



NU E Power Corp.

MANAGEMENT DISCUSSION AND ANALYSIS

(unaudited, in Canadian dollars)

Three and nine months ended September 30, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis ("MD&A") is a discussion of the operating results, cash flows and financial position of NU E Power Corp. ("NU E" or the "Company") (formerly NU E Corp.) for the three and nine months ended September 30, 2024 and 2023, and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements ("consolidated financial statements") for the three and nine months ended September 30, 2024, and its comparative consolidated financial statements for the year ended December 31, 2023. The Company was incorporated on January 28, 2021. The MDA reflects all material events up to November 29, 2024, the date on which this MD&A was approved by the Company's Board of Directors.

Advisories

Basis of Presentation

All financial information provided in this MD&A has been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, under IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Company has consistently applied the same accounting policies throughout the periods presented.

All amounts are presented in Canadian dollars, which is the Company's presentation currency and functional currency, unless otherwise indicated.

Additional information relating to the Company is included in its audited consolidated financial statements for the year ended December 31, 2023. Information on the Company's (www.nu-ecorp.com) website does not form part of and is not incorporated by reference in this MD&A.

Forward-Looking Statements

Certain statements relating to NU E in this document or documents incorporated herein by reference constitute forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements can be identified by the words "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "may", "potential", "should", "will", "project", "forecast", "goal", "guidance", "outlook", "proposed" or expressions of a similar nature suggesting future outcome or statements regarding an outlook. Disclosure related to expected future power pool electricity pricing, forecast or anticipated electricity production, operating costs, capital expenditures, income tax expenses and other targets provided throughout this MD&A of the financial condition and results of operations of the Company, constitute forward-looking statements. Disclosure of plans relating to and expected results of existing and future developments, the development and deployment of technology and technological innovations; the financial capacity of the Company to complete its growth projects; and the "Status of the Company's projects" section of this MD&A, also constitute forward-looking statements. These forward-looking statements are based on annual budgets and multi-year forecasts and are reviewed and revised throughout the year as necessary in the context of project returns, power pool electricity pricing expectations and balance in project risk and time horizons. These statements are not guarantees of future performance and are subject to certain risks. The reader should not place undue reliance on these forward-looking statements as there can be no assurances that the plans, initiatives or expectations upon which they are based will occur.

The forward-looking statements are based on current expectations, estimates and projections about the Company and the industry in which the Company operates, which speak only as of the earlier of the date such statements were made or as of the date of the report or document in which they are contained, and are subject to known and unknown risks and uncertainties that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others: general economic and business which may impact, among other things, demand and supply for and market prices of electricity, and the availability and cost of resources required by the Company's operations; fluctuations in currency and interest rates; assumptions on which the Company's current targets are based; environmental regulations; political uncertainty; industry capacity; ability of the Company to implement its business strategy; impact of competition; ability of the Company and its subsidiaries to complete capital programs; the Company's and its subsidiaries' ability to secure transmission access; ability of the Company to attract the necessary labour required to build, maintain, and operate its



projects; availability and cost of financing; the Company's ability to meet its targeted electricity production levels; and actions by governmental authorities (including changes to carbon credit programs).

The Company's operations have been, and in the future may be, affected by political developments and by national, federal, provincial, and local laws and regulations such as price controls and access to power grid and environmental protection regulations. Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are dependent upon other factors, and the Company's course of action would depend upon its assessment of the future considering all information then available.

Readers are cautioned that the foregoing list of factors is not exhaustive. Unpredictable or unknown factors not discussed in this MD&A could also have adverse effects on forward-looking statements. Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on information available to it on the date such forward-looking statements are made, no assurances can be given as to future results, levels of activity and achievements. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Except as required by applicable law, the Company assumes no obligation to update forward-looking statements in this MD&A, whether as a result of new information, future events or other factors, or the foregoing factors affecting this information, should circumstances or the Company's estimates or opinions change.

Electrical Abbreviations

MW	megawatt alternating current
MWh	megawatt alternating current per hour
GW	gigawatt alternating current

Overview of NU E Power Corp.

NU E is a Canadian based solar development company headquartered in Calgary, Alberta. The Company's core activity is the development of solar photovoltaic infrastructure projects, including site identification, land acquisition, regulatory and interconnection processes, and managing facility construction.

On August 20, 2024, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE"). The Company's stock symbol on the CSE is *NU E*.

Joint venture agreement

The Company is party to a joint venture with Low Carbon Canada Solar Limited ("Low Carbon"), an unrelated party, established for the purpose of developing existing and future solar energy projects through Low Carbon NU-Energy Corp. ("LC NU-Energy"). NU E and Low Carbon each have a 50% ownership of the common shares of LC NU-Energy and they exercise joint control.

The Company, Low Carbon, and LC NU-Energy have a Development Services agreement whereby NU E provides solar energy development services and Low Carbon provides services and investment capital to LC NU-Energy.

When a solar development project in a special purpose vehicle ("SPV") owned by LC NU-Energy reaches the ready-to-build stage ("RTB"), Low Carbon is given the right of first refusal to acquire 100% of the SPV's equity at a third-party determined market value from LC NU-Energy. Concurrent to Low Carbon exercising its right to purchase 100% of a given project's SPV equity from LC NU-Energy, NU E has the option to acquire 25% of the SPV at the same price per share. If Low Carbon does not elect to acquire the solar development SPV at the ready-to-build stage, NU E has the option to purchase 100% of the project equity. On December 11, 2023, Low Carbon exercised its right of first refusal to purchase 100% of Lethbridge One Solar Corp. ("LOSC") and NU E exercised its option to purchase 25% of LOSC, resulting in an effective decrease in the Company's ownership of LOSC from 50% to 25%.



Distribution of Funds at the Ready-to-Build Stage

At the RTB stage, the net proceeds from the sale of the SPV by LC NU-Energy are distributed under a waterfall payment structure whereby proceeds are first used to repay Low Carbon for the redemption amount of any preferred shares held in the LC NU-Energy; second to repay any development loans; third to repay any other debt instruments; fourth to retain sufficient working capital for the following 12 months of development costs; fifth to retain funds to pay one year's expected corporate taxes; and the remaining net proceeds are paid to shareholders in accordance with their respective equity interest in LC NU-Energy.

Status of the Company's projects

Overview

The Lethbridge One solar power construction project was nearing completion at the end of the third quarter and began producing limited amounts of solar power in the fourth quarter of 2024 during its staged commissioning. The Company is also furthering the development of its four solar projects to the ready-to-build stage.

In July 2023, a moratorium on approval of renewable energy projects was imposed by the provincial government to provide the Alberta Utilities Commission ("AUC") with time to evaluate the impact of renewable energy projects on the province and the electricity grid, See *Alberta Renewable Energy Moratorium* below.

While the moratorium on approvals for new renewable energy projects in Alberta was officially removed on February 28, 2024, and the Alberta government provided an overview of proposed changes, the impact on future renewable energy projects remains unclear at this stage. It is anticipated that details of the impact on regulatory policies and procedures will be released over the coming months (see *Regulatory changes in Alberta* section). As a result, the Company reduced budgeted spending and developed only essential components for its four projects in the development stage, through LC NU-Energy, which wholly owns separate SPV's for each project. These projects, which are at various development stages, include Lethbridge Two, Lethbridge Three, Hanna, and Jenner, all located in Alberta.

Gross installed capacity is the total power production capacity of a solar power facility, including the interest not owned by NU E. Net installed capacity is the proportional share of the gross capacity attributable to the Company based on its ownership interest in that facility. The following describes the Company's solar power projects and outlines the development stages of the projects:

Lethbridge One

The construction of the Lethbridge One solar power facility in Lethbridge, Alberta, was nearing completion at the end of the third quarter of 2024. The Lethbridge One solar power facility has gross installed capacity of 8.75 MW (net installed capacity of 2.2 MW) that is to be connected to the Alberta Interconnected Electric System ("AIES"). NU E has 25% ownership in LO SC, which owns the Lethbridge One solar project. As of September 30, 2024, development and construction costs of \$15.9 million gross (\$4.0 million net) have been incurred. All remaining construction and commissioning costs to bring the project into production are being funded by loans from Low Carbon. The Lethbridge One solar power facility was granted approval by the Alberta Electric System Operator ("AESO") prior to the Alberta government's regulatory changes in 2023.

Subsequent to September 30, 2024, the Lethbridge One solar power facility commenced a staged commissioning of the photovoltaic solar modules, resulting in the generation its first electricity production during the fourth quarter of 2024.

Lethbridge Two and Lethbridge Three

The Lethbridge Two and Lethbridge Three projects are located near Lethbridge, Alberta. The land for these projects is contiguous, although the Company anticipates separate grid connections and accounts for them as separate projects being developed simultaneously. The Lethbridge Two and Lethbridge Three projects have incurred \$0.6 million gross (\$0.3 million net) and \$0.5 million gross (\$0.3 million net), respectively, of expenditures related to securing land, regulatory, grid connection studies, and internal costs. The Lethbridge Two facility is targeted to have gross installed capacity of 12.6 MW (net installed capacity of 3.2 MW) and Lethbridge Three facility is targeted to have gross installed capacity of 140 MW (net installed capacity of 35 MW), pursuant to the agreements with Low Carbon, see *Joint venture agreement* section.



These projects are currently awaiting AUC approval to construct the planned solar power facilities, which is anticipated to be received in December 2024.

Delays in finalizing the regulatory changes resulting from the moratorium in Alberta has created economic uncertainty, resulting in the two projects being pulled from cluster approval process (“CAP”) One and applications were resubmitted for the CAP Two. This will result in AESO approval being delayed until later in 2025.

Hanna

The Hanna project is in east central Alberta. The Hanna project has incurred \$0.4 million (\$0.2 million net) of expenditures primarily related to securing land, regulatory, grid connection studies, and internal costs. The Hanna solar power generation project is targeting to have gross installed capacity between 190 MW and 220 MW (net installed capacity between 48 MW and 55 MW) pursuant to the agreements with Low Carbon, see *Joint venture agreement* section. The installed capacity may be increased depending on the availability of land for additional development.

The Hanna project is ready to file an AUC application pending clarity on the moratorium outcome.

Jenner

The Jenner solar power project is located in southern eastern Alberta. The Jenner project has incurred \$0.6 million (\$0.3 million net) of expenditures related to regulatory, grid connection studies, and internal costs. The Jenner solar power generation project is targeting to have gross installed capacity of 39 MW (net installed capacity of 9.7 MW) pursuant to the agreements with Low Carbon, see *Joint venture agreement* section.

The Jenner project was pulled from the Cluster One study during the first quarter of 2024 due to issues with securing a portion of the subject lands. The Jenner project will have limited expenditures until the subject lands are secured.

Regulatory changes in Alberta

The Role of the Alberta Utilities Commission

The AUC responsibility is to consider whether it is in the public's best interest to approve the construction of any electrical power plant in Alberta. It determines whether it is in the public's interest by evaluating:

- Environmental impacts
- Wildlife impacts
- Property values
- Noise impact
- Visual impact
- Land use considerations
- Local and municipal economic benefits

The AUC provides construction permits allowing power generation facilities to be constructed in Alberta.

The Role of the Alberta Electric System Operator

The AESO manages the AIES by balancing supply of power from producers to the power grid with what is needed by users. The AESO oversees a six-stage gated process that commences with a cluster study that assesses independent projects submitted by various power development companies simultaneously. The cluster study involves a detailed assessment of the impact the project will have on the power grid, as well as the AESO's preferred connection alternatives.

Cluster Assessment Process

The CAP was introduced in April 2023, as a new way for the AESO to assess projects. Instead of assessing projects individually, projects will be batched (i.e. clustered) and assessed together simultaneously. The CAP includes generation and storage projects injecting 5 MW or more at the facility's connection to the AIES. This is a common industry practice across many other North American independent system operators (“ISOs”) and is expected to increase the efficiency, timeline certainty, and reduce red tape compared to the previous AESO approval process.

Alberta Renewable Energy Moratorium

In late July 2023, the AUC proclaimed a seven-month moratorium on the approval of new renewable energy projects. The AUC cited the rapid growth and development of renewable electricity in Alberta as creating issues relating to land use, electricity system reliability and concerns from rural municipalities and landowners. The renewable power project development inquiry was tasked with specifically addressing the following:

- The use of specific types of agricultural or environmental land
- The impact of development on Alberta's pristine views
- Mandatory reclamation security requirements
- Development on lands held by the Crown
- The impact of renewables on generation supply mix and grid reliability

On February 28, 2024, the Alberta government announced the removal of the moratorium and provided an overview of proposed changes that will effect renewable energy projects in Alberta, however details of the proposed changes remain outstanding and are expected to be released in early 2025. As a result, the Company is continuing to wait for clarification before committing significant capital to affected projects in Alberta.

As of the date of this MD&A, the AUC is still consulting on the formal rule changes before a draft is released to the public for comment.

Market Pathways Initiative

On June 27, 2023, at the AESO Stakeholder Symposium, the Market Pathways Initiative was introduced to stakeholders. The purpose of the Market Pathways initiative is to identify market pathways, in collaboration with stakeholders, that inform the future evolution of Alberta's market design considering transformational changes expected on the AIES. This priority initiative is intended to evaluate the sustainability of the current market design and provide recommendations for change. A key focus will be on how to achieve reliability and affordability through competition.

Alberta's electricity market structure faces new and increasing challenges to support a reliable and affordable electricity system. The AESO has noted key operational and reliability challenges occurring as a result of this transformation that test the sustainability of the existing market design. Building on the Net-Zero Pathways Report and the Reliability Requirements Roadmap – Market Pathways is the next stage in evaluating the sustainability of the existing market structure.

Proposed phased approach and associated engagement timeline provided by the AESO is as follows.

Q3 2023	Phase I: Scoping of Initiative and Issue Identification
Q3 2023 - Q1 2024	Phase II: Determination of Targeted Workgroup; Evaluation of Issues, Options, Potential Solutions and Timing
Q1 2024 - Q2 2024	Phase III: Pathways Identification and Recommendations
Q3 2024 Onwards	Phase IV: Implementation

The impact on NU E's projects, if any, from the Market Pathways initiative have yet to be determined.

Material components of expenditures on development projects by NU E

The Company transferred its development projects to its LC NU-Energy joint venture in 2023, see *Joint venture agreement* section above. After entering into the joint venture agreement on June 6, 2023, all expenditures on development projects were incurred and recognized within the LC NU-Energy joint venture. LC NU-Energy has been recognized as an equity investment in accordance with IFRS, as LC NU-Energy is subject to joint control.

The following shows the major components of the Company's development costs in non-current assets by project prior to entering into the joint venture agreement that were transferred to LC NU-Energy, for the years ended December 31, 2023, and 2022, and 338 days ended December 31, 2021.

	Lethbridge One	Lethbridge Two	Lethbridge Three	Hanna	Jenner	Tilley ⁽¹⁾	Irvine ⁽¹⁾	Total
February 28, 2021	-	-	-	-	-	-	-	-
Internal costs	29,170	-	-	-	-	1,336	-	30,506
Land acquisition and lease costs	3,354	-	-	-	-	2,761	-	6,115
Regulatory and legal	16,939	-	-	-	-	-	-	16,939
Engineering	8,418	-	-	-	-	-	-	8,418
Capitalize interest	5,823	-	-	-	-	-	-	5,823
2021 additions	63,704	-	-	-	-	4,097	-	67,801
December 31, 2021	63,704	-	-	-	-	4,097	-	67,801
Internal costs	38,766	37,182	20,213	8,523	5,123	15,958	7,853	133,618
Land acquisition and lease costs	30,283	18,497	65,409	422	-	453	-	115,064
Regulatory and legal	52,754	18,610	28,593	-	10,432	2,828	618	113,835
Engineering	139,248	21,951	-	-	-	-	-	161,199
Grid connection studies	4,000	65,417	-	-	4,500	-	-	73,917
Site construction	270,302	-	71	-	-	-	-	270,373
Expensed development costs	-	-	-	-	-	(23,490)	(8,471)	(31,961)
Capitalize interest	41,430	-	-	-	-	-	-	41,430
2022 additions	576,783	161,657	114,286	8,945	20,055	(4,251)	-	877,475
December 31, 2022	640,487	161,657	114,286	8,945	20,055	(154)	-	945,276
Internal costs	18,025	11,867	7,306	12,280	10,935	-	-	60,413
Land acquisition and lease costs	(1,575)	151	-	138,145	4,596	-	-	141,317
Regulatory and legal	(3,930)	23,968	9,127	20,340	20,287	154	-	69,946
Engineering	5,143	17,597	-	-	5,090	-	-	27,830
Grid connection studies	1,825	(5,463)	-	4,314	64,000	-	-	64,676
Site construction	116,950	-	-	-	-	-	-	116,950
Capitalize interest	17,082	-	-	-	-	-	-	17,082
2023 additions	153,520	48,120	16,433	175,079	104,908	154	-	498,214
2023 transfer to joint venture ⁽²⁾	(794,007)	(209,777)	(130,719)	(184,024)	(124,963)	-	-	(1,443,490)
December 31, 2023	-	-	-	-	-	-	-	-

(1) The Tilley and Irvine development projects were cancelled in 2022. This resulted in \$32,049 of costs being expensed during 2022, which included derecognizing all previously capitalized costs for Tilley and Irvine up to December 31, 2022.

(2) The Company transferred all its development projects to LC NU-Energy.

Intent to acquire Diloo Energy Corp.

On September 18, 2024, the Company entered into a Letter of Intent to acquire 49% of the issued and outstanding shares (“Diloo Acquisition”) of Diloo Energy Corp. (“Diloo”), a private Canadian green hydrogen developer that is majority owned and operated by Indigenous Canadians. NU E and Diloo are related due to common ownership.

Diloo is developing 120 megawatts of clean energy in Alberta by permitting and constructing green hydrogen infrastructure. As consideration for the Diloo Acquisition, the Company will issue common shares to Diloo shareholders based on a transaction valuation of \$4.0 million at an exchange ratio to be determined at the time of signing the definitive agreement.

Selected quarterly information

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue	103,998	186,644	471,432	248,685
Net loss	(433,171)	(581,686)	(1,217,725)	(1,927,340)
per share – basic and diluted	(0.01)	(0.03)	(0.04)	(0.08)
Dividends ⁽¹⁾	-	-	-	-

	September 30, 2024	December 31, 2023
Total assets	872,823	1,520,404
Total non-current financial liabilities	12,452	25,258

(1) The Company has not declared dividends as of the date of this report.

Financial performance and operating results

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue	103,998	186,644	471,432	248,685
General and administrative	459,941	687,024	1,407,054	1,902,027
Share-based compensation	40,246	67,111	161,575	304,805
Depreciation and amortization	18,805	21,561	60,881	65,508
(Gain) loss on sale of asset	(432)	1,950	(432)	(71,057)
Finance expense (income), net	1,122	(4,826)	41,299	(729)
Loss from equity investments	17,487	-	18,780	-
Taxes	-	(4,490)	-	(24,529)
Net loss	(433,171)	(581,686)	(1,217,725)	(1,927,340)

The Company provided services to the LC NU-Energy joint venture under the terms of the Development Services agreement (see *Joint venture agreement* section). During the three and nine months ended September 30, 2024, the Company earned \$103,998 and \$471,432, respectively, which has been recognized as revenue. The decrease in the third quarter of 2024 compared to the same quarter of 2023 was the result of the joint venture scaling back operations due to the continual delay in the Alberta governments final changes in regulations for green energy projects. The increase in revenues for the nine months ended September 30, 2024, from 2023 is due to the Development Services agreement commencing in early June 2023. The development services revenue earned by the Company is based on the cost of labour provided by NU E in developing LC NU-Energy solar projects, plus an associated general and administrative charge. The revenue earned covers 100% of the cost of the Company’s renewable energy development specialists and 10-75% of the cost of members of the Company’s management. The general and administrative charge covers approximately 50% of NU E’s rent, utilities, office expenses, vehicles, and operating insurance.

General and administrative expense for the three and nine months ended September 30, 2024, was \$459,941 and \$1,407,054, respectively, and was \$687,024 and \$1,902,027 for the three and nine months ended September 30, 2023, respectively. The decrease in 2024 compared to 2023 was primarily due to reduced audit and legal fees, and decreased management compensation expense between the periods. The general and administrative expense primarily consisted of wages and consulting fees for employees and management, office expenses, and professional fees. See above, for a description of the general and administrative expenses that are recovered through the Development Services agreement.



The Company recognized \$40,246 and \$161,575 in share-based compensation for the three and nine months ended September 30, 2024, respectively, compared to \$67,111 and \$304,805 in share-based compensation for the three and nine months ended September 30, 2023, respectively. The change between periods relate to stock options issued to employees, consultants, and board members of the Company regarding timing of issuances, forfeitures, and the graded vesting of issued stock options.

Depreciation and amortization for the three and nine months ended September 30, 2024, was \$18,805 and \$60,881, respectively, compared to \$21,561 and \$65,508 for the three and nine months ended September 30, 2023, respectively. Depreciation and amortization primarily related to its office and vehicle leases. Finance expense (income), net, for the three and nine months ended September 30, 2024, was an expense of \$1,122 and \$41,299, respectively, and for the three and nine months ended September 30, 2023, was income of \$4,826 and \$729, respectively. The increase in finance expense between the nine months periods, net, was primarily due to the \$30,000 extension fee for the convertible debenture ("Debenture") paid in the first quarter of 2024, and that the Company ceased capitalizing interest in the second quarter of 2023. The finance expense (income), net, includes interest on the Company's office and vehicle leases, bank fees, and other financing costs, which is offset by interest earned on its loan receivables and deposit interest.

The Company had a loss from equity investments of \$17,487 in the third quarter of 2024 and a loss of \$18,780 during the first nine months of 2024. The Company's equity investments consisted of LC NU-Energy and LOSC.

Summary of Quarterly results

The following is a summary of the Company's quarterly financial results for the eight most recently completed quarters:

	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Revenue	103,998	172,885	194,549	152,679
General and administrative	459,941	477,712	469,401	667,837
Share-based compensation	40,246	54,091	67,238	154,392
Depreciation and amortization	18,805	21,157	20,919	22,151
Net gain on sale of assets	(432)	-	-	(152,547)
Finance expense, net	1,122	1,278	38,899	35,747
(Income) loss from equity investments	17,487	(4,682)	5,975	6,241
Reverse takeover expense	-	-	-	6,436,937
Taxes	-	-	-	(81)
Net loss	(433,171)	(376,671)	(407,883)	(7,017,998)
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Revenue	186,644	62,041	-	-
General and administrative	687,024	849,896	365,107	443,344
Development	67,111	-	-	32,049
Share-based compensation	21,561	178,772	58,922	58,922
Depreciation and amortization	1,950	22,504	21,443	23,248
Net gain on sale of assets	(4,826)	(73,007)	-	-
Finance expense, net	-	1,237	2,860	4,655
Taxes	-	(20,039)	-	-
Net loss	(4,490)	(897,322)	(448,332)	(562,218)

The Company began earning revenue in the second quarter of 2023, from LC NU-Energy, and related to the terms of the Development Services agreement that commenced on June 7, 2023. The revenues decreased in the third quarter of 2024, due to a reduction in reimbursable consulting costs incurred on behalf of LC NU-Energy.

The Company's general and administrative costs decreased during the first nine months of 2024, reflecting lower professional fees being incurred. General and administrative costs were elevated throughout the second, third and fourth quarters of 2023, due to the legal costs related to the acquisition of Vinza and its public listing process, along with additional consulting fees and wages related to the scope of the Company's activities increasing after the Low Carbon agreement. General and administrative costs increased during the second quarter of 2023, primarily the result of increases in wages and consulting fees.



The Company issued stock options in the second quarter of 2023, third quarter of 2023, and fourth quarter of 2023. The options were expensed on a graded basis according to their vesting schedule, with one third immediately expensed and one third on each of the anniversary dates.

During the second quarter of 2023, the Company realized a net gain on the sale of development assets related to the formation of the LC NU-Energy joint venture. In the fourth quarter of 2023 the Company realized a net gain on the sale of its Lethbridge One land.

In the fourth quarter of 2023, the Company incurred an RTO expense related to the acquisition of Vinza.

Liquidity

As at September 30, 2024, the Company had a combined cash balance of \$311,571 and a net working capital deficit of \$283,570.

	September 30, 2024	December 31, 2023
Cash	311,571	816,883
Trade and other receivables	122,509	161,859
Prepays and deposits	51,176	34,011
Loan receivable	11,030	45,983
Accounts payable and accrued liabilities	(468,634)	(534,116)
Current portion of loans and borrowings	(300,000)	(300,000)
Current portion of leases	(11,222)	(51,280)
Net working capital (deficit)	(283,570)	173,340

The Company has not yet generated sufficient revenue from the development of its solar power generation assets to provide positive cash flow from operating activities and has incurred losses of \$0.4 million and \$1.2 million for the three and nine months ended September 30, 2024, respectively, and a loss of \$8.9 million for the year ended December 31, 2023. The Company will require additional capital to fund development of its solar power generation assets through its joint venture with Low Carbon and other corporate activities over the next year and beyond.

The consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business. The long-term viability of the Company will depend on its ability to develop new solar power generation projects or other long-term sources of income to provide positive cash flow from operating activities, which is dependent on the Company's ability to successfully access additional financing. These matters create a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern.

On August 19, 2024, the Company closed a \$500,000 private placement by issuing 250,000 common shares at \$2.00 per share. On August 20, 2024, the Company's common shares began trading on the CSE.

Cash flows

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cash flows used in operating activities	(276,540)	(319,594)	(852,628)	(1,368,624)
Cash flows from (used in) financing activities	382,094	(26,370)	310,859	(290,465)
Cash flows from (used in) investing activities	11,341	(102,314)	36,457	589,123
Net decrease in cash and cash equivalents	116,895	(448,278)	(505,312)	(1,069,966)

Operating activities

Cash flows used in operating activities for the three and nine months ended September 30, 2024, were \$276,540 and \$852,628 respectively, compared with cash flows used in operating activities of \$319,594 and \$1,368,624 for the three and nine months ended September 30, 2023, respectively. The decrease in cash flows used in operating activities in 2024 from 2023 for the comparable periods were primarily due to the factors previously noted in net loss, as well as changes in non-cash working capital.

Financing activities

The Company raised \$496,915 in a private placement during the third quarter of 2024, net of share issuance costs. During the nine months ended September 30, 2024, the Company incurred \$46,963 in lease payments, as compared to \$43,898 in the same period of 2023. The net change in non-cash working capital decreased \$139,039 in the nine months ended September 30, 2024, compared to a decrease of \$648 in the same period of 2023.



Investing activities

During the nine months ended September 30, 2024, the Company received \$34,954 of principal repayments related to the loan to Helix, as compared to \$38,681 in the same period of 2023. The Company had no capital expenditures during the nine months ended September 30, 2024, compared \$498,214 for development expenditures and \$4,867 on office equipment in the same period of 2023. The Company had proceeds from the sale of developments totalling \$1,089,402 during the nine months ended September 30, 2023. The change in development spending was the result of all development spending being incurred in the LC NU-Energy joint venture as of June 7, 2023, see *Joint venture agreement* section. The net change in non-cash working capital in the nine months ended September 30, 2024, was an increase of \$1,503, compared to a \$35,879 decrease in the same period of 2023.

Contractual Obligations

On October 17, 2023, the Company issued a \$300,000 Debenture that has an annualized interest rate of 10%. During the first quarter of 2024, the maturity date was extended from January 24, 2024, to the earlier of July 24, 2024, and the date the Company lists its common shares for trading on a recognized Canadian securities exchange (“Conversion Date”). The Company issued 15,000 common shares as a fee for the extension. Subsequent to July 24, 2024, the Company and Debenture holder entered into discussions to extend the term of the Debenture. The debenture holder indicated a willingness to extend the term but that they would prefer not to convert into common shares of the Company. As at the date of this MD&A, the Company and Debenture holder have not agreed upon the terms of the extension or to an extension fee and the Debenture and accrued interest remain outstanding.

The following summarizes the Company’s contractual obligations, including principal and interest payments, due for each of the next five years and thereafter, as of September 30, 2024.

	Less than 1 year	1 to less than 3 years	3 to less than 5 years	Thereafter	Total
Accounts payable and accrued liabilities	468,634	-	-	-	468,634
Loans and borrowings	300,000	-	-	-	300,000
Leases	14,989	13,740	-	-	28,729
	783,623	13,740	-	-	797,363

Off-Balance Sheet Arrangements

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

Information about the Company’s equity

On May 15, 2024, NU E carried out a Share Consolidation of the Company’s common shares at a consolidation ratio of 2 for 1. As a result, the numbers for the average basic and diluted shares outstanding, the number of stock options and warrants, and the net loss per share for the current and prior periods have been adjusted and restated to reflect the effect of the Share Consolidation.

On August 19, 2024, the Company closed a \$500,000 private placement by issuing 250,000 common shares at \$2.00 per share. On August 20, 2024, the Company’s common shares began trading on the CSE.

At September 30, 2024, the Company had 30,459,210 common shares outstanding (December 31, 2023 – 30,194,210 common shares) and 7,425,000 warrants outstanding (December 31, 2023 – 7,425,000 warrants) to acquire a one common share at a weighted average price of \$0.63.

As of the date of this MD&A, the Company had 30,459,140 common shares outstanding and 7,425,000 warrants outstanding.

Incentive share options

The Company has a long-term incentive plan to provide stock options to certain employees, consultants and directors, to purchase common shares. At September 30, 2024, the Company had 2,091,667 options outstanding with an average remaining life of 8.3 years and a weighted average exercise price of \$0.67. On September 30, 2024, the total exercisable options totalled 1,643,334.

As of the date of this MD&A, the Company had 2,091,667 options outstanding.

Related party transactions

Transactions with related parties were in the normal course of operations and were valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At September 30, 2024, and December 31, 2023, the company had the following payable balances with related parties.

	September 30, 2024	December 31, 2023
Executives ⁽¹⁾	61,098	33,002

(1) Balances include management and consulting fees payable to executives.

The following is a summary of the key management and director compensation.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Wages and benefits	-	-	-	152,800
Management and consulting fees ⁽¹⁾	130,201	210,122	406,795	588,172
Share-based compensation ^{(2) (3)}	48,349	47,846	(4,519)	225,615
Wages and benefits	178,550	257,968	402,276	966,587

(1) Management and consulting fees are paid to companies owned by executives of the Company providing management and consulting services.

(2) Share-based compensation relates to the Company's Stock Option Plan. No options were exercised as at the date of this report.

(3) The options forfeited by a Company executive during the nine months ended September 30, 2024, resulted in a recovery of unvested share-based compensation in 2024.

Critical accounting estimates and judgements

Impairment indicators

At the end of each reporting period, management makes a judgment whether there are any indications of impairment of its PP&E at the lowest level at which there are separately identifiable cash flows. If there are indications of impairment, NU E performs an impairment test on the asset or CGU.

Share-based payment transactions

The fair value of the employee stock options are measured using the Black-Scholes model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility, expected term of the instrument, expected dividends, and the risk-free interest rate. Determining the Company's share price requires significant judgement as the Company was not publicly listed prior to August 20, 2024, and did not have an active secondary market listing the price of share transactions on the measurement date. Assumptions regarding employee turnover, and related forfeitures, are also considered in determining fair value.

Income taxes

The Company recognizes the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are dependent on generating taxable income in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded, if any, could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain estimated tax deductions in future periods.

Management's report on internal control over financial reporting

In accordance with National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Risks and uncertainties

The Company is exposed to various risks inherent in the development of solar infrastructure projects. These inherent risks include, but are not limited to, the following:

- The Company's ability to secure project financing on commercially acceptable terms;
- There is the risk that the Company is unable to secure a public listing for investor security trading;
- Volatility in the prevailing prices of electricity in developing projects;
- Market risk related to equipment costs and land acquisition costs for solar infrastructure projects;
- Regulatory risk related to approval for projects, which can add to costs or cause delays in projects, including changes to the Alberta Transmission Regulation and the AESO market rules;
- Labour risk associated with securing the manpower necessary to complete capital projects in a timely and cost-effective manner;
- Potential reduction in environmental regulations related to carbon-based power in future legislative and regulatory developments;
- Weather patterns that limit the amount of sunlight available to generate electricity and greater fluctuations in seasonal patterns limiting power generation during the peak sunlight seasons;
- Potential actions of governments, regulatory authorities and other stakeholders that may result in costs or restrictions in the jurisdictions where the Company has or plans operations, including but not limited to restrictions on power production and the certainty and timelines for regulatory processes;
- Geopolitical risks associated with changing governments or governmental policies, social instability and other political, economic or diplomatic developments in the regions where the Company has its operations;
- Business interruptions because of unexpected events such as fires or explosions whether caused by human error or nature, severe storms and other calamitous acts of nature, freeze-ups, mechanical or equipment failures of facilities and infrastructure and other similar events affecting the Company or other parties whose operations or assets directly or indirectly impact the Company and that may or may not be financially recoverable;
- Epidemics or pandemics, such as COVID-19, have the potential to disrupt the Company's operations, projects and financial condition through the disruption of the local or global supply chain and transportation services, or the loss of manpower resulting from quarantines that affect the Company's labour pools in the local communities or operating sites or that are instituted by local health authorities as a precautionary measure, any of which may require the Company to temporarily reduce or shutdown its operations depending on the extent and severity of a potential outbreak and the areas or operations impacted. Depending on the severity, a large-scale epidemic or pandemic could impact demand for power and have a corresponding impact on the prices realized by the Company, which could have a material adverse effect on the Company's financial condition;
- The risk of significant interruption or failure of the Company's information technology systems and related data and control systems or a significant breach that could adversely affect the Company's operations;
- Liquidity risk related to the Company's ability to fulfill financial obligations as they become due or ability to liquidate assets in a timely manner at a reasonable price;
- Foreign exchange risk related to the Canadian dollar relative to the US dollar and currencies that supply equipment used in the production of solar infrastructure projects, including photovoltaic panels, transformers, inverters, and other equipment; and
- Other circumstances affecting revenue and expenses.