



Management's Discussion and Analysis

For the Year Ended December 31, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2020

The following Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of dynaCERT Inc. ("dynaCERT" or the "Company") was prepared by management as at March 31, 2021 and was reviewed and approved by the Audit Committee. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited consolidated financial statements of dynaCERT Inc. and notes thereto for the year ended December 31, 2020. The information provided herein supplements but does not form part of the financial statements. All amounts are stated in Canadian dollars unless otherwise indicated. Additional information related to the Company is available for view on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this document constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", and "believe", used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's views with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the Company's performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events, or developments.

NATURE OF BUSINESS

dynaCERT Inc. is domiciled in Canada with its registered head office at 501 Alliance Avenue, Suite 101, Toronto Ontario, M6N 2J1. The Company is listed on the Toronto Stock Exchange (DYA), the Börse Frankfurt (DMJ) and the OTCQX (DYFSF).

dynaCERT is a growing cleantech sector Company that specializes in delivering Carbon Emission Reduction Technologies to the global diesel engine marketplace. Throughout our years in business, we have worked to provide a reliable and effective electrolysis unit that can generate hydrogen and oxygen on demand to: (a) address the growing requirements to reduce toxic emissions; and (b) provide lower operating costs including an increase in fuel economy.

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The Company is engaged in the design, engineering, manufacturing, testing, and distribution of a transportable hydrogen generator aftermarket product, currently in use in the heavy Class 6-8 tractor trailer industry, the smaller Class 2-5 trucks, stationary power generation and off-road construction machinery, and targeted for use in refrigerated trailers and containers, mining and forestry industries, with potential for application in the ocean shipping and trans-continental rail industries.

The system is a patented and patent pending retrofit product that provides performance enhancements by introducing hydrogen and oxygen into the air intake manifold resulting in greater fuel efficiency and reduced carbon emissions.

In 2014, the Company acquired the intellectual property (including all patents and patents pending) of the HydraGEN™ technology.

Impact of Covid-19

The rapid spread of COVID-19 worldwide has caused significant economic contraction and uncertainty, resulting in the Company not being able to produce product and thereafter to be able to ship product to our customers. While the Company resumed operations on August 4, 2020 the worldwide pandemic starting in late 2019 slowed down parts of the Company's supply chain, thereby stopping all final assembly work on existing client orders until raw material deliveries resumed and were received towards the end of March 2020. Further, European shut down of non-essential commerce from January through August significantly affected the Company's ability to deliver finished goods as our customers were not able to accept incoming goods or install HydraGEN™ technology units on their trucks and equipment.

With the exception of the KarbonKleen ("KK") transaction described below, further sales efforts were also curtailed with potential dealers and their customers all affected by the Stay-at-Home rules put in place by the countries where the Company does business.

Although the Ontario pandemic response was a few weeks behind the European experiences, in Ontario, the government mandated that all non-essential work be stopped, and employees be sent home on March 16, 2020 and the Company fully complied. While we were able to have a few materials-team members intermittently on hand for the receiving of the remaining raw materials that were in transit from the supply chain, all long-term deliveries to dynaCERT were put on hold.

The Ontario Government has released qualifying certain companies and services to re-open in a Staged process. On Wednesday, July 28, 2020, the Ontario Government released companies in the Greater Toronto Area (GTA) to begin work at midnight on July 31, 2020. dynaCERT recalled employees for Tuesday, August 4, 2020 after the statutory holiday.

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In anticipation of a release from the government to restart and return to work, the Company had implemented COVID-centric policies and a daily acknowledgement to keep our employees safe as we work together to start to begin shipping HydraGEN™ units to our customers for example:

1. Policy 817: statement outlining the daily activities every employee must adhere to regarding proper Personal Protection Equipment (PPE) and workspace distancing.
2. Policy 818 : guidelines and instruction on the proper use of PPE equipment
3. Policy 819 : guidelines on reporting illness while at work
4. Policy 820 : guidelines on maintaining sanitized workspace and equipment
5. Acknowledgement : daily record keeping of employees entering the facility and their health status.

The Company has maintained its staff and employees' payroll since the shutdown began. The Company has applied for and received \$1,009,539 in Government support in 2020.

dynaCERT Facilities and Dealers

The Company operates in many jurisdictions around the world with owned facilities and through agents and dealers. The Company's headquarters are located in Toronto, Canada where accounting, sales engineering, R&D, manufacturing and distribution operate. The Company, through its dynaCERT GmbH division, has an office and warehouse in Lahr, Germany where it provides sales, engineering support, parts warehouse and quick-delivery services to its European clients of the HydraGEN™ family of products.

With now 41 qualified agents and dealers operating in over 38 countries worldwide, the dynaCERT HydraGEN™ line of products is ready to be presented to a market potential of more than 100,000,000 vehicles.

In 2020, the Company has signed the following new Dealers in the respective jurisdictions outlined below:

- Greenwork Vertriebs-GmbH, Austria
- Prairie Air Technology, Canada
- Trend Diesel Ltd., Canada
- TruckSuite Canada Ltd., Canada
- West Tech Mobile Inc., Canada
- Bellaire Emissions Inc., Canada
- SIMMAX, Canada
- Freetron A. Jennewein GmbH, Germany
- Karburg & Schmidt GmbH, Germany
- Praguas SAS, Colombia & Panama
- ACR Industrial Supplies, Colombia and Peru

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Alltrucks GmbH & Co. AG, of Germany ("Alltrucks"), although restricted due to the current Covid pandemic, has initiated promoting dynaCERT's HydraGEN™ technology to 300 of Alltrucks partner establishments in Germany commencing September 1, 2020.

KarbonKleen

On May 9, 2020, KarbonKleen Inc. ("KK") provided the Company with a purchase order for 3,000 HydraGEN™ technology units as part of its monthly subscription programme.

As reported in the news release dated May 11, 2020, the Company has granted to KK, dynaCERT's Preferred Service Provider, the exclusive Dealership rights in the trucking industry in the United States of America until December 31, 2024. The exclusivity granted to KK is subject to certain quotas of a minimum of 150,000 HydraGEN™ technology units over a little more than three years. The pre-existing rights and Dealer relationships that dynaCERT has in the USA continue unrestricted.

In Q1 2021, dynaCERT has received purchase orders with advanced payment of twenty (20) of the Company's 20 newest 2021 model HG1B units for the North American continental trucking customers of KarbonKleen which is furthering its successful trials to its trucking and logistics clients. This is not part of the subscription programme for 3,000 units noted above.

dynaCERT International Strategic Holdings Inc.

As reported in the news release date May 11, 2020, the Company has established a 100%-owned subsidiary called dynaCERT International Strategic Holdings Inc. ("DISH") to be used to support efforts worldwide with investments in strategically unique and exceptional CleanTech innovators directly related to dynaCERT's business, including a subscription programme of dynaCERT's HydraGEN™ technology to enhance end-user adoption.

In a series of related transactions with KK, DISH has agreed to provide KK with HydraGEN™ technology units until December 31, 2021 in return for subscription revenue whereby KK continues to offer on a back-to-back basis a subscription programme to outfit large Canadian and USA trucking fleets with HydraGEN™ technology.

As its first investment, DISH has agreed to invest a total of US \$1,092,000 in KK in a transaction whereby the Company will own, indirectly through DISH, twenty percent (20%) of KK and a Promissory Note from KK due December 31, 2021, bearing interest of 10% per annum. The purpose of this investment by DISH is to accelerate its market penetration and sales in the USA market which both dynaCERT and KK have determined is a growing priority in North America.

The investment in KK is accounted for as a significant influence investment under IAS 28, in the Company's consolidated financial statements.

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During the year ended December 31, 2020, the Company's share of the losses of KK of \$173,737 have been recorded in the consolidated statements of loss and comprehensive loss.

Graduation to the Toronto Stock Exchange and the OTCQX® Best Market

Effective at market open on Tuesday, July 7, 2020, the common shares of dynaCERT commenced trading on the Toronto Stock Exchange under the same symbol "DYA" and were concurrently delisted from the TSX Venture Exchange.

The Toronto Stock Exchange is the premier stock exchange in Canada for established companies, offering enhanced visibility, liquidity and access to capital.

In addition, the 6,152,500 warrants issued as part of the upsized \$8,367,400 underwritten prospectus financing (see Press Release dated June 18, 2020) at an exercise price of \$1.00 per share expiring June 18, 2022, were also be listed effective market open on July 7, 2020 on the Toronto Stock Exchange and trade under the symbol "DYA.WT".

On June 9, 2020, the common shares of the Company were listed on the USA OTCQX® Best Market under the symbol "DYFSF" and delisted from the OTCQB. The Company's common shares continue to trade on ATS platforms in Canada. In Europe, the Company's common shares trade under the symbol "DMJ" on the following Exchanges and Trading Platforms: Börse Stuttgart, Börse Berlin, Börse Düsseldorf, Frankfurter Wertpapierbörse, Börse Hamburg, Börse Hannover, Börse München, LS Exchange, and Tradegate.

United Nations Smart Sustainable Cities

As reported in press release dated August 12, 2020, the Company announced that it has received the Smart Sustainable Company Rating Seal based on the results of the rigorous analysis of Triple-A Analytics GmbH of Austria ("Triple-A"). This honourable distinction of dynaCERT and our HydraGEN™ technology as it applies to the United Nations Sustainable Development Goals as well as United Nations Global Compact Principals has been evaluated as "high", the highest global ranking in its category.

In dynaCERT's Triple-A Smart Sustainable Company Evaluation, Triple-A reports that the United Nations Sustainable Development Goals and the Paris Climate Accord form the world's strongest common agenda for achieving peace and prosperity on a healthy earth.

The extraordinary Triple-A endorsement of dynaCERT allows our dealers to engage with cities with the assurance that the Company's HydraGEN™ technology has a significant contribution to the Sustainable Development Goals.

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City of Woodstock and other Municipalities

As reported in press release dated September 8, 2020 the Company announced that it has agreed to equip diesel powered vehicles of the City of Woodstock, Canada ("Woodstock") with the Company's HydraGEN™ technology to reduce Carbon Emissions and reduce fuel costs. A conventional public transit bus and a recycling packer truck have had HydraGEN™ HG2R technology units installed. The duty cycles for these vehicles range from 8 hours to 16 hours per day and can be compared to other vehicles in the Woodstock fleet of a similar age and duty cycle. The Company has recently tested and recorded the baseline carbon emissions (O₂, NO, NO₂, NO_x, CO, CO₂, Flue Temp) for the City's entire bus and garbage fleet, in order to provide an extensive report showing the potential Greenhouse Gas reductions and fuel savings that can be realized by outfitting the City's entire fleet as reported in the Company's press release of March 15th, 2021.

dynaCERT is also working with several municipalities across Ontario supplying quotes and extensive analyst reports for their fleets showing the potential fuel savings and more importantly the emission reductions and Greenhouse Gas reductions that can be realized with the utilization of HydraGEN™ "Carbon Emission Reduction technology".

Technology Validation, Certifications and Advancements

In 2016, the Company commissioned a program within Canada to test and validate the HydraGEN™ technology at University of Ontario Institute of Technology ("UOIT"), which verified the testing, under simulated road and traffic conditions, that trucks using the HydraGEN™ technology experienced up to 19.2% fuel consumption reductions. As well the HydraGEN™ technology reduced greenhouse gas emissions by up to 40% for the tested Class 8 diesel truck engines. Particulate matter was reduced by up to 65%, significantly reducing black smoke being emitted into the environment by trucks using the HydraGEN™ units.

The independent testing with HG1 units now having the new DYA Smart ECU began in June 2017 at the North American-accredited PIT Group in Quebec.

As reported in the news release dated November 20, 2017, the PIT Group report finds that the HydraGEN™ technology HG1 unit provided a 5.9% improvement in fuel consumption. Testing also proved that emissions were reduced significantly - CO by 48.1%, THC by 50.0%, and NO_x by 46.1%, all of which exceeded our estimates.

The PIT Group wrote to dynaCERT in an email separate to the report: "...for any kind of automotive technology, 5.9 % fuel savings is a result to be envied".

In May 2018 the Company began testing for the Homologation Certification process of the Transport Ministry of Germany, Kraftfahrt-Bundesamt ("KBA"), in cooperation with TUV NORD and TUV SUD in Germany to Euro standards for an Allgemeine Betriebserlaubnis ("ABE") (the general operating permit) that is required for all equipment used on pan-Euro road vehicles. As reported in a Press Release dated September 24, 2018, while the dynamometer test showed an 8.9% fuel savings,

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separately, during the on- road break-in period after the baseline test, the on-board diagnostic (OBD) record of the 2018 MAN TGX 18-460 long haul truck with an HG1-45B showed a 20.1% average fuel savings for the 188 hours of tests, travelling through the mountainous terrain of southern Germany in a heavy load commercial operation.

On August 26, 2019 the Company announced that it had received the ABE Homologation from KBA.

The dynaCERT team has worked closely with Ontario-based NeuronicsWorks and other technical consultants to finalize the electronic interface, design and manufacturing of the "Smart ECU". Certain corresponding provisional and PCT patent applications have now been filed for worldwide coverage of the Smart ECU technology. Please see the section below entitled "Patent Status" for more information.

The "Smart ECU" has shown significant advantages and improvements over the older version of the ECU in several key areas: reading, collecting, storing and transmitting of data pertaining to fuel efficacy and emissions reduction; communicating with the engine's onboard computer; learning and altering the flow of gases produced; GPS capability; providing General Packet Radio Service ("GPRS") capability for remote access and allowing for future tracking and monitoring of Carbon Credits. This capability is aimed at providing users and dynaCERT with accurate data for which to promote, collect and use the carbon credits to a competitive financial advantage.

As reported in press release dated July 30, 2020, the Company reported that in the United Arab Emirates, where the Company has an active dealer, Castle Star General Trading LLC, the Company's products have recently received homologation of dynaCERT's HydraGEN™ technology by way of seven (7) unique Certificates of Conformity and Schedules of Certification under the Emirates Conformity Assessment Scheme, based on recent TUV South testing in Germany. The Company's products can now be offered to numerous markets in Dubai and other parts of the UAE and the Middle East.

PRODUCTS

HG1

dynaCERT's flagship product offering for the HG1 line includes the HG1B and HG1R models in both 12vdc and 24vdc versions which targets the 10 to 15 litre diesel engines. These HG1 units are now in production and are outfitted with the latest SMART ECU2 controller. The Company has initiated a Continuous Product Improvement (CPI) program that is focused on making enhancements to the manufacturing operation to improve product quality. When operating at capacity, it is anticipated the Company will be able to produce 6,000 HG1 units per month in its Toronto assembly facilities. New assembly line equipment has been engineered and has been implemented in early 2020.

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The new upgrades to the HG1 feature fewer moving parts, less electrical connections, a simpler design and more user-friendly operation than the existing HG145 units being deployed at the present time. dynaCERT continues to provide existing customers with the latest upgrades to ensure its continued goodwill with end-users.

HG2

On August 21, 2019 the Company announced that it had officially launched the marketing of its new HG2 line of on-board, on demand hydrogen delivery system for diesel engines. After approximately two years of R&D, testing, verifications, modifications and re-designs, the first HG2R units of HydraGEN™ technology products are now available in 12vdc and 24vdc versions and being shipped to dealers and distributors of dynaCERT for their clients.

The HG2 unit is reduced in size than the HG1 unit. The new HG2R unit is suited for smaller diesel engines than those that are specifically suited to the HG1 line of HydraGEN™ technology. The HG2R unit is designed to be appropriate for those displacement diesel engines used in Buses, Class 2 to Class 7 trucks, Refrigerator Trailers and Containers ("reefers"), Mobile Construction Equipment, Small Generators and Smaller Trucks commonly found outside of North America, such as in European countries and in India and Pakistan. This market size represents approximately 20 million applications in North America and similar sized market opportunities in each of the European and Asian markets.

dynaCERT's engineers were successful in combining the benefits of two prototype HG2 models into one single more advanced and powerful model. The new HG2R model includes a completely newly developed HydraGEN™ technology reactor design, a built-in water tank, a climate control system and dynaCERT's Smart ECU2. Under normal operating conditions, the HG2R unit will produce hydrogen (H₂) gas flows suitable for diesel engines from 2 to 8 litres in displacement.

HG4C & HG6C

dynaCERT's product offering now includes the HG4C targeted for 40 to 60 litre engines, and the HG6C targeted to 60 to 100 litre engines, as used in the stationary generator market in mining applications and also for the large rock hauler trucks used in open pit mines for above ground mining. This comes as a result from many discussions with producing mining companies that are operating mines globally, that have set corporate goals to reduce their environmental footprint. These new models have multiple HG1 reactor units inside a single large case. They are outfitted with a large distilled water tank for longer use between refills. The cases are temperature controlled for +50C to -40C functionality with availability of additional heating system. Each case has an air filtration system to prevent possible dust ingress.

As models are already custom configured to match the particular model and horsepower of the end user's engine, multiple units can even be ganged together for a single engine that is larger than 100 litres.

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SALES

In the fourth quarter of 2020 the Company sales continued to be significantly impacted by COVID-19 restrictions worldwide and the Company's dealers' ability to provide installation services. In that period the Company shipped 17 HydraGEN™ units to dealers and clients. For the year ended December 31, 2020, the Company shipped a total of 67 units.

Sales for the fourth quarter was \$98,248. For the year ended December 31, 2020, the Company recognized sales of \$467,610.

Global Mining Industry

In Q1 2021, dynaCERT has shipped or received confirmed orders of its flagship HG-1 HydraGEN™ technology units as well as its sister HydraGEN™ HG2 and HG4C and HydraGEN™ HG6C large capacity units to international mining companies operating in Russia, China, Brazil and Peru through sales to its arms-length dealer H2Tek specializing in the sale of HydraGEN™ technology in the mining industry. H2Tek is sponsored internationally by Export Development Corporation, a Crown Corporation of Canada, and dynaCERT's currently sole Asian dealer, Puma HydroCarbons, who operates in China. Diamond Mines, Coal Mines, Copper Mines and Gold Mines are adopting dynaCERT's proprietary HydraGEN™ technology globally. The HydraGEN™ HG-4C and HydraGEN™ HG-6C large capacity units will soon be deployed in open pit mining operations on large 50-litre diesel engines that operate in hostile climates such as open pit mines where temperatures dip to -40 degrees Celsius and are located in very remote areas of the planet.

Trucking Industry in North America

In Q1 2021, dynaCERT has received purchase orders of the Company's newest 2021 models HG1 and HG2 units through multiple Dealers continuing to penetrate the North American logistics, trucking and consumer markets, including smaller commercial delivery/service vehicles.

Trade Shows:

In early 2020, the Company attended the Prospectors & Developers Association of Canada Convention ("PDAC") in Toronto. As a result of COVID-19, the Company did not participate in other trade shows as they were universally cancelled worldwide in 2020.

LEGAL MATTERS

The Company has filed a Statement of Claim with the Ontario Superior Court of Justice to recover costs associated with the loss due to the defective components, the work related to the redesign, and the delays in income related to business interruption in the total amount of \$47.7 million. Included in the amount claimed is \$46.8 million relating to the opportunity loss on potential sales of \$70.8 million to June 30, 2017. The defendant has filed a Statement of Defense and the action is proceeding

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to discovery; however, the Covid-19 outbreak has resulted in a delay of the scheduled examinations. In February 2021, both parties held examinations for discovery and the Company awaits answers to undertakings and refusals including production of additional documents.

BUSINESS DEVELOPMENTS

HydraLytics™ Telematics

During the 2019 Q4, the Company made significant advances of its telematics software in order to better demonstrate the effectiveness of its products to end-users.

On July 4, 2019, dynaCERT announced that it has formally launched its new vehicle telematics device and software ("HydraLytics™") enabling easy access to fuel savings and carbon emission reduction reports from diesel-powered vehicles and machinery equipped with the Company's HydraGEN™ technology. Now the Company, its dealers, and clients such as construction companies, truckers and fleet owners equipped with the HydraGEN™ technology, can easily monitor from their computers an automatically-calculated savings of diesel and carbon emissions with HydraLytics™ updated periodically while a truck is travelling.

HydraLytics™ reads data directly from a truck's on-board-diagnostic port (the "OBD port"), and communicates this data to dynaCERT's cloud server remotely through the Company's patented Smart ECU which is integrated into the HydraGEN™ technology unit on vehicles. At the time of activation of a HydraGEN™ unit the new software records, from the OBD data, the total lifetime mileage and lifetime hours used and calculates fuel consumed. Once the HydraGEN™ unit is operational, HydraLytics™ determines fuel consumption, average speed and distance traveled, and calculates fuel savings and reductions of polluting emissions in kilograms of CO2 equivalent ("CO2e"). CO2e is the basis of calculating Carbon Credits.

The HydraLytics™ software allows dynaCERT to provide documented proof to the market of the effectiveness of the HydraGEN™ technology as stated. Since the data used and processed is taken directly from a vehicle's OBD port, HydraLytics™ removes any doubts about the performance of the HydraGEN™ technology as it does not rely on any human interpretation which could possibly be biased. With HydraLytics™, *dynaCERT* expects users will receive viewable and written confirmation direct from their own diesel engines that its HydraGEN™ technology is working and have peace of mind regarding performance.

HydraLytics™ software also enables a user to access telematics information from any location equipped with an internet connection. The HydraLytics™ software also clearly displays historical daily and weekly travel data after the HydraGEN™ technology has been installed on a vehicle. HydraLytics™ continuously maps the routes and locations of vehicles, both in real time and historically, and displays when the vehicle is moving or stationary or when its ignition is off. The intuitive user-friendly software of HydraLytics™ allows truckers and fleet owners to review historical and current performance of their on-road and off-road vehicles.

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Update on DISH Telematics

On September 23, 2020 *dynaCERT* announced that *dynaCERT* International Strategic Holdings Inc. ("DISH"), a wholly-owned subsidiary of *dynaCERT*, has agreed with *dynaCERT*'s HydraLytics™ software developer, to magnify and maintain the functionality of its new proprietary suite of FreightTech software applications. A third-party company has been contracted to market the functionality of *dynaCERT*'s new FreightTech software and share equally with DISH all financial benefits, thus providing a stream of cash flow to *dynaCERT*, through DISH.

The added innovative and proprietary FreightTech functionality that *dynaCERT* is promoting to both (a) its users of HydraGEN™ technology and (b) non-users of HydraGEN™ technology that participate in the logistics ecosystem or manage trucking fleets, provides numerous features indispensable for modern fleet management.

The Company views its decision to enter into the FreightTech industry as a supplementary evolution of services that fit very naturally with *dynaCERT*'s fuel-saving and emission-saving know-how, marketed as its existing HydraGEN™ technology. The Company's intention is that future users of HydraGEN™ technology would have the benefits of fuel savings and reducing carbon emissions, but also the ability to subscribe to innovative proprietary FreightTech management solutions through a monthly subscription programme.

Patents and Proprietary Technology

dynaCERT has several patent applications filed in the US, Canada and other parts of the world, and patents pending for different aspects of the HydraGEN™ technology. These are progressing through the normal patent application process. The Company's R&D team has made improvements to its existing HydraGEN™ technology, and the Company has filed additional claims capturing those improvements.

Below are some of the key patents and patent applications in *dynaCERT*'s patent portfolio:

Patents Granted

On April 9, 2019, the Company was granted a US Patent number 10,253,685, called "Method & System for Improving Fuel Economy & Reducing Emissions of Internal Combustion Engines". The Canadian version (patent application number 2882833) of this patent was granted on June 4, 2019 and issued to the Company on September 17, 2019. A continuation application with additional claims to US Patent number 10,253,685 was filed on February 20, 2019 and a US Patent number 10,494,993 was issued on December 3, 2019. Another continuation application, (application number 16,661,575), which was filed on October 23, 2019, was issued a patent (patent number 10,883,419) on January 5th, 2021.

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On September 3, 2019, the Company was also granted another key US Patent number 10,400,687, called "Management System and Method for Regulating the On-Demand Electrolytic Production of Hydrogen and Oxygen Gas for Injection into a Combustion Engine", which is referred to by the Company as the "Smart ECU patent". The embodiments of this US Patent relate to a management system and method that can simultaneously reduce polluting emissions and improve the performance of an internal combustion engine by: determining dynaCERT's reactor performance level or calculating the amount of gas being generated by dynaCERT's on-demand electrolytic reactor; monitoring the engine performance level, determining whether the engine performance level would change (i.e. decrease or increase), or remain the same to forecast a future engine demand level; adjusting the reactor performance level to improve the engine performance ahead of the forecast future engine demand level materializing to minimize parasitic loss associated with reactors operating continuously (i.e. reactors that are not capable of adjusting their performance level or the level of produced gas according to the real time engine performance level) and, thereby, improving the engine performance and reducing emissions.

Following a PCT application in 2017, patent applications have been filed in Canada and other countries and are awaiting review. The Mexican application (application # mx/a/2019/004488) has been granted. The fee has been paid and we are waiting for the patent to be issued.

Patent Applications

Some of the significant patent applications are described below.

Two continuation applications (number 16,514,460 and number 16,514,543), claiming the benefits of the US Patent number 10,400,687 ("Management System and Method for Regulating the On-Demand Electrolytic Production of Hydrogen and Oxygen Gas for Injection into a Combustion Engine") were filed on July 17, 2019. These applications have been granted. The fees have been paid and we are waiting for the patents to be issued. Another continuation application (application number 17184005) has been filed on February 24th, 2021.

Following a PCT Application in 2018 entitled "Systems and Methods for Tracking Greenhouse Gas Emissions Associated with an Entity", patent applications have been filed in Canada, USA and several other countries around the world. This application (PCT/CA2018/051235) is a method to securely and accurately capture and transmit data on greenhouse gases associated with the following: Residential Entity (single-family residence, townhouse, condo, apartment building), Industrial Entity (factory), Commercial Entity (medical building, educational institution), Power Generation Entity, Railway Entity, Marine Entity, Aviation Entity, On-Road & Off-Road Entities (trucks, cars, buses, ATVs), Agricultural Entity (tractors, combines, barns). The Company also included fertilizers, pesticides and other chemicals and carcinogens in its patent scope. dynaCERT's data collector, the Smart ECU, when attached to the emission source by way of sensors or any other measuring devices, can directly measure emissions output.

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When the data is collected for the first time, it goes through a series of validation processes in order to determine an emission offset measurement based on an emission baseline. The output data is encrypted and then transmitted to a portal or platform where the data is analyzed to determine any changes in emissions output to validate compliance, determine amount of greenhouse gas credit or offset such as Carbon Credits required for trading.

Carbon Credits

Management believes that there exists an opportunity to monetize carbon credits from the HydraGEN™ technology operating on diesel engines. Toward this goal, the Company's patented "Smart ECU" can allow the receipt of allocated Carbon Credits through a European platform which is consistent with the requirements resulting from the Paris Accord.

In recognition of the importance of Carbon Credits, *dynaCERT* has entered into a contractual agreement with International Environmental Partners Limited ("EP") of the UK and its President, Ms. Monika Wojcik, to manage two different but significant dynaCERT applications in the certification of the carbon reductions generated by its HydraGEN™ technology: (a) VERRA a highly recognized international certification organization based in Washington, DC for trading in the European marketplace where the trading of carbon credits is very active and which has been established as a major initiative of the Kyoto Protocol in 1997; and, (b) the Clean Development Mechanism (CDM) for developing countries which has been administered globally since April 6, 2007 by the United Nations offices in Bonn, Germany, and which bases its criteria as a result of an EU Directive 92/57/EEC (OJ L245, 26.8.92) in the Kyoto Protocol (see Press Release dated June 7, 2018). EP is a Sustainability Advisor, Carbon & Biomass trader with relevant knowledge and data of over 15,000 carbon projects from all over the world. As a result, dynaCERT has commenced working with these consultants to place its products in the front line to help HydraGEN™ technology end-users earn Carbon Credit Certificates from the emissions reductions in the transportation industry, a world-wide leading origination that has not been previously possible.

In its Press Release dated November 18, 2019, dynaCERT announced that it is advancing its application for a new Carbon Emission Reduction Methodology to develop Carbon Credit projects from its HydraGEN™ technology and HydraLytics™ Telematics abilities to reduce carbon emissions on a world-wide basis. With the support of EP, the Company has completed and submitted the application to develop a new Methodology to obtain Carbon Credits from the planned Carbon Credit projects which would be made available to dynaCERT clients. The application, submitted to Verra (www.terra.org) under its VCS programme, specifies an all-new Carbon Emission Reduction Methodology. The proposed Methodology uses the Company's patented HydraGEN™ technology to lower carbon emissions and its HydraLytics™ Telematics technology to securely record carbon emissions and other non-personal data from diesel and gas engines. (see Press Release of June 7, 2018). Verra has furthered the application through multiple internal reviews and has submitted to the Company subsequent questions and concerns.

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In its Press Release dated January 18, 2021, dynaCERT announced that Verra approved the concept note of the Company that is designed to secure Carbon Credits by deploying dynaCERT's patented HydraGEN™ technology and HydraLytics™ Telematics on a global basis. Verra is preparing the documentation as well as independent 3rd party auditing which is required prior to the final approval of the methodology for collecting and trading of the carbon credits.

Martin Technologies LLC

In its Press Release dated January 18, 2021, the Company announced that it has agreed to partner with Martin Technologies LLC to collaborate on scientific expansions required to introduce dynaCERT's HydraGEN™ technology to Original Equipment Manufacturers globally. Mr. Harold Martin the CEO of Martin Technologies LLC also joined the advisory board of dynaCERT.

PERFORMANCE MILESTONES AND VERIFICATION UPDATE

New trial programs were started in the quarter to further verify the HydraGEN™ technology to satisfy potential customers on their own transport, equipment and power generation systems. These programs are continuously ongoing.

European Homologation

On August 26, 2019 dynaCERT announced that its wholly-owned European subsidiary, dynaCERT GmbH had obtained from Kraftfahrt-Bundesamt ("KBA"), the Transport Ministry of Germany, the Allgemeine Betriebserlaubnis ("ABE") National Type Approval ("Homologation"). ABE Homologation, which emanates from KBA, permits the marketing, sales, installation and use of dynaCERT's HydraGEN™ technology in Germany and is utilized throughout the entire European Union under the Convention of Road Traffic (1968).

Applications for ABE Type Approval must meet stringent testing and validations required by rigorous and exacting regulation in Germany. *dynaCERT's* HydraGEN™ technology is the only hydrogen gas supply system that has ever been approved by KBA and received Homologation for the ABE Type Approval. This unique advantage gives *dynaCERT* a lead in hydrogen-based technology and provides a strong market benefit as well as a barrier to entry for imitators and possible competitive technologies. The addressable market of *dynaCERT's* HydraGEN™ technology has expanded significantly and globally with the addition of this first-in-kind ABE Homologation.

As a result of its reputation for excellence, the acceptance of an ABE Homologation is monitored by other countries on every continent of the globe. In regulating their transportation industry, many countries and jurisdictions world-wide rely on the ABE Homologation as the unequivocal standard of due diligence and excellence for the regulated use of new expertise, such as *dynaCERT's* HydraGEN™ technology.

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dynaCERT's HydraGEN™ technology underwent thorough testing to obtain ABE Homologation. Moreover, the ABE Homologation from KBA required approximately 26 months of proofs of concept, testing, validations, verifications, confirmations, authentications, rigorous trials with strict protocols, scientific analysis, exacting reviews using both on-road and in-laboratory methods and accompanying certified reports. Numerous engineers, combustion specialists and automotive experts, including world- renowned authorities in Europe such as Continental EMITEC, TÜV Nord, TÜV Süd, were consulted and relied upon by KBA which granted the ABE. (See Press Releases dated August 16, 2018 and September 17, 2018).

The new HG1R24 and HG2R24 Euro-versions of the HydraGEN™ technology have completed and passed the EMC testing and submissions are being sent to the KBA for finalization of what is termed in Germany as a 'delta approval' which is required when products that have already passed ABE Certification get upgrades from the manufacturer. The 'delta approval' consists of routine electrical and mechanical tests and do not require the testing, validations, verifications, confirmations, authentications, rigorous trials with strict protocols, scientific analysis, exacting reviews using both on-road and in-laboratory methods and accompanying certified reports as were conducted by Continental EMITEC, TÜV Nord for the original ABE certification.

Austrian Adoption

In advance of receiving KBA Homologation ABE for Europe, *dynaCERT* secured permission to install units on government-owned vehicles in Austria. In 2019, the Province of Carinthia ordered and installed two of four HydraGEN™ HG1-45B units on diesel-powered heavy-duty road service vehicles owned by the Province of Carinthia. The office of the provincial government of Carinthia, in consultation with the Road and Maintenance Department and *dynaCERT*, extended the pilot project in Carinthia.

In September 2020, two MAN Euro VI dump trucks of the province's public services have been equipped with the HydraGEN™ technology. The installation has been executed by *dynaCERT* GmbH in conjunction with one of our European dealers, Freetron, and the results are being monitored for emission and fuel reductions.

Marine Applications

The Company has several marine initiatives underway. Initial trials were expected to be completed in 2020, but are delayed to 2021. These are to be followed by sea-based trials on a ship's service engines, which provides electrical power to service the ship. These service engines can be as large as a 15L engine on a Class 8 truck and large ships can have up to 4-6 service engines on board.

Middle East: Work on a project to test a unit on a tug boat is underway. The project would allow for direct testing of 2 engines side by side – one with HydraGEN™ technology and the other without it under the same conditions.

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Germany: Talks are underway with dynaCERT's new dealer Karberg & Schmitz to help dynaCERT progress with marine type approval certification. Working alongside marine advisory specialists, dynaCERT and Karberg & Schmitz are working to further advance HydraGEN™ technology into the maritime sector.

United Kingdom: dynaCERT is working alongside its dealer Leo Maritime to work towards both the river vessel and cruise vessel markets. With years of industry experience working in the maritime sector, Leo Maritime is working to leverage their contacts and experience to help dynaCERT grow into the maritime sector in Europe.

RESULTS OF OPERATIONS

Results of operations for the three months ended December 31, 2020 as compared to the three months ended December 31, 2019

The Company reported a comprehensive loss from operations for the three months ended December 31, 2020 of \$2,653,875 as compared to \$4,340,298 for the three months ended December 31, 2019. Key influencers to the increase in expenditures are:

- Research and development costs increased by \$794,787 in the current period as the Company continues to develop and improve and increase its product offerings.
- Revenue decreased by \$755,785 during the current period compared to the prior period. See Sales section.
- The Company receiving the CEWS during the three months ended December 31, 2020 of \$617,077.
- A decrease in share-based compensation expense of \$2,584,952 in the current period compared to the prior period as a result of vesting conditions, and forfeitures.

Results of operations for the year ended December 31, 2020 as compared to the year ended December 31, 2019

The Company reported a comprehensive loss from operations for the year ended December 31, 2020 of \$13,725,049 compared to \$12,666,123 for the year ended December 31, 2019. Key influencers to the decrease in expenditures are:

- Research and development costs increased by \$1,970,995 in the current period as the Company continues to develop, improve and increase its product offerings.
- General and administrative costs increased by \$446,605 due to costs related to the closing of the filing of its short-term prospectus offering.
- The Company receiving the CEWS during the year ended December 31, 2020 of \$1,009,539.

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- Interest income of \$225,359 in the current period compared to \$5,838 in the prior period due to interest earned on short-term deposits as a result of a strong cash balance throughout the period.
- Revenue decreased by \$597,017 during the current period compared to the prior period. See Sales section.
- A decrease in share-based compensation expense of \$1,132,853 in the current period compared to the prior period as a result of vesting conditions, and forfeitures.

Quarterly results vary in accordance with the Company's research and development, financing and non-cash expenses such as share-based compensation. The Company's professional fees vary in each quarter depending on financing activities being undertaken.

Research and development expenditures vary depending on amount of work being done on product development and testing. To date the Company has expensed all research and development costs.

LIQUIDITY AND CAPITAL

As at December 31, 2020, cash on hand was \$18,836,013 as compared to \$16,319,235 at December 31, 2019.

The Company had cash outflows from operating cash flows of \$11,434,650 which was due to net loss of \$13,725,049 which was affected by non-cash adjustments of \$4,081,883, which is comprised of accretion and amortization of \$488,310, stock-based compensation of \$3,469,992, loss on investment in associate of \$173,737 loss on foreign exchange of \$6,784, offset by accrued interest on promissory notes of \$59,940. Operating cash flows were affected by non-cash working capital items of negative \$1,791,484 which comprised of an increase in accounts receivables of \$91,223, inventory \$845,084, prepaid expenses of \$845,568, an increase in amounts payable and other liabilities of \$29,534, and a decrease in deferred revenue \$39,133.

The Company had cash outflows from investing activities of \$3,187,718 which was due to acquisition of property and equipment of \$1,236,764, acquisition of intangible assets of \$414,182, funds lent through a note receivable of 1,020,293 and in investment in an associate of \$516,479.

The Company had cash inflows from financing activities of \$17,139,146 which was due to funds raised from a private placement of \$7,596,970 (net of share issuance costs), funds from exercise of warrants and options of \$9,930,841, and offset by repayment on a promissory note of \$268,300 and lease obligation of \$113,582.

The Company issued 200,000 common shares regarding a legal settlement on July 8, 2020.

The Company expects to be financed primarily through the completion of equity transactions such

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as equity offerings and the exercise of stock options and warrants. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See "Caution Regarding Forward Looking Statements", and "Risks and Uncertainties".

Use of Proceeds	Allocation of Net Proceeds	Amount Spent	Remaider to be Spent
Financing raw materials and manufacturing and assembly costs in order to create and deliver finished goods inventory for the KarbonKleen subscription program and any other subscription programs or other product sales	\$ 5,839,440	\$ 1,130,838	\$ 4,708,602
Working capital and general corporate purposes	2,527,960	2,527,960	-
Total	\$ 8,367,400	\$ 3,658,798	\$ 4,708,602

As at December 31, 2020 the Company has sufficient cash, and intends to spend the funds available to it as stated above.

However, there may be circumstances where, for sound business reasons, a reallocation of the net proceeds of the Offering may be necessary. The actual amount that the Company spends in connection with each of the intended uses of proceeds will depend on several factors, including those referred to under "Risk Factors" in this MD&A.

The Company may need to adjust the timeframe for meeting various business objectives and milestones depending on the availability of funds. Notwithstanding the proposed uses of available funds as discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to affect the planned activities of the Company. For these reasons, it is considered to be in the best interests of the Company and its shareholders to afford management a reasonable degree of flexibility as to how the funds are deployed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates.

Based on the rate of expenditure above, the Company will have sufficient cash to fund its operations for the twelve months ended December 31, 2021.

At December 31, 2020 the Company had accounts payable and accrued liabilities of \$835,492 as compared to \$947,958 at December 31, 2019.

Going concern uncertainty

At each reporting period, management assesses the basis of preparation of the financial statements. These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards. The going concern basis of presentation assumes that

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the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not include any adjustments to amounts and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

For the year ended December 31, 2020, the Company incurred a net loss of \$13,725,049 (December 31, 2019 - \$12,666,123) and had negative operating cash flows of \$11,434,650 (December 31, 2019 - \$9,229,237). Although the Company has generated revenue from customer sales, the sales volumes achieved to date have not been significant and has not generated sufficient margins to cover the Company's operating costs and research and development costs. The Company has an accumulated deficit of \$76,591,227 since inception (December 31, 2019 - \$62,866,178). The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to generate cash flows from operations and to complete negotiations to obtain and successfully close additional funding from debt financing, equity financings or through other arrangements. While the Company has been successful in arranging financing in the past, there can be no assurance the debt financing or any equity offering will be successful in light of the impact of the COVID-19 on the global capital markets. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

While the Company has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in the future on terms favorable for the Company. The Company may need to raise additional capital to fund operations. This need may be adversely impacted by uncertain market conditions, approval by regulatory bodies, and adverse results from operations.

TRANSACTIONS WITH RELATED PARTIES

The Company paid or accrued the following costs incurred on transactions with the directors and officers and companies controlled by them: Key management includes directors and other key personnel, including

Nature of Transaction	December 31,	
	2020	2019
Rent	\$ 240,842	\$ 240,702
Consulting fees paid to directors	546,990	729,706
Total	\$ 787,832	\$ 970,408

The CEO, President and CFO, who have authority and responsibility for planning, directing, and controlling the activities of the, Company.

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Included in accounts payable and accrued liabilities as at December 31, 2020 is \$nil (December 31, 2019 is \$47,670) owed to directors, companies controlled by former directors or companies having certain directors in common.

As at December 31, 2020, there is \$221,000 of unpaid capital relating loans granted to an officer, and director of the Company for the exercise of options and warrants. This amount is recorded as a reduction of capital represents loans to employees secured by their respective unpaid shares.

Included in accounts receivables and other is a loan in the amount of \$362,350 bearing interest at 2.1% per annum receivable from an entity controlled by an officer and director of the Company. Total interest income earned on the loan amounted to \$19,325, as of the date of this MD&A principle and interest has been paid in full by the borrower.

Included in prepaid expenses as at December 31, 2020 is \$124,465(December 31, 2019 - \$nil) for advance payments of salaries to an officer and director of the Company for services to be provided in fiscal 2021.

Included in construction in progress is \$701,880 of renovation expenditure paid to an entity controlled by the family of an officer and director of the Company.

The compensation paid to these key management personnel for the year ended December 31, 2020 and 2019 is summarized below:

Nature of Transaction	December 31,	
	2020	2019
Short-term benefits	\$ 547,329	\$ 751,400
Share based compensation	\$ 1,883,149	\$ 3,044,092

The Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the year ended December 31, 2020, the Company paid or accrued professional fees of \$60,540 (December 31, 2019 - \$58,882) to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at December 31, 2020, MSSI was owed \$nil (December 31, 2019 - \$5,700) with respect to services provided.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

SHARE CAPITAL TRANSACTIONS

The Company had successful financings during the period, raising significant capital for the operations of the Company, allowing expansive growth as a result of a favourable average share price for the 2020 fiscal year.

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The Company completed a public offering of units at a price of \$0.68 per unit for an aggregate of \$8,367,400. Each unit consists of one common share and one-half of one common share purchase warrant; each whole warrant entitled the holder to purchase one share at an exercise price of \$1.00 per share expiring June 18, 2022.

During the year ended December 31, 2020, the Company had 9,017,500 stock options and 22,114,768 warrants exercised in the period providing additional liquidity to the Company.

CAPITAL MANAGEMENT

The Company's shareholders' equity comprises its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its products and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk level.

The Company manages the capital structure and makes adjustments to it in light of changes in 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.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS (MANAGEMENT OF FINANCIAL RISKS)

Fair value

The Company classifies its cash, receivables and deposits as loans and receivables; and accounts payable and accrued liabilities and promissory note payable as other financial liabilities.

The carrying values of cash, prepaid expenses and receivables approximate their fair values due to the short-term maturity of these financial instruments and are classified as level 1. The fair value of the accounts payable and accrued liabilities approximates their carrying value as they are due on demand.

The Company's risk exposure and the impact on the Company's consolidated financial instruments are summarized below.

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Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and accounts receivable.

The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to cash and receivables is remote as it maintains accounts with highly rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2020, the Company had current liabilities of \$1,146,875 (December 31, 2019 - \$1,547,581) and cash and receivables of \$20,129,231 (December 31, 2019 – \$16,953,671).

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. The Company is not exposed to any significant interest rate risk volatility.

OUTSTANDING SHARE DATA AS OF March 31 2021

The Company has 381,124,180 common shares outstanding as of the date of this report.

Below is a summary of the warrants outstanding as of the date of this report:

Tranche	Expiry Date	Unit Price	Ending Quantity	\$ Value
Tranch 1 2019 Nov	November 15, 2021	0.65	900,000	585,000.00
Tranch 1 2019 12 Nov	November 28, 2021	0.65	14,000,000	9,100,000.00
Tranch 1 2019 13 Dec	June 18, 2022	1.00	6,152,000	6,152,000.00
Tranch 1 2020 18 Jun Broker	June 18, 2022	0.68	598,260	406,816.80
			21,650,260	\$16,243,816.80

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Below is a summary of the stock option outstanding as of the date of this report:

Expiry Date	Exercise Price (\$)	Outstanding Options	\$ Options Value
July 13, 2021	\$0.10	350,000	35,000
November 30, 2021	\$0.40	500,000	200,000
December 16, 2021	\$0.80	2,850,000	2,280,000
March 13, 2022	\$0.71	350,000	248,500
September 19, 2022	\$0.58	1,000,000	580,000
October 23, 2022	\$0.65	1,166,000	757,900
January 31, 2023	\$0.50	3,770,000	1,885,000
April 05, 2023	\$0.50	238,096	119,048
October 04, 2023	\$0.25	326,000	81,500
March 01, 2024	\$0.38	4,059,210	1,542,500
May 15, 2024	\$0.35	250,000	87,500
July 30, 2024	\$0.50	600,000	300,000
September 11, 2024	\$0.50	500,000	250,000
October 11, 2024	\$0.50	50,000	25,000
November 12, 2024	\$0.50	882,000	441,000
December 09, 2024	\$0.52	2,804,500	1,458,340
December 17, 2024	\$0.55	400,000	220,000
July 02, 2025	\$0.70	6,400,000	4,480,000
August 04, 2025	\$0.70	200,000	140,000
October 30, 2025	\$0.55	100,000	55,000
January 26, 2026	\$0.55	850,000	467,500
		27,645,806	15,653,788

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SELECTED ANNUAL INFORMATION

Comparative information for annual periods from December 31, 2020, 2019 and 2018 has been presented in accordance with IFRS.

SUMMARY OF SELECT ANNUAL INFORMATION				
	2020	2019	2018	
Revenue	\$ 467,610	\$ 1,064,627	\$ 91,620	
Operating Expenses	\$ 10,701,017	\$ 8,790,283	\$ 7,690,755	
Comprehensive Loss	\$ 13,725,049	\$ 12,666,123	\$ 11,413,401	
Basic and Diluted Loss	\$ 0.039	\$ 0.043	\$ 0.045	
Total Assets	\$ 27,496,158	\$ 20,564,704	\$ 4,154,980	

SELECTED QUARTERLY INFORMATION

	Quarter Ended			
	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20
Total Assets	\$ 27,496,158	\$ 24,520,660	\$ 26,281,281	\$ 20,687,436
Working Capital	\$ 23,162,965	\$ 19,985,385	\$ 21,668,940	\$ 17,511,114
Shareholders' Equity	\$ 26,344,438	\$ 23,533,108	\$ 24,931,986	\$ 18,952,234
Total Revenue	\$ 98,248	\$ 36,973	\$ 19,805	\$ 312,584
Operating Expenses	\$ 3,192,463	\$ 2,877,040	\$ 2,041,115	\$ 2,590,399
Share Based Compensation	\$ 3,469,992	\$ 3,714,766	\$ -	\$ 185,260
Net loss and				
Comprehensive Loss	\$ 2,653,875	\$ 6,525,740	\$ 2,087,481	\$ 2,457,953
Basic and Diluted Loss per				
Share	\$ (0.007)	\$ (0.018)	\$ (0.006)	\$ (0.007)

	Quarter Ended			
	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
Total Assets	\$ 20,564,704	\$ 4,511,302	\$ 3,922,404	\$ 5,778,004
Working Capital	\$ 17,656,133	\$ 539,416	\$ 860,310	\$ 2,712,531
Shareholders' Equity	\$ 18,929,684	\$ 1,629,982	\$ 1,564,722	\$ 3,655,586
Total Revenue	\$ 854,033	\$ 161,716	\$ 45,638	\$ 3,240
Operating Expenses	\$ 3,050,828	\$ 1,929,185	\$ 1,667,319	\$ 2,142,951
Share Based Compensation	\$ 2,154,916	\$ 662,955	\$ 148,479	\$ 1,636,495
Net loss and				
Comprehensive Loss	\$ 4,340,298	\$ 2,309,194	\$ 2,237,699	\$ 3,778,932
Basic and Diluted Loss per				
Share	\$ (0.015)	\$ (0.034)	\$ (0.013)	\$ (0.014)

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RISKS AND UNCERTAINTIES

Prior to making an investment, decision investors should consider the investment risks set out in the Annual Information Form ("AIF"), located on SEDAR at www.sedar.com, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out in the AIF to be the most significant to potential investors in the Company but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment relating to the Company.

ACCOUNTING POLICIES

New standards adopted

Definition of a Business (Amendments to IFRS 3)

The IASB has issued Definition of a Business (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs
- narrow the definition of a business and the definition of outputs
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business

This amendment is effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted. The Company has adopted this policy during the year ended December 31, 2020, and there was no material impact to the consolidated financial statements.

New standards not yet adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

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- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, and evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that, based on their evaluation, they are effective as at December 31, 2020, to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries is made known to management and disclosed in accordance with applicable securities regulations.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

The Chief Executive Officer and Chief Financial Officer are responsible for certifying the design of the Company's ICFR as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers' Annual and Interim Filings" and CSA staff notice 52-316 – "Certification of Design of Internal Control over Financial Reporting". The Company's ICFR are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable accounting standards. ICFR should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail that accurately and fairly reflect the transactions and dispositions of the Company's assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with applicable accounting standards;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

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Because of their inherent limitations, ICFR may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Chief Executive Officer and Chief Financial Officer have evaluated the Company's ICFR and concluded that they are effective as at December 31, 2020. Management follows the Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company has designed appropriate ICFR for the nature and size of its business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with applicable accounting standards.