Management's Discussion and Analysis

For the Three Months Ended March 31, 2024

Contact Information :
***dynaCERT* Inc.**
501 Alliance Avenue,
Suite 101
Toronto, ON M6N 2J1
Contact Person:
Mr. Jim Payne, CEO
Email: info@dynacert.com

MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2024

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 May 14, 2024 and was reviewed and approved by the board of directors and audit committee of the Company. The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited condensed consolidated interim financial statements of dynaCERT Inc. and notes thereto for three months ended March 31, 2024. 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.sedarplus.ca.

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 and 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 OTCMKTS (DYFSF).

dynaCERT is a cleantech sector Company that specializes in delivering Carbon Emission Reduction Technologies to the global diesel engine marketplace, along with the advancements in "Green Hydrogen" AEM Electroliser technology available globally in the Hydrogen Economy. Throughout *dynaCERT*'s years in business, the Company has 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 greenhouse gas emissions; and (b) address the desire to provide lower operating costs including a decrease in fuel consumption.

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, busses, off-road and on-road construction machinery and mining equipment, as well light, medium and heavy duty public sector fleet vehicles and targeted for use in refrigerated trailers and containers, and forestry industries, with potential for application in the ocean shipping, agricultural and trans-continental rail industries.

The system is a patented and patent-pending retrofit product that is designed to provide performance enhancements by introducing hydrogen and oxygen into the air intake manifold resulting in greater fuel efficiency and reduced carbon emissions in internal combustion engines.

***dynaCERT* Facilities and Dealers**

The Company operates in many jurisdictions around the world with facilities in Canada and through agents and dealers in Canada and internationally. 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 in Germany where it provides sales, engineering support, parts warehouse and quick-delivery services to its European clients of the HydraGEN™ family of products.

With 48 qualified agents and dealers operating in over 55 countries worldwide, the *dynaCERT* HydraGEN™ line of products are commercially available to the market.

***dynaCERT* International Strategic Holdings Inc.**

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.

Technology Validation, Certifications and Advancements

Independent testing with HG1 units began in June 2017 at the North American-accredited PIT Group in Quebec. The PIT Group report found 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 NOx by 46.1%, all of which exceeded *dynaCERT*'s 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".

The Company's "Smart ECU" has shown significant advantages in several key areas: reading, collecting, storing and transmitting of data and altering the flow of gases produced; GPS capability; providing General Packet Radio Service ("GPRS") capability for remote access and allowing for future tracking.

Research and Development Initiatives

Generally, the Company's HydraGEN™ Technology has depended entirely on R&D expenditures related to securing the Company's line of innovative patents, patents-pending and associated global trademarks showcasing the Company's advancements in Hydrogen Technology.

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.

The following tables provide a breakdown of the Company's expenditures on R&D initiatives by product and component for the three months ended March 31, 2024 and 2023:

Total by component	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Material	$ -	$ 95,407
Labour	-	-
Overhead	7,114	169,971
Total	$ 7,114	$ 265,378

Total by Product	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Hydralytica	$ 7,114	$ 48,274
AEM Electroliser	-	215,074
HG1 & HG2	-	2,030
Total	$ 7,114	$ 265,378

The Company also has a Continuous Product Improvement (CPI) program that is focused on making enhancements to the manufacturing operation to improve product quality and is not included in the chart above.

More specifically, on the Company's HG1 models, the Company has reduced the number of unique parts from over 300 to under 210 in order to reduce costs (making the product more robust, easier to manage, assemble and service), enhanced the engineering of the HG1 to allow it to function in high temperature and low temperature climates and environments, enhanced safety features of the HydraGEN™ technology, and made the product more user friendly, such as with the automatic distilled water filling mechanism. The Company's engineering team has also been developing a double HG1 unit designed to accommodate the large "Road Trains" travelling across Australia, South America and in the Alberta oil and gas industry. A smaller more condensed HG1 model with a smaller footprint is also being developed to accommodate certain needs in the European market. On its HG2 models, the Company has developed these units to adapt *dynaCERT*'s HydraGEN™

Technology to work on smaller size diesel engines (under 8 litres of displacement) and for refrigerated trailers ("Reefers") in order to address a sizeable world market for such smaller engines.

Using the HydraGEN™ Technology, several years of R&D by the Company also resulted in the larger HGC series of products, namely the HG4C and HG6C products, which are to be used primarily in heavy mining industry vehicles and construction equipment markets.

dynaCERT also spent required R&D funds to develop its original Smart ECU and the current model Smart ECU2, developing both the hardware and related software and, over time, the related continuous enhancements, as well as reporting software, thereby providing alarms and warnings to both users and *dynaCERT* remotely in real time.

In furthering the functionality of the Smart ECU versions, *dynaCERT* has also developed its HydraLytica™ Telematics system and subsequent enhancements whereby users can monitor both carbon emissions savings and fuel savings in real time for each vehicle outfitted with HydraGEN™ Technology units. See "Business Developments – HydraLytica™ Telematics".

The Company has entered into a collaboration agreement aimed at commercializing AEM technology. Further to *dynaCERT*'s R&D in past years, since February 2023, Cipher Neutron Inc. (Cipher Neutron") is developing a series of larger-volume AEM Electrolysers to produce "Green Hydrogen" Gas under pressure in exponentially larger quantities than *dynaCERT's* current HydraGEN™ Technology. *dynaCERT*'s R&D had been done using current and available known technologies while R&D also developed a unique Flow Field Plate and applied for a patent for this plate, which is unique to the industry. Cipher Neutron exhibited the AEM technology at various conventions where they unveiled both a 10kw and 40kw AEM system. These are the largest commercialized AEM (Green Hydrogen) electrolyser currently available in the world.

PRODUCTS

dynaCERT has been successful in offering its HydraGEN™ Technology in a diversity of markets because of its distinct line of products which includes the following models: HG1 model designed for 10 to 15 litre diesel engines; HG2 model, designed for 1 to 8 litre diesel engines; HG4C designed for 30 to 60 litre diesel engines, HG6C designed for 60 to 90 litre diesel engines.

The HG4C and HG6C models have been significantly modified and improved to account for and respond to input and customer needs. The HG4C and HG6C units are designed to meet the growing need and demand for improved fuel efficiency, along with a significant reduction in GHG's of resources companies, and achieve future carbon credits such as in mining, forestry and oil & gas.

HG1

dynaCERT's flagship product offering, the HG1 line, includes the HG1R models in both 12vdc and 24vdc versions, which target the 10 to 15 litre diesel engine market. These HG1 units are in production and are outfitted with the latest SMART ECU2 controller.

HG2

Under normal operating conditions, the HG2 unit will produce hydrogen (H2) gas flows suitable for diesel engines from 2 to 8 litres in displacement. The HG2R model includes a newly developed HydraGEN™ technology reactor design, a built-in water tank, a climate control system and *dynaCERT*'s Smart ECU2. The HG2 unit is reduced in size from the HG1 unit. The HG2 unit is suited for smaller diesel engines than those that are specifically suited to the HG1 line of HydraGEN™ technology. The HG2 unit is designed to be appropriate for those displacement diesel engines used in Buses, Class 2 to Class 7 trucks, 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.

HG4C & HG6C

dynaCERT's product offering also includes the HG4C targeted for 40 to 60 litre engines, and the HG6C targeted for 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. These 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, in certain cases for up to +50C to as low as -40C functionality with availability of an additional heating system. Each case has an air filtration system to reduce dust ingress.

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

HydraLytica™ Telematics

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

dynaCERT formally launched its vehicle telematics device and software ("HydraLytica™") in July 2019, enabling easy access to fuel savings and carbon emission reduction reports from diesel- powered vehicles and machinery equipped with the Company's HydraGEN™ technology.

The Company provides its HydraLytica™ Telematics to its dealers and clients such as construction companies, truckers and fleet owners equipped with the HydraGEN™ technology so that they can easily monitor from their computers an automatically calculated savings of diesel and carbon emissions while the vehicle is in use.

HydraLytica™ receives data directly from a truck's on-board-diagnostic port (the "OBD port") and communicates this data to *dynaCERT's* cloud server remotely. 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, HydraLytica™ determines fuel consumption, average speed and distance traveled, and calculates fuel savings and reductions of polluting emissions in kilograms of CO_2 equivalent ("CO_2e"). CO_2e is expected to be the basis of calculating Carbon Credits.

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

HydraLytica™ software also enables a user to access telematics information from any location equipped with an internet connection. The HydraLytica™ software also displays historical travel data after the HydraGEN™ technology has been installed on a vehicle. HydraLytica™ 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 HydraLytica™ allows truckers and fleet owners to review historical and current performance of their on-road and off-road vehicles.

MANUFACTURING CAPABILITIES

When operating at capacity, it is anticipated that the Company will be able to produce 6,000 HG1 units per month in its Toronto assembly facilities.

The Company has also now implemented systems based on Automotive Industry Action Group (AIAG) and ISO standards. Each unit manufactured has real time traceability for all Quality Inspections performed and logged digitally to the Company's ERP database. All supplied significant components are also traceable to the source and quality checks are performed. Layered audits are performed regularly to ensure that the integrity of these processes is sustained. All customer feedback is reviewed by *dynaCERT's* Engineering group and vetted through the Company's formal engineering change process.

SALES

During the three months ended March 31, 2024, the Company recognized sales of $nil.

Global Mining Industry

Sales of *dynaCERT's* proprietary HydraGEN™ Technology to the global mining industry, through dealers of the Company.

Australia

Gridfix Net2Zero, dynaCERT's dealer in Australia and New Zealand, has ordered HydraGEN™ Units. Gridfix Net2Zero have pilots underway with Capital Drilling with 1 HG4C in Australia and 3 HG1s on drill rigs in Egypt. Gridfix Net2Zero also has installed an HG4C for Capital Drilling which was shipped after the quarter end. There is an initial HG2 sold by Gridfix to Port of Nelson in New Zealand. They have also in an HG1 installed on Waste Management trash compactor in New Zealand.

Mexico
Sigma Alimentos has completed their pilot with good results and have ordered 18 additional HG1s for deployment in Mexico.

Brazil
2 x HG6C Models were sent to Brazil and are anticipated to be installed in the next quarter.

France
dynaCERT GmbH sold HG1 and HG2 Units in France.

Canadian Oil & Gas

The Company's dealer, Simply Green Distributors, based in Alberta, secured clients that have purchased HG1 units for use on Drill Rigs and Fracking Pumps for pilot projects. These projects are being monitored and it is expected that Simply Green will look to leverage these into the small and large producers operating in the Alberta Oil Sands.

Purchase Orders

Following prior trials, repeat purchase orders with deposits (received but not shipped in 2023 and Q1 2024) included 137 Units, of which 119 HG1 and HG2 Units destined for Peru and 18 additional HG1 Units for deployment in Mexico to be shipped before the end of Q2 2024.

LEGAL MATTERS

The Company previously received an order for HydraGEN™ Technology Units, the recipient of which is a company located in Guyana (the "Recipient"). On July 31, 2023, the Company delayed deliveries of HydraGEN™ Units under this order pending further notice by either the Recipient or its representatives, that certain outstanding issues were resolved to everyone's satisfaction, details of which were disclosed in the Company's press release dated July 31, 2023. Despite continued ongoing dialogue with representatives of the Recipient, none of the identified issues have been resolved to date. Further, the Company has been made aware of litigation that appears to involve the purchase order in question. This litigation consists of a claim requesting the return of the initial deposit that was received in May 2023, followed by a third-party claim among various extraneous parties claiming damages. These two matters have now been consolidated by the court. At a recent case conference, the third party plaintiff's counsel advised the court that he has agreed to give the Company a waiver of defense in respect of the third-party claim (such that the Company shall only require a defense to the deposit claim). The Company believes that this litigation has no merit against dynaCERT. Given the emergence of litigation and lack of progress in resolving delivery issues over past months, the Company has determined to suspend indefinitely this purchase order pending resolution by courts or clarification of the litigation issues in question.

Subsequent to December 31, 2023, the Company has also received a statement of claim from a former consultant of the Company and an associated corporate entity alleging wrongful (constructive) dismissal and breach of contract in addition to damages in the amount of $679,400 and other incidental relief including benefits, unpaid vacation pay and rights to his unexercised options. Management believes that this litigation has no merit against the Company. Neither the possible outcome nor the amount of possible settlement can be foreseen.

BUSINESS DEVELOPMENTS

In 2023, the Company hired a software data analytics team to ready the application of HydraLytica™ for the launch of the Company's Carbon Credits programme.

European Homologation

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 in granting the ABE Homologation.

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. *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 processes. The Company's R&D team has made improvements to its existing HydraGEN™ technology, and the Company has filed additional claims capturing those improvements.

dynaCERT owns 23 distinct patents in different countries and jurisdictions around the world. These patents can be sectioned into 6 overarching families of patents.

The chart below is a summary view of the patent portfolio's standing.

***dyna*CERT Patent Summary**	
# of Patent Families	6
Patent: Granted	23
Patent: Pending	27
Total Patents & Applications	51

The chart below is an overview of the patent portfolio.

***dyna*CERT Patent Portfolio**		
Patent Family		Jurisdictions Granted
1	MANAGEMENT SYSTEM AND METHOD FOR REGULATING THE ON-DEMAND ELECTROLYTIC PRODUCTION OF HYDROGEN AND OXYGEN GAS FOR INJECTION INTO A COMBUSTION ENGINE	1. United States of America 2. China 3. Chile 4. France 5. Germany 6. Israel 7. Mexico 8. United Kingdom 9. Russia 10. Saudi Arabia
2	SYSTEMS AND METHODS FOR TRACKING GREENHOUSE GAS EMISSIONS ASSOCIATED WITH AN ENTITY	1. United States of America 2. Chile 3. Russia
3	METHOD AND SYSTEM FOR IMPROVING FUEL ECONOMY AND REDUCING EMISSIONS OF INTERNAL COMBUSTION ENGINES	1. United States of America 2. Canada
4	SYSTEMS AND METHODS FOR IMPROVING FUEL ECONOMY OF INTERNAL COMBUSTION ENGINES	1. United States of America
5	ELECTROLYTIC REACTOR AND METHOD OF OPERATING SAME	1. United States of America
6	METHOD AND SYSTEM FOR AUTOMATIC MONITORING OF THE LEVEL OF ELECTROLYTE SOLUTION INSIDE OF AN ELECTROLYTIC REACTOR	1. United States of America

Carbon Credits

The Company believes an opportunity exists to monetize carbon credits from the HydraGEN™ technology operating on diesel engines. In November 2019, *dynaCERT* announced that the advancement of its application for a new Carbon Emission Reduction Methodology to develop Carbon Credit projects from its HydraGEN™ technology and HydraLytica™ Telematics abilities to reduce carbon emissions on a world-wide basis. The Company had 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.verra.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 HydraLytica™ Telematics technology to securely record carbon emissions and other non- personal data from diesel and gas engines. Verra has furthered the application through multiple internal reviews.

On July 13, 2022, the Chief Program Development and Innovation Officer of Verra signed an agreement engaging Earthhood Services Private Limited ("Earthhood") to provide independent third-party verification services related to *dynaCERT*'s Carbon Credit Methodology.

Earthhood was chosen by *dynaCERT* to review and provide services in respect of the "Validation of the Methodology" in accordance with the terms and conditions set out in the applicable program rules.

Earthhood has finalized an assessment report on the Methodology for improved efficiency of fleet vehicles and combustion engines, which supports the Methodology which will be used by *dynaCERT* to validate its Carbon Credits under Verra's VCS Program. Please see www.earthhood.in for further information about Earthhood.

Verra has posted on its website that the methodology is currently at "Step 6: Final Verra Review and Decision" of the VCS Methodology Development and Review Process.

In 2024, the Company is working with Verra on its final stages of its VCS Program.

Cipher Neutron

In February 2023, dynaCERT entered into a Collaboration Agreement with Cipher Neutron Inc. ("CN" or "Cipher Neutron"), a privately held Ontario based company, to further develop, produce and market AEM Electrolyser technology, that is designed to produce Green Hydrogen for world-wide large infrastructure projects.

Cipher Neutron develops a disruptive technology focused on Electrolysers for Green Hydrogen production and Reversible Fuel Cells for power generation and energy storage solutions. Cipher Neutron's innovative products, such as Electrolysers and Reversible Fuel Cells under development, have unique advantages over other hydrogen production, power generation and energy storage solutions currently available in the global market.

The Collaboration Agreement provides that dynaCERT and CN plan to expand the development of dynaCERT's previously announced Anion Exchange Membrane (AEM) Electrolysers, with a goal to expand dynaCERT's collaborative Research & Development.

The R&D goals of CN and dynaCERT are to eventually design and produce commercially larger systems capable of producing Green Hydrogen Gas at more competitive prices than are currently offered, in order to excel at the ever-increasing competitive Green Hydrogen pricing marketplace and place the technologies at the forefront and cutting edge of the Hydrogen technology.

Under the Collaboration Agreement, dynaCERT has been provided with options to acquire common shares of CN (the "CN options"). As at the date hereof, dynaCERT holds 16,000,000 options to invest up to $ 6,000,000 up to December 31, 2024, and 10,666,666 options to invest up to $6,500,000 up to July 31, 2025, for a total investment of $ 12,500,000. If fully exercised, these options in aggregate could result in dynaCERT purchasing up to an approximately 39% ownership of CN based on CN shares outstanding as at the date of the Collaboration Agreement. The Company does not presently have sufficient funds to exercise these CN Options. If exercised, the proceeds of this investment are expected to be used by CN, in collaboration with dynaCERT, to develop a state-of-the-art International Hydrogen Research Development facility in the Greater Toronto Metropolitan area, which would enable the development of AEM 250 Kilowatt Electrolysers. As well, part of the proceeds shall be used to establish the necessary Production and Quality Control facilities for CN's line of Reversible Fuel Cell models, and AEM Electrolyser models.

As at the date hereof, dynaCERT does not own any shares (or rights to acquire shares) of CN, other than the CN options granted under the Collaboration Agreement. Additional financing activities by dynaCERT are expected to be necessary in order to facilitate the exercise by dynaCERT of the any CN options.

RESULTS OF OPERATIONS

Results of operations for the three months ended March 31, 2024, compared to the three months ended March 31, 2023

The Company reported a loss and comprehensive loss from operations for three months ended March 31, 2024, of $1,219,938 compared to $1,457,216 for the three months ended March 31, 2023. Revenue decreased by $73,075 in the quarter compared to Q1 2023.

Key influencers to the changes in expenditures are:

- Cost of Goods sold decreased by $216,925 as a result of lower sales than the previous quarter in the previous year.
- Research and development costs decreased by $258,264 as a result of the less support and consulting work in 2024 vs 2023.
- General and administrative costs increased by $75,814 due to regulatory fees.
- Wages, benefits, and third-party consulting costs increased by $97,001 due to the change in director fees, and an increase headcount in service department.

LIQUIDITY AND CAPITAL

As at March 31, 2024, cash on hand was $134,413 as compared to $247,268 at December 31, 2023.

The Company had cash outflows from operating activities of $1,759,756, which was due to a net loss for the period of $1,219,938, non-cash adjustments of $257,325, and non-cash working capital items of $797,143. Non-cash adjustments of $257,325, comprised of accretion and amortization of $242,089, interest paid of $14,684, accrued interest of $21,830, provision for warranties of $211, reversal of impairment of inventory of $29,675, and loss on settlement of debt of $8,186.

Operating cash flows were affected by non-cash working capital items of $797,143 which comprised of an increase in prepaid expenses of $144,173, an increase in inventory of $318,666 (before the inventory impairment write down), a decrease in amounts payable and other liabilities of $537,967, a decrease in customer deposits of $2,902, an increase in deposits of $14,926, an increase in warranty provision of $211, and offset, an increase in accounts receivables and sales tax receivables of $221,902.

The Company had cash outflows from investing activities of $10,509 which was due to the acquisition of intangible assets of $6,710, and acquisition of property plant and equipment of $3,799.

The Company had cash inflows from issuance of units of $1,299,191 less paid commissions of $3,747. Cash flows from other financing activities include the proceeds from certain investors for future private placements of $487,500.

As at March 31, 2024, the Company has $164,635 of principal loans outstanding plus accrued interest of $45,646 owing to Chairman and CEO for cash advances to the Company for a total of $210,361. The cash advances bear interest at 12% per annum and are payable upon demand.

As at March 31, 2024, the Company has a $350,000 loan outstanding to a shareholder. due upon the Company completing an equity funding of $3,500,000, and another loan in the amount of $150,000. The $350,000 loan was due in April 2023, but remains unpaid. The loans bear interest at 1% per month without compounding.

The Company expects to be financed primarily through future sales revenues and through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. There is no assurance that future sales will be recognized, or 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".

As at December 31, 2024, the Company had accounts payable and accrued liabilities of $2,192,455 as compared to $2,785,072 at December 31, 2023.

Going concern uncertainty

At each reporting period, management assesses the basis of preparation of the financial statements. The Company's unaudited condensed consolidated interim financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that 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. *dynaCERT*'s unaudited condensed consolidated interim 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 three months ended March 31, 2024, the Company incurred a net loss of $1,219,938 (March 31, 2023 - $1,457,216) and had negative operating cash flows of $1,759,756 (March 31, 2023 - $737,603). Although the Company has generated revenue from customer sales, the sales volumes achieved to date have not been sufficient to generate the margins required to cover the Company's operating costs and research and development costs. The Company has an accumulated deficit of $104,660,374 since inception (December 31, 2023 - $104,471,428).

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. Management has determined that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

RELATED PARTIES TRANSACTIONS

Key management includes directors and other key employees, who have authority and responsibility for planning, directing, and controlling the activities of the Company.

Other than as disclosed elsewhere in this document, the following provides details of related party transactions.

The Company paid or accrued certain of the following amounts to directors, companies controlled by directors or companies having common directors during the three months ended March 31, 2024 and March 31, 2023.

	Three Months Ended March 31,	
Nature of Transaction	**2024**	**2023**
Consulting fees paid to directors	$ 149,955	$ 104,964
Short-term benefits	66,000	66,000
Total	**$ 215,955**	**$ 170,964**

Included in consulting fees to directors above for the three months ended March 31, 2024, are commissions of is $16,680 (2023 - $16,680) in connection with certain sales contracts, $nil (March 31, 2023 - $60,745) for business development services, $60,775 (March 31, 2023 - $60,775) for executive VP services. As at March 31, 2024, officers and directors were owed $286,940 (December 31, 2023 - $258,500) with respect to services provided.

Included in research and development for the three months ended March 31, 2024, is $nil (March 31, 2023 - $92,008) paid to key consultants for research and development work. These key consultants are also directors of Cipher Neutron Inc.

During the three months ended March 31, 2024, the CEO, and director agreed to settle $190,925 of the balance of the loan for 1,272,836 Units at a price of $0.15 per Unit and recorded a loss on settlement of the debt of $6,364. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one Share at an exercise price of $0.20 per Share on or before February 22, 2027. As at March 31, 2024, the Company has $210,361 in loans outstanding with interest to the CEO, and director for cash advances to the Company. The cash advances bear interest 12% per annum and are payable upon demand.

As at December 31, 2022, the Company had loans to officers, and directors of the Company in the aggregate amount of $550,000 relating to share capital. The loans were non-interest bearing and due on demand. During the three months ended March 31, 2023, the shares were returned to the Company and the loans were cancelled.

During the quarter ended March 31, 2024, the Company paid for certain expenses on behalf of Cipher Neutron Inc. As at March 31, 2024, the Company has a receivable amount of $20,000 (2023 - $20,000) owed from Cipher Neutron Inc. Further during the three months ended March 31, 2024, and during the year ended December 31, 2023, Cipher Neutron Inc. was provided office space within the Company's offices at no additional cost.

OFF BALANCE SHEET ARRANGEMENTS

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

SHARE CAPITAL TRANSACTIONS

See "Liquidity and Capital".

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 year ended December 31, 2023, and the three months ended March 31, 2024. The Company is not subject to externally imposed capital requirements.

OUTSTANDING SHARE DATA AS OF May 14, 2024

The Company had 416,512,516 common shares outstanding as of March 31, 2024. There were no share transactions between March 31, 2024, and the date of this report.

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

Expiry Date	Exercise Price ($)	Number of Options Outstanding
May 15, 2024	0.350	250,000
July 30, 2024	0.500	600,000
October 11, 2024	0.500	50,000
November 12, 2024	0.500	801,000
December 9, 2024	0.520	1,725,000
December 17, 2024	0.550	400,000
July 2, 2025	0.700	5,005,000
July 9, 2025	0.700	5,000
October 25, 2025	0.550	100,000
January 8, 2026	0.550	850,000
May 30, 2026	0.500	5,940,000
August 25, 2027	0.300	6,070,000
October 23, 2027	0.300	100,000
February 7, 2028	0.175	6,000,000
March 28, 2028	0.175	1,500,000
		29,396,000

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

Expiry Date	Unit Price	Ending Quantity
March 31, 2026	0.30	666,667
December 4, 2026	0.20	9,669,277
December 4, 2025	0.15	5,000
December 20, 2026	0.15	3,181,500
December 20, 2025	0.18	18,150
February 22, 2027	0.20	5,149,223
February 22, 2026	0.18	24,983
		18,714,800

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.sedarplus.ca, 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 accounting standards adopted

The IASB 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 Company adopted this amendment on January 1, 2024 and there was no material impact on the condensed consolidated interim financial statements.

New standards not yet adopted

There were no new or amended accounting standards or interpretations that are expected to have a material impact on the Company’s condensed consolidated interim financial statements.

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 March 31, 2024, 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 interim 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.

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, 2023. 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.

During the three months March 31, 2024, Chief Executive Officer and Chief Financial Officer have evaluated whether there were changes to the ICFR that have materially affected, or are reasonably likely to materially affect, the ICFR. No such significant changes were identified through their evaluation which was based on the COSO Model.

SUBSEQUENT EVENTS

Subsequent to March 31, 2024, Ms. Tanya Rowntree and Dr. James Tansey were appointed as directors of the Company.