments to landowners under these agreements;
- Professional fees increased to $41,620 as a result of the private placement and RTO transaction being undertaken by the Company;
- General and administrative expenses decreased over the comparable six month period ending December 31, 2020 due to the other activities of the Company for the private placement and RTO; and
- Travel expenses increased to $5,513 as a result of company activity and the lifting of some COVID-19 restrictions.

Results of Operations for the six month period Ended December 31, 2021

Income

The Company completed all remaining development services related to historical development projects that the Company had sold to third parties and as such no income was recognized during the six month period ended December 31, 2021.

Operating Expenses

The Company's main operating expenses are analysed below:

Operating Expenses	Six months ended December 31, 2021	Six months ended December 31, 2020	Year ended June 30, 2021	Year ended June 30, 2020
Consulting fees	182,279	114,219	454,710	295,571
Development expense	473,448	141,410	438,856	575,060
General and administrative expenses	60,009	83,989	105,936	135,549
Management fees	22,529	27,331	-	-
Marketing	-	10,512	-	-
Professional fees	64,493	(516)	42,149	18,137
Rent	11,865	9,679	19,572	18,894
Transaction costs	3,405	-	-	-
Travel	2,878	2,594	12,683	54,749

Operating expenses excluding foreign exchange loss increased by $437,356 during the six month period December 31, 2021 as compared to six month period ended December 31, 2020 and reflects the following significant items:

- Consulting fees increased to $182,279 due to increased activity in the Company in relation to development, the private placement and the RTO transaction.
- Development Expense increased by $332,038 resulting from an increase in development expenses related to the Company's US development portfolio and specifically the Bouse Solar & Storage Project, the Lordsburg Solar & Storage Project, the Parker Solar & Storage Project and the Afton Solar & Storage Project. In addition to this the Company signed a number of land option agreements for new solar and wind projects in Colorado and made corresponding option fee payments to landowners under these agreements;
- Professional fees increased to $64,493 as a result of the private placement and RTO transaction being undertaken by the Company;
- General and administrative expenses decreased over the comparable six month period ending December 31, 2020 due to the other activities of the Company for the private placement and RTO; and;
- Travel expenses remained relatively low as a result of continued travel related COVID-19 restrictions.

Income (Loss) Attributable to Shareholders of the Company

The loss attributable to shareholders of the Company for the six month period ended December 31, 2021 was ($875,273), as compared to income of $1,149,458 for the six month period December 31, 2020. The decrease income is primarily due to the reduction in development services fees resulting from the completion of work on the Dolores Wind project. Loss per share for the six month period December 31, 2021 was ($0.06) as compared to earnings per share of $0.09 for the six month period December 31, 2020.

Comprehensive Income (Loss) Attributable to Shareholders of the Company

Comprehensive loss attributable to shareholders for the six month period ending December 31, 2021 was ($1,003,316) as compared to comprehensive income of $1,283,103 for the six month period ended December 31, 2020.

Cash Flow Used in Operating Activities

Net cash used in operating activities for the six month period ended December 31, 2021 was $959,460 as compared to a net increase of $1,365,292 for the six month period ended December 31, 2020.

As at December 31, 2021, the Company had total assets of $3,249,195 compared to $663,658 as at June 30, 2021. The Company's asset value is primarily represented by cash, deposits and in receivables.

Liquidity and Capital Resources

As of December 31, 2021, current assets were $2,977,685 including cash of $2,676,295 and deposits of $250,078. Against current liabilities of $58,949, this resulted in net working capital of $2,918,736. This compares to current assets of $388,326, current liabilities of $103,260 and net working capital of $285,066 as of June 30, 2021.

The Company did not generate operating income for the quarter ended December 31, 2021 and it is not forecasting any revenue or operating income in the immediate future. The Company successfully met its development capital and other operational funding requirements from historical operating income related to prior periods as well as proceeds from should be considered as being in the development stage investing in and expanding its portfolio of renewable energy projects. The Company expects to incur future losses in the development of its business, all of which cast substantial doubt on the Company's ability to continue as a going concern. Thus, the Company is expected to be dependent on obtaining further equity financings in order to continue investing it's in project development portfolio as well as its expansion plans for the US market.

The Company will require additional financing to cover its general and administrative expenses, the discharge its liabilities and to continue investment in its project development portfolio beyond the next 12 months. The Company may seek such additional financing through debt or equity offerings. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future and there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Outstanding Share Data

As at the date of this MD&A, there were 17,946,839 common shares outstanding.

No capital activity was initiated during the period ended December 31, 2020.

Pursuant to the Proposed Transaction, as at the date of this MD&A, the Company completed a non-brokered private placement of 3,838,079 units at a price of €0.815 per unit for gross proceeds of €3,128,034. Each unit is comprised of one common share (a "Share") in the capital of the Company and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one additional Share at a price of €1.20 per share for a period of 18 months from closing. As part of the Proposed Transaction, the units will be exchanged for 9,595,197 units of PMI (the "PMI Units") after taking into account a consolidation of PMI common shares on the basis of one new common share for every four existing common shares. Each PMI Unit will have an effective price of C$0.50, and will include one PMI consolidated common share and one PMI consolidated purchase warrant entitling the holder to acquire one additional PMI consolidated common share at a price of C$0.75 per share for a period of 18 months following the closing of the Proposed Transaction.

As at the date of this MD&A, there were no stock options outstanding and the following warrants were outstanding:

Expiry Date	Number of Warrants Outstanding	Exercise Price
February 28, 2023	3,838,079	€1.20

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to sustain future development of the business and to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of equity as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company does not currently have adequate sources of capital to complete its current obligations and ultimately the development of its business, and will need to raise capital by obtaining equity financing, selling assets and/or incurring debt. The Company may raise additional debt or equity financing in the near term to meet its obligations.

FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments consist of cash, other receivables, sales tax receivable, deposits and accounts payable and accrued liabilities.

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

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

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

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

As at December 31, 2021, the fair values of the Company's financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments or market rates of interest.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company had a cash balance of $2,676,295 (June, 30 2021 - $127,065) to settle current liabilities of $58,949 (June, 30 2021 - $103,260). Most of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, sales tax receivable and deposits. The Company limits its exposure to credit loss by placing its cash with major financial institutions. Majority of the sales tax receivable arose from refundable sales tax from government taxation authorities in Mexico. Deposit held with CAISO was refunded to the Company subsequent to December 31, 2021.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices.

Interest rate risk

The Company has cash balances and no interest-bearing debt and therefore is not exposed to risk in the event of fluctuations.

Foreign currency risk

The Company operates in Republic of Ireland, Mexico and the USA and is therefore exposed to foreign exchange risk arising from transactions denominated in foreign currencies. The operating results and the financial position of the Company are reported in US dollars. The fluctuations of the operating currencies in relation to the US dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices and the stock market to determine the appropriate course of action to be taken by the Company.

Off-Balance Sheet Arrangements and Other Commitments

The Company does not have nor expects to have any material off-balance sheet arrangements.

During the quarter, the Company entered into various lease option agreements related to its projects under development in the US. The lease option agreements include ongoing lease payment obligations for a period of up to 3 years unless such agreements are terminated in advance by the Company (at is sole discretion). A summary of the lease option payments are included in the table below:

Year	Amount
2022	$22,400
2023	$22,400

Transactions with Related Parties

Key management personnel are the Directors and Officers of the Company. Certain key management personnel provide services through companies that they control. The following transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

The following are the transactions with related parties during the six month period ended December 31, 2021, and during the years ended June 30, 2021 and 2020, respectively:

	Quarter ended December 31, 2021 $	Year ended June 30, 2021 $	Year ended June 30, 2020 $
To Vervos Capital Limited, a company controlled by Steve Dalton, Director and Corporate Secretary for consulting services	98,610	137,500	130,803
To Omar Bojorquez, Director of the Company for consulting services	67,106	118,446	112,069
	165,716	255,946	242,872

During the year ended June 30, 2020, directors and former directors participated in a share buyback at a price of €0.3275 per share. A total of 6,551,454 shares with a value of US$2,410,796 (€2,145,601) were purchased by the Company and subsequently cancelled.

Risks and Uncertainties

The operations of the Company are speculative due to the high risk nature of its business which includes the acquisition, financing and development of renewable energy projects. These risk factors could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The risks and uncertainties incorporated in this section by reference are not inclusive of all the risks and uncertainties the Company may be subject to, and other risks may apply, but are considered by management to be the most important in the context of the Company's business.

Development Activities and Going Concern

While the Company has a history of profitable operations its present portfolio of projects are still under development with no certainty on the likelihood of generating future profits for the Company. As such, the Company is subject to many risks including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenue. 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 in light of the current stage of development of its portfolio of development projects.

The Company currently has no source of future revenue and expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing and/or optioning out the Company's projects to other larger companies operating in the renewable energy sector.

The Company expects to incur further losses in the development of its business particularly as it relates to its expansion plans for the US market, all of which cast substantial doubt on the Company's ability to continue as a going concern. It is expected that the Company will require additional financing in order to meet ongoing levels of corporate overhead, discharge its liabilities as they come due, to make further investments in both its current active project development portfolio and to take advantage of future growth opportunities. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, or that such financing will be available on terms satisfactory to the Company. If additional financing is raised by the issuance of shares or other forms of convertible securities from treasury, control of the Company may change, and shareholders may suffer additional dilution. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in one or more of its project development assets.

Dependence on Management and Key Personnel

The Company depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term. The Company's success will depend in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The contributions of the existing management team are likely to be of central importance. In addition, the competition for qualified personnel in the Company's industry is significant and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity, and good faith of the management of the Company.

Economic Conditions

Current and future unfavourable economic conditions could negatively impact the Company's financial viability. Unfavourable economic conditions could also increase the Company's financing costs, decrease net income or increase net loss, limit access to capital markets and negatively impact any of the availability of financing for the Company.

Epidemics and Pandemics

First reported in January 2020, a novel strain of coronavirus ("COVID-19") which first surfaced in China has met the scientific definition of a pandemic, impacting a number of countries globally. The spread of the COVID-19 outbreak has caused severe disruptions in the global economy and financial markets and could potentially create future widespread business continuity issues of an as yet unknown magnitude and duration.

The actual and continued threatened spread of COVID-19 globally could adversely affect global economies and financial markets resulting in a prolonged economic downturn. The extent to which COVID-19 (or any other disease, epidemic or pandemic) impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning COVID-19 and the actions required to contain or treat its impact.

We continue to closely monitoring the potential impact of COVID-19 on our financial results and cash flows at a Company and project level and at present do not expect any significant impact.

Regulations, Permits and Licenses

The Company's operations are principally based in the US and Mexico where it is subject to various laws and regulations governing the electricity sector and the protection of the environment. The Company requires permits, licenses and authorisations from various US Federal, State and local authorities as well as various Mexican authorities and such operations are governed by laws and regulations applicable for the development, construction and operation of renewable electricity generation facilities. The Company believes that it is in substantial compliance with all material laws and regulations which currently apply to its activities.

There can be no assurance that all permits, licenses and authorisations which the Company may require for its project development activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any renewable energy project which the Company might undertake.

In addition, the Company's project development activities require the submission and approval of environmental impact assessments and reports. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for noncompliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to increase the development cost associated with any project being undertaken by the Company. The Company intends to fully comply with all environmental regulations.

Competition and Agreements with Other Parties

The renewable energy industry is highly competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to secure suitable project sites, secure interconnection capacity as well as generally affecting the future prospects of the Company.

Customer Concentration

Historical operating income has been largely derived from a development services agreement related to the 269MW Dolores Wind project. The Company's obligations under this services agreement have been completed and all associated revenue has been earned and accrued by the Company.

Currency Risks

The bulk of ongoing activities of the Company will be transacted in currencies other than Euros. The principal business activities of the Company will be denominated in Mexican pesos and US dollars. As a result, the cost of the Company's ongoing activities will be affected by currency fluctuations between Euro and international currencies, particularly the Mexican peso and US dollar.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impact 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The information about significant areas of estimates considered by management in preparing the consolidated financial statements is as follows:

Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in the consolidated statement of loss and comprehensive loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Useful lives of property and equipment

The estimated useful lives of assets are reviewed by management and adjusted if necessary. To estimate the useful life, management must use its past experience with the same or similar assets and may review engineering estimates and industry practices for similar pieces of equipment and assets and apply statistical methods to assist in its determination of useful life.

Leases

The application of IFRS 16 Leases, requires the Company to make judgments and estimates that affect the measurement of right-of-use assets and liabilities. In determining the lease term, all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options) are considered. Assessing whether a contract includes a lease also requires judgment. Estimates are required to determine the incremental borrowing rate to measure liabilities where the interest rate in the lease is not readily available.

Stock options and warrants

Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of equity.

The information about significant areas of judgment considered by management in preparing the consolidated financial statements is as follows:

i) the determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management;
ii) the determination of whether non-controlling interest is material for purposes of IFRS 12, Disclosure of Interest in Other Entities;
iii) assessing control and significant influence over an investee;
iv) the determination of functional currency;

v) the assessment of whether a contract is or contains a lease, whether the Company obtains substantially all the economic benefits from the use of that asset and whether the Company has the right to direct the use of the asset;
vi) the assessment of the Company's ability to continue as a going concern, as discussed in Note 1, involves judgement regarding future funding available for its operations and working capital requirements; and
vii) the determination of whether expenditures on development activities meet the criteria for capitalization as internally generated assets is subject to estimation and uncertainty.

Internal and Disclosure Controls over Financial Reporting

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis. Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. Management will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since there is insufficient work at this time to warrant the additional costs, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by management of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the board of directors.

Management's Responsibility for Financial Statements

Information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.