



NU E Power Corp.
(formerly NU E Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS

(in Canadian dollars)

Year ended December 31, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

This Management's 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 years ended December 31, 2023 and 2022, and should be read in conjunction with the audited 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 April 29, 2024, the date on which this MD&A was approved by the Company's Board of Directors.

Advisories

Basis of Presentation

The Company's consolidated financial statements and this MD&A have been prepared in accordance with 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.

Overview of NU E Power Corp.

NU E is a Canadian owned and operated solar development company headquartered in Calgary, Alberta. The Company's core capabilities include solar site identification, land acquisition, regulatory and interconnection approval processes.

On October 16, 2023, the Company amalgamated with 2514148 Alberta Ltd., a wholly owned subsidiary of Vinza Capital Management Inc. ("Vinza"), in exchange for 46,014,110 shares of Vinza, resulting in the shareholders of NU E acquiring control of Vinza to effect a reverse takeover ("RTO") of Vinza by NU E. Pursuant to the amalgamation Vinza changed its name to NU E Power Corp.

Joint venture agreement

On May 29, 2023, the Company transferred all its solar power generation developments to Special Purpose Vehicles ("SPV's") wholly owned by Low Carbon NU-Energy Corp. ("LC NU-Energy"), at the time a wholly owned subsidiary of the Company.

On June 7, 2023, the Company finalized an agreement (the "Transaction") with Low Carbon Canada Solar Limited ("Low Carbon"), an unrelated party, to create a joint venture for the purpose of developing existing and future solar energy projects through LC NU-Energy. The Transaction resulted in Low Carbon purchasing 50% of the common shares and 100% of the preferred shares that NU E held in LC NU-Energy for cash proceeds of \$1,089,352 and received a Promissory Note receivable from one of the SPV's (Lethbridge One Solar Corp. ("LOSC")) for \$425,145, representing solar project construction costs incurred by NU E (see note 12).

Further to the Transaction, Low Carbon, NU E and LC NU-Energy entered into a Development Services agreement whereby NU E would provide solar energy development services and Low Carbon would provide services and investment capital to LC NU-Energy.

In accordance with the Transaction agreement, once a solar development project in a SPV owned by the NU-Energy joint venture reaches the ready-to-build stage, Low Carbon is given the right of first refusal to acquire 100% of the SPV's equity at market value. Concurrent to Low Carbon exercising its right to purchase 100% of a given project's SPV equity, 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 LOSC and the Company exercised its option to purchase 25% of LOSC, resulting in an effective decrease in the Company's ownership of LOSC from 50% to 25%.

As of December 31, 2023, LOSC has commenced construction of the Lethbridge One solar project. Additionally, the Company has identified four solar power generation project locations that land access rights have been secured or is in the process of securing, which are held in SPV's owned 100% by the LC NU-Energy joint venture.

Status of the Company's projects

Overview

In December 2023, construction commenced on the Lethbridge One solar power project that NU E has a 25% ownership interest through LOSC. At December 31, 2023, the Company maintained its pause on actively developing its other four solar projects, due to the Alberta Utilities Commission ("AUC") moratorium on renewable energy project approvals in Alberta. While the moratorium 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 on the impact on the regulatory policies and procedures will be released over the coming months (see *Regulatory changes in Alberta* section). As a result, the Company held back budgeted spending and developed only essential components for the additional four projects, through its LC NU-Energy joint venture, which wholly owns 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.

Moreover, the Company continues to actively identify and evaluate new locations for solar projects both within Alberta and in the remainder of Canada on behalf of LC NU-Energy and looks to add additional development projects to its portfolio in 2024.



The following describes the Company's solar power projects and outlines the development stages of the projects:

Lethbridge One

The Lethbridge One solar power project is in Lethbridge, Alberta. The project is anticipated to annually produce up to 4.0 GW/h of net electricity to NU E (15.8 GW/h gross) for the grid. The project commenced construction in December 2023 and is anticipated to be completed and generating electricity in the fourth quarter of 2024. NU E has 25% ownership in LOSC. All future development and construction costs to bring the project onto production are to be funded by loans from Low Carbon to LOSC under the Transaction agreement.

Lethbridge Two, Three, Hanna and Jenner

The Lethbridge Two and Lethbridge Three projects are located near Lethbridge, Alberta, the Hanna project is in east central Alberta, and the Jenner project is in southern eastern Alberta. These four projects are in various stages of the development process and have primarily incurred expenditures relating to land acquisition or lease options, regulatory, grid connection studies, and internal costs. The four solar power generation projects are targeting to annually produce up to 216.2 GW/h net electricity to NU E (864.9 GW/h gross) pursuant to the Transaction agreement with Low Carbon, see Joint venture agreement section.

In April 2023, the Lethbridge Two, Lethbridge Three, Hanna and Jenner projects became subject to the Alberta Electric System Operator ("AESO") Cluster Assessment Process ("CAP"). Additionally, in early August 2023, the AUC proclaimed a seven-month moratorium on the approval of renewable energy projects, which includes wind and solar energy projects. See *Regulatory changes in Alberta* section below.

The Company is limiting its development expenditures on projects subject to the CAP until receiving project approvals from the AESO and until the AUC's provides additional clarity as to changes to Alberta solar regulations.

Regulatory changes in Alberta

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 Alberta interconnected electric system ("AIES"). This is a common industry practice across many other North American independent system operators ("ISOs") and expected to increase the efficiency, timeline certainty, and reduce red tape compared to the previous AESO approval process. The first CAP commenced on September 1, 2023 and included Lethbridge Two, Lethbridge Three, Hanna and Jenner, at that time.

Results of the CAP for the Lethbridge Two, Lethbridge Three and Hanna projects are anticipated to be obtained in the first half of 2024. The Jenner project was pulled from the current AESO study in early 2024 due to the continual regulatory delays with the AUC permitting process and expected to be refiled in the next cluster study in September 2024.

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 viewscapes
- Mandatory reclamation security requirements
- Development on lands held by the Crown
- The impact of renewables on generation supply mix and grid reliability

During the moratorium the AUC conducted an inquiry into the critical issues noted by the government. The inquiry heard from interested parties to make findings, provide observations or options for government to consider based on its analysis of the input received during the inquiry.

The Company anticipates the Lethbridge Two and Lethbridge Three projects, which were near ready-to-build, may see a delay of approximately seven months, as a result of the moratorium and minimal impact on Hanna and Jenner due to being less advanced in the development process.

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 will be released over the coming months.

Material components of expenditures on development projects

The following shows the major components of the Company's development costs in non-current assets by project and net additions to 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 the development projects to its LC NU-Energy joint venture, see *Joint venture agreement* section above. LC NU-Energy has been recognized as an equity investment in accordance with IFRS, as LC NU-Energy is subject to joint control.

Selected annual information

Year ended December 31,	2023	2022
Revenue	401,364	-
Net loss from continuing operations ⁽¹⁾	(8,945,338)	(1,458,183)
Net loss from continuing operations, per share – basic and diluted	(0.18)	(0.03)
Discontinued operations	-	(376,354)
Net loss from discontinued operations, per share – basic and diluted	-	(0.01)
Net loss ⁽¹⁾	(8,945,338)	(1,834,537)
Dividends ⁽²⁾	-	-

	December 31, 2023	December 31, 2022
Total assets	1,520,404	4,009,813
Total non-current financial liabilities	25,258	933,194

(1) 2023 includes the RTO expense which is a non-cash expense.

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

Financial performance and operating results

Year ended December 31,	2023	2022
Continuing operations		
Revenue	401,364	-
General and administrative	2,569,864	1,080,900
Development	-	32,049
Share-based compensation	459,197	244,557
Depreciation and amortization	87,659	82,346
Net gain on sale of assets	(223,604)	-
Finance (income) expense, net	35,018	18,331
Loss from equity investments	6,241	-
Reverse takeover expense	6,436,937	-
Taxes	(24,610)	-
Net loss before discontinued operations	8,945,338	1,458,183
Discontinued operations		
Loss from discontinued operations	-	376,354
Net loss	8,945,338	1,834,537

Net loss before discontinued operations

The Company provided services to the LC NU-Energy joint venture under the terms of the Development Services agreement. During the three and twelve months ended December 31, 2023, the Company earned \$152,679 and \$401,364, respectively, which has been recognized as revenue. The development services revenue earned by the Company since entering into the Development Service agreement (see *Joint venture agreement* section) on June 7, 2023, is determined based on consulting costs incurred plus an administrative charge.

General and administrative expense for the three and twelve months ended December 31, 2023, was \$667,837 and \$2,569,864, respectively, compared to \$443,344 and \$1,080,900 for the three and twelve months ended December 31, 2022, respectively. The increase between the periods primarily resulted from the increase in scope of the Company as additional employees and consultants were utilized to support its solar power generation projects, along with the significant legal and accounting costs incurred in the acquisition of Vinza and other listing expenses. The general and administrative expense primarily consisted of wages and consulting fees for employees and management, office expenses, and professional fees.

The Company recognized \$154,392 and \$459,197 in share-based compensation for the three and twelve months ended December 31, 2023, respectively, as compared to \$58,922 and \$244,557 in share-based compensation for the three and twelve months ended December 31, 2022. The changes between periods relate share options issued to employees, consultants, and board members of the Company in regard to timing of issuances and the graded vesting of issued options.



Depreciation and amortization for the three and twelve months ended December 31, 2023, was \$22,151 and \$87,659, respectively, compared to \$23,248 and \$82,346 for the three and twelve months ended December 31, 2022, respectively, primarily related to its office and vehicle leases. Net finance for the three and twelve months ended December 31, 2023, was an expense of \$35,747 and \$35,018, respectively. The net finance income primarily consisted of mortgage interest and interest on the Company's office and vehicle leases, which was partially offset by interest earned on its loan receivables and GIC investment. NU E was reimbursed the mortgage interest between June 7, 2023, to December 22, 2023, by the LOSC.

During 2023, the Company incurred a net gain of \$243,750 on the sale of its Lethbridge One land and a net loss of \$20,146 on the sale of its development assets.

Net loss on equity investments was \$6,241 in 2023, due to the projects being in the development and construction stages.

The RTO expense of \$6,436,937 was the difference of the common shares and warrants recognized and the fair value of assets received related to the acquisition of Vinza. The RTO expense was a non-cash expense.

Discontinued operations

On July 1, 2022, the company sold its Helix Electronics segment for a note receivable consisting of 28 equal monthly payments of \$4,643. The note receivable was valued at \$115,020, based on the monthly cash flows discounted at 8.9%. The discontinued operations were the sole source of revenues for the Company in 2022. As of December 31, 2023, the note receivable had a remaining balance of \$45,983.

Summary of Quarterly results

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

	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
Revenue	152,679	186,644	62,041	-
General and administrative	667,837	687,024	849,896	365,107
Share-based compensation	154,392	67,111	178,772	58,922
Depreciation and amortization	22,151	21,561	22,504	21,443
Net gain on sale of assets	(152,547)	1,950	(73,007)	-
Finance costs	35,747	(4,826)	1,237	2,860
Loss from equity investments	6,241	-	-	-
Reverse takeover expense	6,436,937	-	-	-
Taxes	(81)	(4,490)	(20,039)	-
Net loss before discontinued operations	(7,017,998)	(581,686)	(897,322)	(448,332)
Discontinued operations	-	-	-	-
Net loss	(7,017,998)	(581,686)	(897,322)	(448,332)

	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
Revenue	-	-	-	-
General and administrative	443,344	204,432	184,044	249,080
Development	32,049	-	-	-
Share-based compensation	58,922	185,635	-	-
Depreciation and amortization	23,248	20,873	19,241	18,984
Finance costs	4,655	6,194	3,068	4,414
Net loss before discontinued operations	(562,218)	(417,134)	(206,353)	(272,478)
Discontinued operations	-	-	(198,600)	(177,754)
Net loss	(562,218)	(417,134)	(404,953)	(450,232)

The Company began earning revenue in the second quarters of 2023, from LC NU-Energy, regarding the Development Services agreement that commenced on June 7, 2023. The Company's general and administrative costs increased significantly during the second half of 2023, as it included significant legal and professional fees associated with finalizing the agreements with Low Carbon. General and administrative costs remained elevated throughout the 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 during the first quarter of 2023 were primarily the result of increases in wages and consulting fees. General and administrative costs during the fourth quarter of 2022 and the first quarter of 2022, included significant accounting and tax consulting expenses related to audit and taxes.

The Company adopted the option plan in the third quarter of 2022 and issued share purchase options in the third quarter of 2022, second quarter of 2023 and third 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 enter a gain on the sale of development assets, before transaction costs. In the fourth quarter of 2023 the Company realized a gain on the sale of its Lethbridge One land, which was partially offset by transaction costs recognized for the second quarter of 2023 sale of development assets.

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

Liquidity

As at December 31, 2023, the Company had a cash balance of \$816,883 and net working capital of \$173,340.

	December 31, 2023	December 31, 2022
Cash	816,883	1,310,082
Trade and other receivables	161,859	51,372
Prepays and deposits	34,011	6,009
Loan receivable	45,983	50,953
Accounts payable and accrued liabilities	(534,116)	(274,024)
Shareholder loans	-	(10,965)
Current portion of loans and borrowings	(300,000)	(48,180)
Current portion of leases	(51,280)	(59,744)
Net working capital	173,340	1,025,503

The Company has not yet generated sufficient revenue from the development of its solar power generation assets and has incurred a loss of \$8.9 million (including a non-cash loss of \$6.4 million for RTO expense) for the year ended December 31, 2023 and a \$1.5 million loss from continuing operations for the year ended December 31, 2022. 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 revenue which is dependent on the Company's access to 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 June 7, 2023, the Company entered into an agreement with Low Carbon to provide project funding for the Company's current and potential solar infrastructure projects through formation of a joint venture. As part of the agreement the Company sold 50% of its interest in its development projects to Low Carbon for \$1.0 million in cash after finder's fees, see joint venture agreement section.

Cash flows

Year ended December 31,	2023	2022
Cash flows used in operating activities	(2,030,958)	(1,228,491)
Cash flows (used in) from financing activities	(737,099)	3,002,259
Cash flows (used in) from investing activities	2,274,858	(889,100)
Net increase in cash and cash equivalents	(493,199)	884,668

Operating activities

Cash flows used in operating activities for the fourth quarter of 2023, were \$662,334 compared with cash flows used in operating activities of \$341,663 in the same quarter of 2022. Cash flows used in operating activities for the year ended December 31, 2023, were \$2,030,958 compared with cash flows used of \$1,228,491 for the year ended December 31, 2022. Cash flows used in operating activities were primarily due to the factors previously noted in net loss before discontinued operations and discontinued operations, as well as changes in non-cash working capital. The discontinued operations had an impact of \$297,388 on the cash used in operations during the year ended December 31, 2022.

Financing activities

During the fourth quarter of December 31, 2023, the Company incurred principal payments of \$869,195 to extinguish its land mortgage and raised \$300,000 through the issuance of a short-term convertible debenture. During the year ended December 31, 2023, the Company incurred principal payments of \$905,097 on its land mortgage, raised \$300,000 through the issuance of a short-term convertible debenture, repurchased \$200,000 of its own common shares, incurred \$59,482 in lease payments, and \$10,965 in shareholder loan payments. Additionally, net change in non-cash working capital increased \$138,445 during 2023.

Investing activities

In the fourth quarter of 2023, the Company sold its Lethbridge One land for \$1.6 million and purchased a 25% interest in LOSC for \$225,000. During the year ended December 31, 2023, the Company incurred \$498,214 of development costs, including capitalized interest, and had additions of \$4,867 to property, plant and equipment. In 2023, the Company sold 50% of the common shares and 100% of the preferred shares that NU E held in LC NU-Energy for \$1,089,352 and incurred \$91,203 of finders' fees. Additionally, the Company received \$50,593 of principal repayments related to the loan to Helix and \$248,331 related to the promissory note from LC NU-Energy. Changes to non-cash working capital was a decrease of \$52,675 for 2023.

Contractual Obligations

On October 17, 2023, the Company closed the issuance of a \$300,000 convertible debenture ("Debenture"). The Debenture has an interest rate of 10% and the maturity date was the earlier of January 24, 2024, and the date the Company lists its common shares for trading on a recognized Canadian securities exchange ("Conversion Date"). On the Conversion Date, the principal and accrued interest of the Debenture is to be converted into common shares of the Company at a conversion price of \$1.00 per common share.

Subsequent to December 31, 2023, the holder of the Debenture extended the Conversion Date to July 24, 2024, and was issued 30,000 common shares for the extension.

During the fourth quarter of 2023, the Company fully repaid the five-year collateral mortgage. At December 31, 2023, the Company had liabilities for an office lease and vehicle leases totalling \$76,538.

The following summarizes the Company's contractual obligations, including principal and interest payments, due for each of the next five years and thereafter.

	Less than 1 year	1 to less than 3 years	3 to less than 5 years	Thereafter	Total
Accounts payable and accrued liabilities	534,116	-	-	-	534,116
Loans and borrowings	300,000	-	-	-	300,000
Leases	58,629	36,330	-	-	94,959
	892,745	36,330	-	-	929,075

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

At December 31, 2023, the Company had 60,388,280 common shares outstanding (December 31, 2022 - 46,714,110 common shares) and 14,850,000 share purchase warrants outstanding (December 31, 2022 - 8,850,000 warrants) to acquire a one common share at a weighted average price of \$0.32.

On April 17, 2023, the Board of Directors repurchased and cancelled 1,000,000 common shares from existing shareholders at a total cost of \$200,000.



On October 17, 2023, the Company closed the issuance of a \$300,000 convertible debenture (“Debenture”). The Debenture has an interest rate of 10% and the maturity date is the date the Company lists its common shares for trading on a recognized Canadian securities exchange (“Conversion Date”). On the conversion date, the principal and accrued interest of the Debenture is converted into common shares of the Company at a conversion price of \$1.00 per common share.

As of the date of this MD&A the Company had 60,418,280 common shares outstanding, 14,850,000 share purchase warrants outstanding, and the \$300,000 convertible Debenture.

Incentive share options

The Company has a long-term incentive plan to provide common share purchase options to certain employees, consultants and directors, to purchase common shares. At December 31, 2023, the Company had 5,933,334 share purchase options outstanding with a remaining life of 9.1 years and a weighted average exercise price of \$0.34. On December 31, 2023, the total exercisable share purchase options totalled 3,227,778.

As of the date of this report the Company had 5,433,334 share purchase 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 December 31, 2023 and December 31, 2022, the company had the following balances outstanding with related parties.

	December 31, 2023	December 31, 2022
Executives ⁽¹⁾	(33,002)	(54,109)
Director	-	3,000
	<u>(33,002)</u>	<u>(51,109)</u>

(1) Balances include shareholder loans from the CEO and management and consulting fees payable to executives.

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

Year ended December 31,	2023	2022
Wages and benefits	152,800	92,045
Management and consulting fees ⁽¹⁾	776,690	442,405
Share-based compensation ⁽²⁾	312,865	244,557
	<u>1,242,355</u>	<u>779,007</u>

(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 Option Plan to purchase common shares. No share purchase options were exercised as at the date of this report.

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 share 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 is not publicly listed and does not have an active secondary market listing the price of share transactions. 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.

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;
- Volatility in the prevailing prices of electricity in developing projects;
- Market risk related to the cost of equipment inputs 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.