



**ANNUAL INFORMATION FORM  
REGEN III CORP.  
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2021**

**DATED: November 15, 2022**

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## PRELIMINARY INFORMATION

All information contained in this annual information form (the “**AIF**”) is provided by ReGen III Corp. (the “**Company**”) as at November 15, 2022, unless otherwise stated.

### Financial Statements

This AIF should be read in conjunction with the Company’s audited consolidated financial statements and management’s discussion and analysis for the year ended December 31, 2021. These documents are available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). The audited annual consolidated financial statements for the year ended December 31, 2021 are reported in Canadian dollars and are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Currency

All dollar amounts referred to herein are expressed in Canadian dollars, unless otherwise specified.

## FORWARD-LOOKING STATEMENTS

Certain statements in this AIF are forward-looking statements which may include, but are not limited to: project development plans for the facility to be located in Texas City, Texas (the “**Texas Facility**”), including the negotiation and completion of financing to develop the Texas Facility; estimated capital expenditures for the development of the Texas Facility; estimated duration of the required steps for the development of the Texas Facility; the quantum and quality of UMO (as defined herein) and used lubricating oils to be processed annually at the Texas Facility and the quality and quantity of product to be produced therefrom; the expected timing for receipt of required registrations, conditions, permits and other regulatory, governmental, environmental or other project approvals for the development of the Texas Facility; the timing and conclusion of negotiations with Advario (as defined herein) for a lease in respect of the Texas Facility; the timing of receipt of results for pilot testing for the design of the Texas Facility; the expected receipt of a full project cost estimate from KPS (as defined herein); the timing of the Company making a final investment decision for the Texas Facility; expected location of sources for UMO feedstock for the Texas Facility and the ability of the Company to secure the necessary quantum of feedstock for the Texas Facility; the purchase of the Company’s products by BP Products North America Inc. (“**BP**”) pursuant to the multi-year Sale, Purchase and Marketing offtake agreement between the Company and BP (the “**BP Offtake Agreement**”); exploration of opportunities by the Company to develop other re-refinery facilities at other locations in Canada, the United States, Mexico, South America, Europe, Australia and other markets; contracts for feedstock and the sufficiency of feedstock; eligibility for carbon credits; estimated reduction in carbon dioxide equivalent (“**CO<sub>2</sub>e**”) intensity to be provided by the ReGen™ process; the Company’s intentions to enter into binding feedstock supply contracts and the ability to enter into such contracts with commercial counterparties with existing non-binding letters of intent; the possibility of Export Development Canada (“**EDC**”) providing financing for the Texas Facility; and the successful conclusion of negotiations with the Potential Investor (as defined herein). Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may 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 the forward-looking statements. Such factors include, but are not limited to: the possible termination of the BP Offtake Agreement if the Company fails to meet certain development timelines and conditions for the Texas Facility; the ability of the Company to secure sufficient funding for the development of the Texas Facility; the ability of the Company to raise funds to fund stated business objectives; delays in or an inability to build and operate the Texas Facility; a potential inability to use the Texas Facility once production is completed; an inability to obtain new customers; maintaining trademarks and other intellectual property licenses; risks related to potential acquisitions; reliance on key

contracts; increased use of alternative fuel sources; public scrutiny; relationships with suppliers and clients; an inability to obtain suitable insurance coverage; liquidity risks; an inability to procure financing; risks with the general markets including fluctuations and volatility in the price of the Common Shares; future litigation or regulatory inquiries; risks related to COVID-19; volatile global financial conditions; fluctuations in oil prices; a potential decrease in demand for the Company's products; an inability to obtain more UMO feedstock; health, safety and environmental regulations; competition among other businesses; cybersecurity risks; a dependence on key personnel, including personnel to operate the Texas Facility; acts of god; potential conflicts of interest; the Company's history of not paying dividends; potential liquidation preferences attached to the Preferred Shares; and a failure of risk management or internal control systems and any other factors set out under "*Risk Factors*" herein. Forward-looking statements contained herein are made as of the date of this AIF and, other than as required by law, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

## CORPORATE STRUCTURE

### Name, Address, and Incorporation

The Company was incorporated on September 27, 1984, as “Silver Ridge Resources Inc.” under the *Company Act* (British Columbia). Effective January 18, 1985, the Company amended its articles to remove restrictions on share transfers. Effective March 10, 1993, the Company changed its name to “International Silver Ridge Resources Inc.”. Effective April 20, 1993, the Company consolidated its share capital on a three-to-one basis. Effective July 31, 2006, the Company transitioned to a corporation existing under the *Business Corporations Act* (British Columbia). Effective December 31, 2007, the Company again consolidated its share capital on a three-to-one basis. Effective May 27, 2009, the Company amended its articles to delete the “Pre-Existing Company Provisions”, increase the authorized capital to an unlimited number of Common Shares (defined below) without par value and an unlimited number of Preferred Shares (as defined below) without par value and the Company adopted new articles in substitution for its existing articles. On June 7, 2011, the Company completed a reverse-acquisition by way of a three-cornered amalgamation, pursuant to which the Company acquired certain mining interests in New Guinea and changed its name to “PNG Gold Corporation”. Effective November 11, 2016, the Company consolidated its share capital on a five-to-one basis. Effective May 11, 2017, the Company changed its name to “Gen III Oil Corporation” and changed its primary business from mining to re-refining used motor oil (“**UMO**”) using its patented ReGen™ technology. Effective December 6, 2017, the Company filed articles of continuance to change its jurisdiction from the *Business Corporations Act* (British Columbia) to the *Business Corporations Act* (Alberta). Effective May 14, 2021, the Company changed its name to “ReGen III Corp.”.

The common shares in the capital of the Company (the “**Common Shares**”) are listed on the TSX Venture Exchange (the “**Exchange**”) and trade under the symbol “GIII”. The Common Shares are also listed on the OTCQX of the OTC Market Group under the trading symbol “ISRJF” and on the Frankfurt Stock Exchange under the symbol “PN4”.

The registered and head office of the Company is 400 Burrard Street, Suite 1750, Vancouver, British Columbia V6C 3A6.

### Intercorporate Relationships

The Company owns all of the issued and outstanding shares in the capital of its direct and indirect subsidiaries, which are Gen III Oil (Alberta) Inc., a corporation incorporated under the laws of the Province of Alberta, ReGen III (USGC) Corporation, a corporation incorporated under the laws of the State of Delaware, and RG3 Texas Holdings LLC and RG3 Texas LLC, each of which are limited liability companies formed under the laws of the State of Delaware. The Company has no other direct or indirect subsidiaries.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

On November 26, 2019, the Company secured approval (Permit No. 421401-00-00) from the Alberta Ministry of Environment and Parks for the construction, operation, and reclamation of a ReGen™ chemical manufacturing plant and waste management facility in Alberta, Canada (the “**Alberta Facility**”).

In August 2019, the Company achieved American Petroleum Industry (“**API**”) certification and licensing for its Society of Automotive Engineers (SAE) Viscosity Grade 5W-30 passenger car motor oil (“**PCMO**”) formulation, which permitted the Company to utilize the Resource Conserving, SN Plus, and ILSAC GF-5 designations on its ReGen™ product. The Company is now listed on the API Directory of Licensees. In October 2019, the Company was successful in licensing its 5W-20 and 10W-30 PCMO formulations with API. This enables the Company’s Group III base oil to be included in API licensed PCMO formulations and enables blenders of finished motor oils to rely on the quality of the Company’s Group III base oils.

On May 29, 2020, the Company completed a non-brokered private placement and issued an aggregate of 2,773,659 Common Shares at a price of \$0.15 per Common Share for gross proceeds of \$416,049. The

Company paid finder's fees of \$25,973 in cash and issued 173,156 Common Share purchase warrants to one of the finder companies. Each finder's warrant was exercisable into one Common Share at an exercise price of \$0.15 until May 29, 2021.

On September 17, 2020, the Company completed a non-brokered private placement of 2,540,000 units of the Company at a price of \$0.20 per unit for gross proceeds of \$508,000. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant. Each whole warrant of the Company was exercisable to acquire one share at an exercise price of \$0.30 per Common Share until September 17, 2021. The Company paid a cash finder's fee of \$3,000.

On November 18, 2020, the Company engaged Blue Deer Capital Partners Inc. ("**Blue Deer**") for an initial term expiring December 31, 2021, to provide non-exclusive financial advisory services for a monthly fee. In connection therewith, the Company issued one million fully vested stock options to Blue Deer, each of which is exercisable at a price of \$0.30 per Common Share until May 18, 2022.

On November 24, 2020, the Company proposed to settle \$200,250 in debt incurred as directors' fees to directors of the Company in exchange for 513,460 Common Shares at a deemed price of \$0.39 per Common Share (the "**Debt Settlement Arrangement**"). On February 3, 2021, the Exchange approved the Debt Settlement Arrangement and the \$200,250 in debt was settled at a price of \$0.39 per Common Share.

On January 11, 2021, the Company completed a non-brokered private placement of 5,714,284 shares at a price of \$0.35 per Common Share, for gross proceeds of approximately \$2,000,000. The Company paid an aggregate cash finder's fee of \$31,411 to several entities that assisted with finding subscribers.

On March 23, 2021, the Company announced the appointment of Mr. Bob Rennie to the board of directors of the Company (the "**Board**").

On April 12, 2021, the Company secured two Chemical Abstracts Service ("**CAS**") registry numbers for its Group II+ and Group III base oil products. A CAS number is a unique numerical identifier assigned by the CAS to every chemical substance described in the open scientific literature, including organic and inorganic compounds, minerals, isotopes, alloys and non-structurable materials. A CAS number has several uses including in the application for chemical facilities in the United States with the US Environmental Protection Agency and for the importation of chemicals produced outside the European Union through the European Union Registration, Evaluation, Authorisation, and Restriction of Chemicals program.

On May 1, 2021, the Company signed the BP Offtake Agreement with BP whereby BP agreed to purchase one hundred percent (100%) of the Company's base oil production from its proposed Texas Facility, which has an expected throughput of 5,600 barrels per day ("**bpd**") UMO. The BP Offtake Agreement required the Company to close project financing by December 31, 2021 (the "**Financial Closing Date**") and to present a written timeline estimating the Texas Facility's construction schedule within 180 days of the execution date of the BP Offtake Agreement. In December 2021, the Company and BP entered into an amendment to the BP Offtake Agreement pursuant to which (a) the Financial Closing Date was extended from December 31, 2021 to June 30, 2022 and (b) the delivery date of a written timeline estimating the construction schedule was amended to within one hundred and eighty (180) days from the Financial Closing Date. On June 24, 2022, the Company and BP entered into a second amendment pursuant to which the Financial Closing Date was extended from June 30, 2022 to March 31, 2023.

Pursuant to a surrender and acceptance agreement between the Company and Parkland Refining Ltd. ("**Parkland**") dated June 16, 2021 (the "**Settlement Agreement**"), the lease between the Company and Parkland (the "**Parkland Lease**") with respect to a proposed site for the Alberta Facility was terminated. Material terms of the Settlement Agreement were as follows: (i) the Parkland Lease was immediately terminated; (ii) no further payments were due or payable under the Parkland Lease, and any outstanding accrued payments ceased to be payable; (iii) Parkland retained an initial \$150,000 deposit paid by the Company, and returned to the Company \$525,000 (including \$25,000 GST) in respect of all other payments previously made under the Parkland Lease; and (iv) Parkland and the Company provided mutual releases to each other in respect of obligations under the Parkland Lease. In light of the termination of the Parkland

Lease and the Company's decision to focus on the Texas Facility, discussions with EDC for the Alberta Facility have been suspended.

In connection with the Settlement Agreement, the Company and Elbow River Marketing Ltd. ("**Elbow River**") entered into a termination agreement dated June 16, 2021 (the "**Termination Agreement**"). Material terms of the Termination Agreement are as follows: (i) the purchase and sale marketing agreement dated September 12, 2017 between the Company and Elbow River (the "**Elbow PSA**") relating to sales of product from the Alberta Facility was immediately terminated; (ii) no further payments would be due or payable under the Elbow PSA; and (iii) Elbow River and the Company provided mutual releases of each other in respect of obligations under the Elbow PSA.

On June 22, 2021, the Company completed a bought deal offering pursuant to a short form prospectus and issued 9,200,000 Common Shares at a price of \$1.25 per Common Share for aggregate gross proceeds of \$11,500,000, including the issuance of 1,200,000 Common Shares pursuant to the full exercise of the over-allotment option by the syndicate of underwriters (the "**June 2021 Offering**"). The Company paid a fee of \$633,750 in cash and issued 507,000 compensation stock options to the syndicate of underwriters, which stock options are exercisable at a price of \$1.25 per Common Share until June 22, 2023.

On July 5, 2021, the Company entered into a non-binding letter of intent (the "**Advario LOI**") with Advario North America, LLC (formerly Oiltanking North America, LLC) ("**Advario**") with respect to the Texas Facility, setting forth the conceptual terms to guide further discussions between the Company and Advario regarding the provision of land and logistical assets for the construction and operation of the Texas Facility at the Advario Galveston County Terminal site ("**AGAL**"). At AGAL, Advario handles specialty chemicals and petrochemicals with more than 87,000 cubic meters of storage capacity on over 200 acres, providing ample room for expansion opportunities.

On August 31, 2021, the Company announced that Mr. Thomas Lawlor had been appointed chief operating officer.

The Company has engaged Koch Project Solutions ("**KPS**") under a three-phase project execution plan to complete front end engineering and design of the Texas Facility. Phase 1, which consisted of developing an execution plan and selection of service providers, was completed in June 2021. On September 8, 2021, the Company announced that it had proceeded to Phase 2 of the execution plan, which includes executing the engineering plan, engaging service providers and developing a cost estimate for the Texas Facility. The Company also announced that it had signed a master services agreement ("**MSA**") with KPS. Under the MSA, KPS continues to build on previous scope and process documents, taking advantage of the Company's detailed work previously completed for the Alberta Facility. KPS is now conducting a Front-End Engineering and Design ("**FEED**") study. The FEED study will culminate with a full project cost estimate for the Texas Facility upon which the Company will make a final investment decision ("**FID**").

On September 29, 2021, the Company announced that it had received a Letter of Readiness from Advario to proceed with storage and logistics assets for the Texas Facility. Advario has successfully completed work on the second stage of front-end engineering and design, Pre-FEED ("**FEL-2**") and received the final independent report from its engineers, Burns & McDonnell. Advario confirmed there will be no changes to the fees outlined in the Advario LOI. Based upon the preliminary findings, Advario has notified the Company that Advario has started the third stage of front-end engineering and design work ("**FEL-3**"). The Company is in negotiations with Advario for a lease and terminal services agreement in respect of the Texas Facility.

On October 8, 2021, the Company announced the appointment of Mr. Jose Luis Salinas Lanfranco to the Board.

On October 20, 2021, the Company announced that Mr. Steve Martin had been appointed chief financial officer.

On December 2, 2021, the Company announced that it had received a letter of interest and preliminary indicative terms for a project level, US\$108 million senior credit facility from EDC relating to financing the Texas Facility. The Company also announced that it had entered into a non-binding letter of intent with a green energy infrastructure-focused private equity firm relating to a potential investment to fund the Texas



Facility (the “**Potential Investor**”). EDC’s and the Potential Investor’s due diligence, and negotiations between the Company and each of the Potential Investor and EDC, are ongoing.

### **Recent Developments**

On January 12, 2022, the Company announced the appointment of Ms. Catherine Banat to the Board. Ms. Banat replaced Mr. Paul DiPasquale, who resigned from the Board.

On January 20, 2022, the Company announced that EDC had provided the Company with indicative terms for a senior secured debt facility of US\$108 million relating to the Texas Facility and was continuing its due diligence. The Company also provided an update on the progress of the FEED study.

On February 28, 2022, the Company announced the resignation of Mr. Gordon Driedger, previously the Company’s president, and the promotion of Mr. Mark Redcliffe to president.

On April 8, 2022 and April 11, 2022, the Company closed the first and second tranches, respectively, of a non-brokered private placement. In aggregate, the Company issued 1,435,480 shares at a price of \$1.70 per share for gross proceeds of \$2,440,000. In connection with this offering, the Company paid a cash finder’s fee of \$89,515.

On April 19, 2022, the Company announced that Ms. Kimberly Hedlin had been appointed vice president, corporate finance.

On May 2, 2022, the Company completed the FEL-2 (Pre-FEED) study on the Texas Facility. The engineering effort has now moved to optimization of the FEL-2 design and scope rationalization.

On June 20, 2022, the Company announced that a value engineering process led by KPS had resulted in an updated base capital cost estimate for the Texas Facility of US\$293 million. The Company also announced that a lifecycle assessment (the “**LCA**”) conducted by an independent third-party consultant concluded that CO<sub>2</sub>e emissions from the Company’s ReGen™ process were estimated to be 82% lower than comparable, traditionally refined base oils combusted at end of life.

On June 24, 2022, the Company and BP agreed to extend the Financial Closing Date from June 30, 2022 to March 31, 2023.

On July 27, 2022, the Company announced that after the successful completion of the Potential Investor’s due diligence process and the FEL-2, ReGen III and the Potential Investor had signed an amended non-binding letter of intent for the development, construction, financing and ownership of the Company’s Texas used lubricating oils recycling facility and a framework for the joint financing of future projects.

On August 29, 2022, the Company announced that it had received five draft definitive agreements from the Potential Investors. Negotiations are ongoing with the Potential Investor to reach mutually acceptable terms.

## **DESCRIPTION OF THE BUSINESS**

### **Summary**

The Company expects to develop and construct UMO re-refineries using its patented ReGen™ proprietary re-refining technology to produce outputs comprised approximately of up to 55% of Group III base oils (also known as “synthetic” motor oil and is used in higher performance internal combustion and gas turbine engines) and up to 23% of Group II+ base oils. Re-refining is a process used to refurbish UMO and return it to a high-quality base oil (i.e., a Group III base oil or a Group II+ base oil). Re-refiners use various processes (for example: evaporation, distillation, solvent extraction, and hydro-treating) to remove contaminants, water and any unwanted additives from the UMO. The re-refined products are expected to be sold to fuel distributors or motor oil blenders, who are expected to market and sell the finished goods.

According to the Lubes'n'Greases Factbook 2021-2022, the demand for Group III oil is expected to increase at an average rate of more than 6% per year between 2020 and 2025. Most re-refiners produce only Group I or Group II base oils, which are used in the formulation of standard grade motor oils for use in older and lower performance vehicles, whereas the ReGen™ process results in approximately up to 55% of Group III base oils and up to 23% of Group II+ base oils. Group III base oil currently sells at an approximate 57% premium to Group II base oil.<sup>1</sup> Using ReGen™ technology to re-refine UMO is expected to be a substitute for, and mitigate the impact of, current practices of burning UMO (as burner fuel used primarily in heavy industrial and asphalt plants), which contributes significant amounts of heavy metals, soot, sulfur, greenhouse gases (“**G HGs**”), and other air contaminants as pollution by-products that result from these industrial processes, or disposing of UMO in the land or water, which presents a significant environmental hazard. These issues are now facing increased scrutiny from the public and governments as they try to reduce carbon dioxide emissions to address climate change and reduce other environmental hazards.

The ReGen™ re-refining technology is expected to capitalize on increasing demand for efficient UMO re-refining and resource conservation as greater emphasis is placed on the reduction of carbon dioxide equivalent emissions, which are created from the burning of UMO. A December 2020 report of the U.S. Secretary of Energy, the Administrator of the U.S. Environmental Protection Agency and the Director of the Office of Management and Budget under direction of Public Law 115-345 addressed to the United States Congress including the Senate and the House of Representatives titled “*Used Oil Management and beneficial Reuse Options to Address Section 1: Energy Savings from Lubricating Oil Public Law 115-345*” (available at [energy.gov](https://www.energy.gov)) contains the following conclusion, which is illustrative of increasing demand:

*“[c]onservation and recycling of the [United States] used oil ‘resource’ makes sense. It extends the life of our national crude oil resources, it reduces the likelihood of improperly disposed of used oil making its way into the environment to contaminate soil and water, and it is energy efficient, as it can take less energy to recycle used oil than to create new lubricating oil from virgin crude oil. Further, used oil recycling supports thousands of direct and indirect jobs, generates tax revenue and helps provide consumers with a range of economical product choices. Government policies that help to ensure a well-functioning used oil marketplace will help to deliver these benefits.”*

According to data in such report, only approximately 50% of the UMO collected in the United States in 2017 is estimated to have been re-refined into base lubricating oils, with the balance primarily being sold as low-grade burner fuel.

In February 2022, the Company, in conjunction with EDC, engaged GHD Group Pty Ltd. (“**GHD**”), a global technical professional services firm, to complete an environmental and social review of the Company’s proposed Texas Facility (the “**GHD Review**”) as part of EDC’s due diligence process in accordance with its Environmental and Social Review Directive (the “**EDC Directive**”). The EDC Directive is one of the processes through which EDC manages environmental and social risks of projects it invests in and relates to the EDC’s commitment to apply the Equator Principles, which represent a common baseline and risk management framework for financial institutions to identify, assess and manage environmental and social risks when financing projects, to all of its investments.

The primary goals of the GHD Review were to demonstrate that the Company’s proposed Texas Facility meets the requirements laid out by the EDC Directive and is accurately categorized as a Category “B” project thereunder. According to the EDC Directive, environmental and social effects associated with Category “B” projects are usually site-specific; few, if any, are irreversible; and in most cases mitigation measures can be designed more readily than in Category “A” projects. Effectively, the assessment

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<sup>1</sup> Source: US Gulf Coast spot low domestic prices reported by Argus Media Group in their weekly Argus Americas Base Oils report on November 11, 2022.

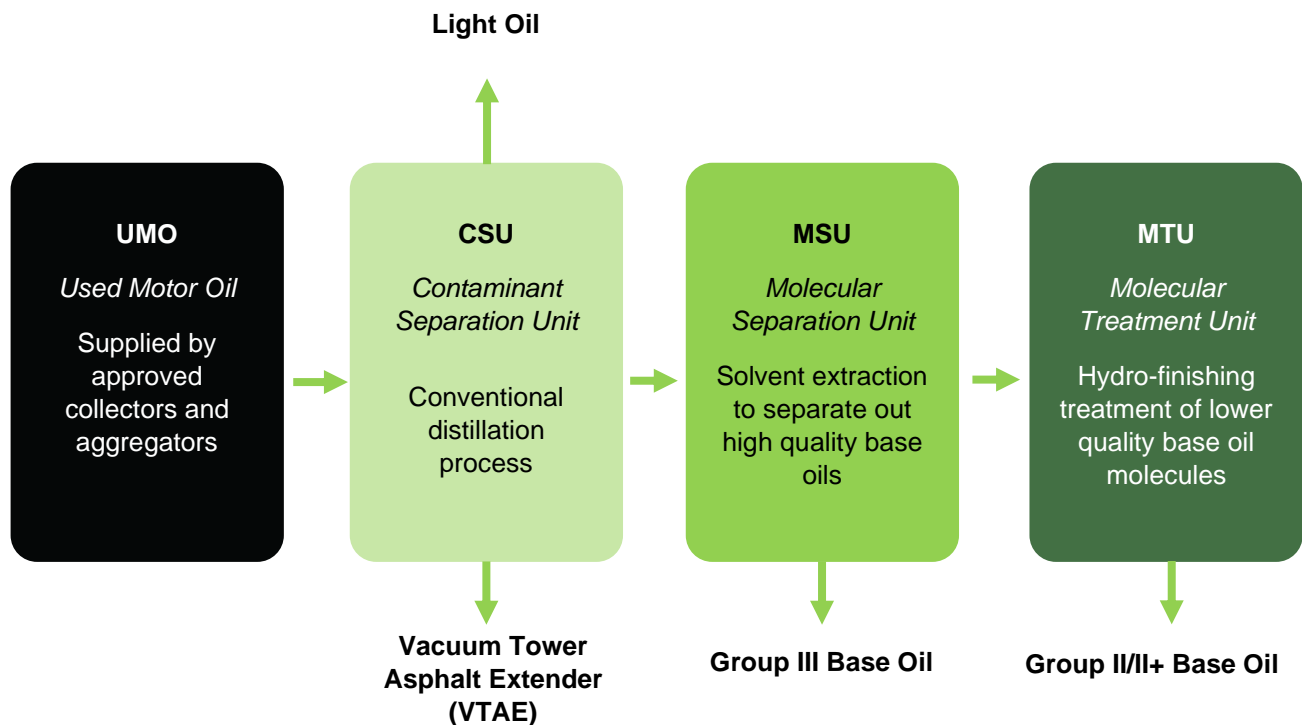
determines whether the proposed Texas Facility demonstrates an improvement to existing environmental and social impacts of the Advorio brownfield site.

GHD identified and focused on the following areas during its risk assessment process:

- local Indigenous community impacts;
- human rights impacts;
- oil transportation and logistics (impacts, spills, other risk categories);
- air quality impacts;
- climate risk assessment (physical and transition risks); and
- lifecycle GHG emissions, compared with crude oil production and refining.

GHD found that the Company's proposed Texas Facility, its operations and its associated management systems will adequately address potential risks associated with Indigenous community impacts, human rights, climate change, air quality and transportation as outlined within the Equator Principles and as required by the EDC Directive. GHD also determined that the proposed Texas Facility was accurately categorized as a Category "B" project.

### ReGen™ Technology



Based on the Company's review of the dates of original process patents secured by the Company, the dates of subsequent patents awarded to the Company, and on global lists of re-refiners produced in online lubricant industry publications published by LNG Publishing Co., Inc. ("**LNG**") at lubesngreases.com, the Company believes the ReGen™ technology, which has been under development since 2004, was the first

process to be utilized to re-refine UMO to produce Group III base lubricating oil (synthetic grade oil). The ReGen™ process utilizes common technologies in use throughout the world in traditional industrial refining processes, including basic cleaning using distillation, extraction processes using solvents and hydrotreating processes which introduce hydrogen to the products to upgrade or convert their properties. However, the ReGen™ technology does this at specific temperature and pressure settings in what the Company believes is a unique configuration. See “Intangible Properties” below for detail regarding the patenting of the ReGen™ technology by the Company.

The patented ReGen™ technology process re-refines UMOs in three stages, as shown in the diagram above. In the first stage, a Contaminant Separation Unit cleans the UMO of basic contaminants such as water, metals, and other additives. This creates a product called a Vacuum Gas Oil that contains the lube molecules. In the second stage, the Molecular Separation Unit (“**MSU**”) separates the higher quality lube molecules from the lower quality lube molecules. This produces the “Group III” base oil. The lower quality base oil of the MSU process stage is then taken to the Molecular Treatment Unit where it is exposed to hydrogen to upgrade its quality to “Group II/II+” base oil.

Traditional re-refineries typically utilize a two-stage re-refining process to produce Group I and Group II base lubricating oils and subsequently hydro-treat all inputs, which is energy intensive and consumes more hydrogen in a less efficient manner than a re-refining process that utilizes the ReGen™ technology. From pilot plant studies and vendor-scale testing, the Company has determined that the ReGen™ process produces high-value Group III base oils and can hydro-treat roughly one third of the proposed plants’ inputs, further saving on consumables and energy consumption.

As burning of UMO is phased out, the Company expects to leverage its ownership of ReGen™ technology and capitalize on increased demand for efficient UMO re-refining by producing the highest quality base oils (Group III synthetic grade and Group II and Group II+ base lubricating oil), light oil and vacuum tower asphalt extender (“**VTAE**”) used in the roofing and road asphalt industries, each in an economic and environmentally friendly manner. Testing of the technology to date in a 5 bpd test plant has shown that it is able to process a wide variety of UMO feedstocks at consistently higher yields with low operating costs. Those findings were verified in the independent preliminary FEED studies that were completed by Stantec Consulting Ltd. and WSP Canada Inc. in March 2017.

The LCA concluded that, by preventing combustion at end-of-life and by producing base oils more efficiently than the equivalent production from virgin crude oil, the ReGen™ process as it is expected to be employed at the Texas Facility (at a projected throughput of 5,600 bpd UMO per day) could reduce GHG equivalent emissions by up to 903,000 mt CO<sub>2</sub>e per year. The Company expects the ReGen™ technology may qualify for GHG credits in certain jurisdictions and, based on a review of the United States Environmental Protection Agency’s GHG equivalency calculator, the CO<sub>2</sub>e emissions reductions estimated in the LCA represents the equivalent of eliminating the emissions generated by 195,000 internal combustion engine powered cars annually.

As part of the environmental portion of the GHD Review and the LCA, GHD prepared an inventory of GHG emissions and intensity for the proposed Texas Facility. Based on the Scopes 1-3 emissions analysis, the LCA estimated that the lifecycle CO<sub>2</sub>e emissions from the Company’s ReGen™ process would be 82% lower than traditionally refined base oils combusted at end of life, and concluded that there is a significant environmental benefit associated with the Company’s process. Scope 1 emissions are direct GHG emissions that occur from sources that are controlled or owned by an organization. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain. Scope 3 emissions include all sources not within an organization’s Scope 1 and 2 boundaries.

## Facilities

Currently, there are no active operations of the ReGen™ process.

The Company reviewed and short-listed a number of properties along the Gulf Coast of the United States as the proposed site for the development and construction of a UMO recycling facility to use the ReGen™ technology and currently expects that the Company's initial facility will be located at AGAL in Texas City, Texas, which is on the Gulf Coast near Houston. Based on a facility design capacity of 5,600 bpd of UMO, the Company estimates an output design capacity of 4,200 bpd to 4,400 bpd of base oil production from the proposed Texas Facility. This will amount to approximately 81 million US gallons of used lubricating oils processed per year.

The development of the Texas Facility is subject to a number of required registrations, conditions, and permits, including the following:

- registration under the European Union's "REACH" (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulations that address the production and use of chemicals and their impacts on human health and the environment;
- registration of the Company's offtake base oils under the United States *Toxic Substances Control Act*;
- any applicable air quality permits from the Texas Commission on Environmental Quality ("TCEQ"), the specific requirements for which will depend on the design of the Texas Facility, but the application for which is expected to take between 3 and 12 weeks to prepare and then 45 days to one year for TCEQ to process;
- the development of a spill prevention countermeasures plan, which is not a permit but is a regulatory requirement and is expected to take one month to prepare;
- a storm water permit from TCEQ, the application for which is expected to take between one day to four weeks to prepare (depending on the specific permit required, based on the design of the Texas Facility), but which is expected to have an immediate processing time;
- a solid waste registration number from TCEQ, the application for which is expected to take one to two weeks for TCEQ to process;
- an *Emergency Planning and Community Right-to-Know Act* notification, which is expected to take three to six weeks to prepare and must be submitted at least 60 days prior to storage of chemicals above the applicable reporting threshold; and
- a U.S. Department of Transportation certificate of registration for the transportation and handling of hazardous materials, the application for which is expected to take one day to prepare and is expected to have an immediate processing time.

Within the current inflationary environment, ReGen III intends to execute the FEL-3 program in a manner that minimizes exposure to the escalating cost of goods and services. Throughout FEL-3, ReGen III will perform market checks to determine whether strategic placement of long-lead orders is warranted. Early equipment orders can help to reduce the overall project schedule and, if timed properly, reduce the overall project cost. The timing and delivery of these orders will largely dictate the onstream date, which is expected to range from 24 to 30 months following the FID.

Concurrent with development of the Texas Facility, the Company is exploring opportunities to develop ReGen™ recycling facilities at other locations, including in Canada, the United States, Mexico, South America, Europe and Australia. The Company is also investigating opportunities to license the ReGen™ technology to access non-core markets and accelerate the market penetration of ReGen™.

## Specialized Skill and Knowledge

The Company depends on a relatively small number of key qualified personnel, key members of senior management, and other employees. The Company relies heavily on its independent consultants to provide specialized re-refinery operations knowledge, logistics, feedstock, offtake, chemistry, petroleum engineering, process engineering, construction and general base oils market expertise. Management believes there are numerous skilled consultants available to successfully advance the Texas Facility. As the Company's business grows, the Company may recruit additional management and other personnel to fill in-house positions.

## Competitive Conditions

According to the industry research firm Kline & Company and information published by LNG, the North American consumption of Group III base oil is in excess of 33,000 bpd, while the total current North American production of Group III base oil is roughly 6,300 bpd. Based on pilot plant studies, engineering studies, and vendor-scale testing, the Texas Facility is expected to produce approximately 3,000 bpd of Group III base oil (out of the total base oil output capacity of 4,200 bpd to 4,400 bpd expected for the Texas Facility).

The table below lists the major North American producers of re-refined used motor oil and the class or grade of product that they produce.

Company	Locations	Production	Products
Safety-Kleen	Breslau, Ontario	2,500 bpd	Group II Base Oil
	Fallon, Nevada	1,400 bpd	
	Newark, California	1,200 bpd	
	East Chicago, Indiana	5,600 bpd	
	Wichita, Kansas	750 bpd	
Terrapure (in March 2021, Terrapure was acquired by GFL Environmental Inc.)	North Vancouver, British Columbia	650 bpd	Group II Base Oil
Heritage-Crystal Clean	Indianapolis, Indiana	3,200 bpd	7% Group I, 93% Group II
Vertex Energy	Columbus, Ohio	1,100 bpd	Group II Base Oil
Avista Oil	Peachtree City, Georgia	2,500 bpd	84% Group II, 16% Group III

Source: Lubes 'N' Greases 2020 Guide to Global Base Oil Refining and information provided by NORA, An Association of Responsible Recyclers.

## Components

The patented ReGen™ re-refining technology was extensively reviewed by the US Department of Energy's independent consultant, Oakridge Laboratories, who reported the ReGen™ technology is derived from proven existing technologies and can successfully produce a re-refined Group III synthetic grade base lubricating oil from UMO at a lower cost than current refining operations.

Costs of the Company's finished products (base oils, light oil and VTAE generated from the ReGen™ process) generally fall within the following categories: (i) the cost of the UMO feedstock, which will be at rates obtained by the Company based on market conditions; (ii) the cost of applicable facility operations,

including logistics costs and utilities, which will vary depending on the site chosen; and (iii) staffing costs, which will vary depending on the phase of development of the applicable facility.

The Company has secured letters of intent (“**LOIs**”) for more than 41 million gallons of UMO feedstock annually and continues to negotiate further LOIs in excess of the full UMO feedstock for the Texas Facility. These LOIs provide supply coverage of UMO feedstock for periods of two to five years per supplier and outline key commercial terms, including UMO specifications, pricing terms and delivery terms. Commercially sensitive and confidential negotiations are ongoing and are expected to continue with each of the interested vendors pursuant to the LOIs in parallel with ongoing financing discussions, with the intention to enter into binding feedstock supply contracts on terms that are agreeable to the Company. The Company does not yet have any formal supply agreements in place.

### **Intangible Properties**

In February 2017, the Company acquired, on an exclusive basis, technology that enables the production of Group II and Group III base oils from the reprocessing (also known as “re-refining”) of used motor oil. The Company currently holds nine ReGen™ patents that have been granted in North America and five other ReGen™ patents that have been issued in India, Singapore and Malaysia. The Company also has 18 other ReGen™ patent applications world-wide that are pending. These ReGen™ patents provide protection over the ReGen™ technology.

### **Cycles**

The Company does not expect to experience any material effects of seasonality in its current business. Its products are designed to function at full capacity under all weather conditions and therefore, it does not expect to experience any material seasonal shifts in sales patterns.

### **BP Offtake Agreement**

On May 1, 2021, the Company signed the BP Offtake Agreement with BP for the purchase of all of the Company’s base oil production from its proposed 5,600 bpd Texas Facility. There is no guarantee that negotiations of the selected site for the Texas Facility with Advorio will be successful.

The BP Offtake Agreement provides for a pricing model with effect from the date the Texas Facility is commercially operational, which will vary based on technical specifications of the underlying base oil being provided including viscosity, colour, flashpoint, and saturates. The Company will provide BP with an indicative yearly production schedule each year.

BP is permitted to terminate the BP Offtake Agreement if either: (i) the Company has not secured financing for the total amount required to construct the Texas Facility by the Financial Closing Date; or (ii) commercial operations have not occurred within two years of the date by which the Company is required to secure the total amount of financing to construct the Facility. On December 2, 2021, the Company announced that BP and the Company had entered into an amendment to the BP Offtake Agreement pursuant to which (i) the Financial Closing Date was extended from December 31, 2021 to June 30, 2022; and (ii) the delivery date of a written timeline estimating the construction schedule was amended to within 180 days from the Financial Closing Date. On June 24, 2022, BP and the Company entered into a second amendment to the BP Offtake Agreement, pursuant to which the Financial Closing Date was extended from June 30, 2022 to March 31, 2023.

The BP Offtake Agreement may also be terminated: (i) by the Company, if BP fails to make payments as required under the agreement; or (ii) by either party, if the other party (A) fails to fulfill its material obligations under the agreement (subject to a cure period); (B) breaches its representations, warranties, and covenants (subject to a cure period); or (C) experiences an insolvency event. Each of the events in the preceding sentence constitutes an “event of default” under the BP Offtake Agreement. The BP Offtake Agreement

may also be terminated by 30 days' prior written notice by the party not claiming force majeure if a force majeure event continues for a period of six months or longer, subject to a six-month extension of the force majeure period if the party claiming force majeure is diligently pursuing remedies to correct the underlying event.

The BP Offtake Agreement also provides BP with (i) a right of first look to purchase the offtake on any future facilities that will produce similar products; and (ii) the ability to purchase new products made by the Company. The BP Offtake Agreement provides customary limitations of liability (such as excluding consequential damages) and provides that each party will indemnify the other for breach, negligence, or intentional misconduct of the other party, including any releases of hazardous wastes.

### **Environmental Protection**

The Texas Facility has not yet been built and is not currently in production. See below for a discussion on the environmental requirements of the Texas Facility.

#### Governmental Regulation, Including Environmental Regulation and Climate Change

Operations at the Texas Facility will be subject to United States federal, state, and local laws and regulations concerning the discharge of materials into the environment or otherwise relating to health and safety or the protection of the environment. Additional laws and regulations, or changes in the interpretations of existing laws and regulations, that affect the Company's business and operations may be adopted, which may in turn impact its financial condition.

Additionally, the United States Department of Transportation, the Coast Guard, and the Department of Homeland Security as well as various federal, state, local, and foreign agencies will exercise broad powers over the Company's transportation operations, generally governing such activities as authorization to engage in motor carrier operations, safety and permits to conduct transportation business. The Company may also become subject to new or more restrictive regulations that the Department of Transportation, the Department of Homeland Security, the Occupational Safety and Health Administration, the Environmental Protection Agency or other authorities impose, including regulations relating to engine exhaust emissions, the hours of service that drivers may provide in any one time-period, security and other matters.

The Company's compliance challenges arise from various legislative and regulatory bodies influenced by political, environmental, health, and safety concerns.

The Company is also required to obtain and maintain a range of federal, state and local permits for its various logistical needs as well as management's planned industrial processes.

The following is a summary of the more significant existing health, safety, and environmental laws and regulations to which the Company's operations are subject.

#### Hazardous Substances and Waste

The United States *Comprehensive Environmental Response, Compensation, and Liability Act*, as amended (the "**CERCLA**"), and comparable state laws impose liability without regard to fault or the legality of the original conduct on certain defined persons, including current and prior owners or operators of a site where a release of hazardous substances occurred and entities that disposed or arranged for the disposal of the hazardous substances found at the site. Under CERCLA, these "responsible persons" may be liable for the costs of cleaning up the hazardous substances, for damages to natural resources and for the costs of certain health studies.

In the course of the Company's future operations, it may occasionally generate materials that are considered "hazardous substances" and, as a result, may incur CERCLA liability for cleanup costs. Also, claims may be filed for personal injury and property damage allegedly caused by the release of hazardous substances or other pollutants. The Company may also generate solid wastes that are subject to the requirements of the United States *Resource Conservation and Recovery Act*, as amended (the "**RCRA**"), and comparable state statutes.



Although management intends to use operating and disposal practices that are standard in the industry, hydrocarbons or other wastes may have been released in the past at properties to be leased by the Company in the future. Under CERCLA, RCRA, and analogous state laws, the Company may be required to clean up contaminated property (including contaminated groundwater), or to perform remedial activities to prevent future contamination.

#### Air Emissions

In the United States, the *Clean Air Act*, as amended, and similar state laws and regulations restrict the emission of air pollutants and also impose various monitoring and reporting requirements. These laws and regulations may require the Company to obtain approvals or permits for construction, modification, or operation of certain projects or facilities and will require use of emission controls.

#### Global Warming and Climate Change

In recent years, federal, state and local governments have taken steps to reduce emissions of greenhouse gases. The U.S. Environmental Protection Agency has finalized a series of greenhouse gas monitoring and reporting rules for the refinery sector, and the U.S. Congress has, from time to time, considered adopting legislation to reduce emissions. Almost one-half of the states have already taken measures to reduce emissions of greenhouse gases primarily through the development of greenhouse gas emission inventories and/or regional greenhouse gas cap-and-trade programs. At the international level, in December 2015, the United States participated in the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France. The resulting Paris Agreement calls for the parties to undertake “ambitious efforts” to limit the average global temperature, and to conserve and enhance sinks and reservoirs of greenhouse gases. The Agreement went into effect on November 4, 2016. The Agreement establishes a framework for the parties to cooperate and report actions to reduce greenhouse gas emissions. Although the United States withdrew from the Paris Agreement effective November 4, 2020, President Biden issued an Executive Order on January 20, 2021 to rejoin the Paris Agreement, which went into effect on February 19, 2021. On April 21, 2021, the United States announced that it was setting an economy-wide target of reducing its greenhouse gas emissions by 50-52 percent below 2005 levels in 2030. In November 2021, in connection with the 26th Conference of the Parties in Glasgow, Scotland, the United States and other world leaders made further commitments to reduce greenhouse gas emissions, including reducing global methane emissions by at least 30% by 2030. Furthermore, many state and local leaders have stated their intent to intensify efforts to support the international climate commitments. While management does not believe the Company’s operations raise climate change issues different from those generally raised by the commercial use of fossil fuels, legislation or regulatory programs that restrict GHG emissions in jurisdictions where the Company conducts business could increase costs.

#### Water Discharges

Management intends to operate facilities that are subject to requirements of the United States *Clean Water Act*, as amended (the “**CWA**”), the *Safe Drinking Water Act*, as amended, and analogous state laws for regulating discharges of pollutants into the waters of the United States and regulating water quality standards. Among other things, these laws impose restrictions and controls on the discharge of pollutants, including into navigable waters as well as the protection of drinking water sources. Spill prevention, control and counter-measure requirements under the CWA require implementation of measures to help prevent the contamination of navigable waters in the event of a hydrocarbon spill. Other requirements for the prevention of spills are established under the United States *Oil Pollution Act of 1990*, as amended (the “**OPA**”) which amended the CWA and applies to owners and operators of vessels, including barges, offshore platforms, and certain onshore facilities. Under OPA, regulated parties are strictly liable for oil spills and, in some cases, must establish and maintain evidence of financial responsibility sufficient to cover liabilities related to an oil spill for which such parties could be statutorily responsible.

#### State Environmental Regulations

The Company’s proposed Texas Facility operations will involve the storage, handling, transport, and disposal of bulk waste materials, some of which contain oil, contaminants and other regulated substances. Various environmental laws and regulations require prevention, and where necessary, cleanup of spills and

leaks of such materials and some of the Company's operations must obtain permits that limit the discharge of materials. Failure to comply with such environmental requirements or permits may result in fines and penalties, remediation orders and revocation of permits. Specifically, in Texas, the Company will be subject to rules and regulations promulgated by the Railroad Commission of Texas and the Texas Commission on Environmental Quality, including those designed to protect the environment and monitor compliance with water quality. Management believes the Company will be in compliance with regulations in any jurisdiction where the Company intends to conduct business.

### **Employees**

As of December 31, 2021, the Company had seven employees. The balance of the Company's workforce consists of hourly or contract consultants. Management is committed to attracting, retaining and developing a highly engaged, high-performing, diverse workforce and cultivating an inclusive workplace where all employees feel valued and have a sense of belonging. Increasing diversity and inclusion efforts is an organizational priority and strategic oversight of management's efforts is primarily provided by the Compensation Committee.

### **Social or Environmental Policies**

The Company is currently in the process of developing internal governance policies relating to social and environmental issues.

## **RISK FACTORS**

**An investment in securities of the Company involves a significant degree of risk and must be considered highly speculative due to the nature of the Company's business. There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements related to the Company.**

**The risks set out below are not the only risks facing the Company. There are widespread risks associated with any form of business and specific risks associated with the Company's business.**

In addition to the other information set forth elsewhere in this AIF, the following risk factors should be carefully reviewed by prospective investors. These risks may not be the only risks faced by the Company. Risks and uncertainties not presently known by the Company, or which are presently considered immaterial, may also adversely affect the Company's business, properties, results of operations and/or condition (financial or otherwise). **If any of the following risks actually occur, the Company's business, financial condition, results, and prospects could be adversely affected.**

Additional risks and uncertainties not presently known to the Company or those that are currently deemed immaterial may also impair the Company's business operations. If any such risks actually occur, the business, financial condition, and operating results of the Company could be materially harmed. All references to the "Company" in this section entitled "*Risk Factors*" include the Company and its subsidiaries, except where the context otherwise requires. Before making an investment decision, prospective investors should carefully consider the risks and uncertainties herein, as well as the other information contained in the Company's public filings.

### ***Negative Operating Cash Flow***

To date, the Company has recorded no operating cash flow and the Company has not commenced commercial production of any of its recycled products that are currently in development. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel, equipment, and materials associated with constructing its facilities and achieving commercial production of its products increases. The Company expects to continue to incur losses unless and until such time as its products enter into commercial production and generate sufficient revenues to

fund its continuing operations. The development of the Company's products will require the commitment of substantial resources to conduct time-consuming development. There can be no assurance that the Company will ever generate positive operating cash flow or achieve profitability.

### ***Going Concern Risk***

The Company has included a statement on its unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2022 describing its going concern status.

The Company has not generated revenues, and it is dependent on debt and equity financings to fund its development operations. The recoverability of the underlying value of the Company's assets is entirely dependent on the Company's ability to obtain the necessary financing to complete development of the ReGen™ technology and future profitable production.

Significant amounts of capital expenditures are required in order for the Company to execute its business plan and there are no assurances that the Company will have sufficient funds for this purpose. In the event that sufficient financing is not obtained, the Company will be required to scale back its planned activities and expenditures, including general and administrative expenditures. Any such scaling back would be expected to have a negative impact on the Company's business and operations.

### ***Risks Related to Financing the Texas Facility***

The Company does not currently have the necessary funds to meet the anticipated capital expenditures for the development of the Texas Facility. In order to meet these costs, the Company has commenced discussions with potential investors to help finance the Texas Facility. There is a risk that the Company will not be able to obtain the necessary funds to meet the anticipated expenses of the Texas Facility. If the Company is unable to fund the development of the Texas Facility, this may have a material adverse effect on the Company's business, financial condition, and results of operations and may cause the Company to default under the BP Offtake Agreement.

### ***Unanticipated Problems or Delays in Building the Texas Facility to the Proper Specifications May Harm Business and Viability***

The Company's future growth and operations may depend on its ability to timely and economically complete and operate the Texas Facility. If development of the Texas Facility is threatened for unexpected reasons, the Company's business may experience a substantial setback. Moreover, the occurrence of significant unforeseen conditions or events in connection with the construction of the Texas Facility may cause management to re-examine its business model. Any change to the business model or management's evaluation of the viability of the Company's planned services may adversely affect its business. Construction costs for the Texas Facility may also increase to a level that would make the Texas Facility too expensive to complete or unprofitable to operate. Contractors, engineering firms, construction firms, and equipment suppliers also receive requests and orders from other companies and, therefore, the Company may not be able to secure their services or products on a timely basis or on acceptable financial terms. The Company may suffer significant delays or cost overruns as a result of a variety of factors, such as increases in the prices of raw materials, shortages of workers or materials, transportation constraints, adverse weather, equipment failures, fires, damage to or destruction of property and equipment, environmental damage, labour issues, any of which could prevent the Company from beginning or completing construction or commencing operations at the Texas Facility.

### ***The Texas Facility May Not Generate the Operating Results that the Company Anticipates and the Company May Experience Greater Volatility in Future Revenue and Earnings***

There can be no assurance that unforeseen conditions will not adversely impact the operation or profitability of the proposed Texas Facility. The Company's ability to operate the proposed Texas Facility at capacity and realizing the anticipated benefits therefrom may be affected by various factors, including: the ability to run the Texas Facility at design rates safely and in compliance with all relevant regulations; unplanned shutdowns or unscheduled shutdowns; logistics; prices for UMO feedstock and base lubricating oils; required volumes of UMO feedstock.

***The Company's Operations Would be Negatively Affected if it is Unable to Use the Texas Facility in the Future***

The Company's future business growth relies heavily on an investment into the Texas Facility. If the Company is unable to operate the Texas Facility for any reason, it will not be able to effectively generate revenue or compete with additional technologies brought to market by competitors, the quality of finished products may decline and the Company's finished products could be worth less, which could cause revenues to decrease. Furthermore, if competitors are willing to pay more for supplies than the Company, they could drive up prices, which could cause cost of sales to increase. Additionally, if the Company is forced to pay more for supplies, cash flows will be negatively impacted and margins could decrease.

***The Company's Commercial Success will Depend in Part on its Ability to Obtain, Maintain and Protect its Intellectual Property***

The Company's success will depend in part on its ability to maintain or obtain and enforce patent rights and other intellectual property protection for its technologies, to preserve its trade secrets, and to operate without infringing upon the proprietary rights of third parties. The Company currently relies heavily on its ability to use ReGen™ technology. The failure to obtain or maintain patents or other intellectual property protection on the technologies underlying its technologies may have a material adverse effect on the Company's competitive position and business prospects. It is also possible that the Company's technologies may infringe on patents or other intellectual property rights owned by others. Management may have to alter the Company's products or processes, pay licensing fees, defend an infringement action or challenge the validity of the patents in court or cease activities altogether because of patent rights of third parties, thereby causing additional unexpected costs and delays to it. A license may not be available to the Company, if at all, upon terms and conditions acceptable to management and the Company may not prevail in any intellectual property litigation. Intellectual property litigation is costly and time consuming, and the Company may not have sufficient resources to pursue such litigation. If the Company does not obtain a license under such intellectual property rights, is found liable for infringement or is not able to have such patents declared invalid, the Company may be liable for significant monetary damages and may encounter significant delays in bringing products to market.

***The Condition of Third Parties May Adversely Affect the Company***

The Company relies on customers, suppliers, subcontractors, and other third parties for demand for the Company's products and to provide it with products and services necessary for the completion and delivery of the Company's products. Significant changes in the conditions of third parties may reduce demand for the Company's products, increase the price of the components or services provided by third parties, delay deliveries of products or services, or result in the failure by these third parties to perform services or deliver products, each of which could have a material adverse effect on the Company's business, financial condition, and results of operations.

***The Company May Not Be Able to Obtain Required Governmental Approvals or Permits***

Government approvals and permits will be required to develop the Company's proposed re-refining facilities and commence future operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from conducting its anticipated business. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities preventing the development of the Company's business and operations, causing any future operations to cease or be curtailed, or requiring remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its future operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Changes to current laws and regulations may be unfavourable and have an adverse effect on the Company's current and anticipated operations.

***Risks Relating to Potential Acquisitions***

In the future, management may seek to grow the Company's business by investing in new or existing facilities or technologies, either by making acquisitions or investments or by entering into partnerships and

joint ventures. Acquisitions, partnerships, joint ventures or investments may require significant managerial attention, which may divert management from other activities and may impair the operation of the Company's existing businesses. Potential acquisitions may also carry additional risks including: a failure to successfully integrate the acquired businesses, facilities or new technology into current operations, incurring higher than anticipated capital expenditures and operating expenses, disruption for the Company's ongoing business, dissipating current resources, failing to maintain uniform standards controls and policies, an inability to maintain key relationships following the acquisition, loss of key personnel of the acquired business or facility, incurring significant debt, dilution of the common shares if the acquisition is funded through equity, exposure to unanticipated liabilities and a failure to realize efficiencies, synergies and cost savings.

The Company may also assume liabilities and environmental liabilities as part of the acquisitions. Although management will endeavor to accurately estimate, and limit liabilities and environmental liabilities presented by the businesses or facilities to be acquired, some liabilities, including ones that may exist only because of the past operations of an acquired business or facility, may prove to be more difficult or costly to address than management initially estimates. It is also possible that government officials responsible for enforcing environmental laws may believe an environmental liability is more significant than management estimates, or that management will fail to identify or fully appreciate an existing liability before the Company becomes legally responsible to address it. The Company may have no recourse, or only limited recourse, to the former owners of such properties in the event such liabilities are present. As a result, if a liability were asserted against the Company based upon ownership of an acquired property, the Company might be required to pay significant sums to settle it, which could adversely affect financial results and cash flow.

Management will regularly review potential acquisitions of complementary businesses, services or products. However, management may be unable to identify suitable acquisition candidates in the future. Even if management does identify appropriate acquisition candidates, the Company may be unable to complete or finance such acquisitions on favourable terms, if at all. In addition, the process of integrating an acquired business, service or product into the Company's existing business and operations may result in unforeseen operating difficulties and expenditures.

***If the Company is Unable to Obtain New Customers, Revenue and Cash Flows Could be Reduced to Levels that Could Materially Adversely Affect the Company's Results of Operations***

The Company currently has no active operations utilizing the ReGen™ process. Accordingly, the Company's future growth will be dependent on its ability to obtain new customers. Any of the following factors could result in the Company being unable to obtain new customers: a material decrease in the supply or price of crude oil or petroleum related products in which the Company deals; a material decrease in demand for the finished products in the markets the Company serves; and/or scheduled refinery turnarounds or unscheduled maintenance, operational problems or catastrophic events at the Texas Facility. If any of the above were to happen, results of operations could be materially adversely affected and the value of the Common Shares could decline in value.

***Reliance on Key Contract***

The Company is subject to the risk of termination of the BP Offtake Agreement, including if the Company fails to meet certain development timelines and/or financing conditions for the Texas Facility. The Company's current business operation is dependent on the BP Offtake Agreement remaining in force, and on BP maintaining its obligations under this agreement. If any party defaults on their obligations under the BP Offtake Agreement, either intentionally or unintentionally, it may have an adverse effect on the Company's current and future business expectations.

***Improvements in or New Discoveries of Alternative Energy Technologies, Government-Mandated Use of Such Technologies and/or Government Restrictions or Quotas on the Use of Oil and Gas, Could Have Material Adverse Effect on the Company's Financial Condition and Results of Operations***

Because the Company's business depends on the demand for used oil, any improvement in or new discoveries of alternative energy technologies (such as wind, solar, geothermal, fuel cells and biofuels), government-mandated use of such technologies and/or government restrictions or quotas on the use of oil and gas that increase the use of alternative forms of energy and/or reduce the demand or market for oil, used oil and related products could have a material adverse impact on the Company's business, financial condition and results of operations.

In addition to the above, the Company may be exposed to risks related to laws passed by governments or regulations incentivizing or mandating the use of alternative energy sources, such as wind power and solar energy, which may reduce demand for oil and natural gas. Such laws, regulations, treaties or international agreements could result in increased compliance costs or additional operating restrictions, which may have a negative impact on the Company's business and could adversely affect the Company's operations by limiting opportunities.

***The Company May be Subject to Citizen Opposition and Negative Publicity Due to Public Concerns Over its Operations and Planned Future Operations, Which Could Have a Material Adverse Effect on the Company's Business, Financial Condition or Results of Operations***

There currently exists a high level of public concern over hazardous waste and refining and re-refining operations, including with respect to the location and operation of transfer, processing, storage and disposal facilities. Part of management's business strategy is to increase the Company's re-refining capacity through the construction of new facilities in growth markets, including development of the Texas Facility. Zoning, permit and licensing applications and proceedings, as well as regulatory enforcement proceedings, are all matters open to public scrutiny and comment. Accordingly, from time to time the Company may be subject to citizen opposition and publicity which may damage its reputation and delay or limit the planned expansion and development of future facilities or operations or impair the Company's ability to renew existing permits, any of which could prevent management from implementing their growth strategy and have a material adverse effect on the Company's business, financial condition or results of operations.

***Strategic Relationships on Which the Company Relies Are Subject to Change***

Management's ability to identify and enter into commercial arrangements with suppliers and clients depends on developing and maintaining close working relationships with industry participants. The Company does not yet have any formal supply agreements in place. The Company's success in this area also depends on management's ability to select, evaluate and consummate transactions in a highly competitive environment.

***If the Company Cannot Maintain Adequate Insurance Coverage, It May be Unable to Conduct Certain Operations***

The Company's business exposes it to various risks, including claims for causing damage to property and injuries to persons that may involve allegations of negligence or professional errors or omissions in the performance of the Company's services. Such claims could be substantial. If the Company is unable to obtain adequate or required insurance coverage in the future, the Company could be in violation of permit conditions and other requirements of the environmental laws, rules and regulations under which the Company operates. Such violations could render the Company unable to proceed with certain operations which could impair the Company's financial condition

***The Company May Not Be Able to Operate Its Business in an Adequately Safe Manner***

In the operation of facilities, employees of the Company will be exposed to potential hazards. If the Company is not able to provide a safe environment for employees and properly train them to identify, avoid, report, and help rectify unsafe conditions, this may lead to an excessive number of recordable incidents, lost work time, etc. An excessive number of recordable incidents and lost work time can lead to excessive

expense and a poor safety rating, which could prevent the Company from achieving its profitability goals. A poor safety rating could potentially eliminate the Company from being able to service certain customers and further limit the Company's chances of meeting its business objectives.

***The Company is Subject to Laws that May Change and Negatively Impact the Company and Its Business***

The Company is subject to local and federal laws in Canada and the United States, including regulations, rules, and policies as well as social, economic, and political contexts prevailing in places where the Company plans to conduct its activities. Consequently, the modification or change of any of these may have an unfavourable impact on the Company's anticipated business and operations and may require expenditures by the Company in order to adapt to or comply with such modification or change. More specifically, the production and distribution of recycled UMO-derived products are subject to federal and local laws, rules, regulations, and policies in Canada and the United States, all of which provide a framework for the Company's planned operations. The impact of new laws and regulations, stricter enforcement or interpretations or changes to enacted laws and regulations will depend on the Company's ability to adapt to, comply with, and mitigate such changes.

***Liquidity Risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company strives to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

***General Market Risk***

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer-term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

***Share Price Volatility and Price Fluctuations***

In recent years, the securities markets in Canada have experienced a high level of volatility, and the share prices of securities of many companies, particularly junior companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Accordingly, the price of the Common Shares is expected to be highly volatile and will be drastically affected by operating results. The Company cannot predict the results of future business activities. The success or failure of the Company's re-refining oil business will inevitably affect the Company's decisions and will likely trigger major changes in the trading price of the Common Shares. As such, there can be no assurance that these price fluctuations and volatility will not continue to occur.

***Future Litigation or Governmental Proceedings Could Result in Material Adverse Consequences, Including Judgments or Settlements***

The Company may become involved in lawsuits, regulatory inquiries, and governmental and other legal proceedings arising out of the ordinary course of its business. Many of these matters raise difficult and complicated factual and legal issues and are subject to uncertainties and complexities. The timing of the final resolutions to these matters may be uncertain. Additionally, the possible outcomes or resolutions to these matters could include adverse judgments or settlements, either of which could require substantial payments, adversely affecting the Company's results of operations and liquidity.

***If Current Environmental Laws and Regulations Are Changed, the Company May Be Forced to Materially Alter Its Business Model, which Could Have a Material Adverse Effect on Its Business, Operations or Financial Condition***

Environmental laws and regulations are subject to change and may become increasingly stringent or relaxed. Interpretation or enforcement of existing laws and regulations, or the adoption of new laws and regulations, may require the Company to modify or curtail its operations or replace or upgrade facilities or equipment at substantial costs.

***COVID-19***

The Company's business may be adversely impacted by the effects of COVID-19. In addition to global macroeconomic effects, the COVID-19 outbreak and any other related adverse public health developments may continue to cause disruption to operations, research, and development, and sales activities. The Company's third-party manufacturers, third-party distributors, and customers have been and may continue to be disrupted by worker absenteeism, quarantines, and restrictions on employees' ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures or other travel or health-related restrictions. Depending on the magnitude of any such effects on the Company's activities or the operations of its third-party manufacturers and third-party distributors, the supply of its products will be delayed, which could adversely affect business, operations, and customer relationships. In addition, COVID-19 or another disease outbreak may, in the short-run, and over the longer term, adversely affect the economies and financial markets of many countries, resulting in an economic downturn that may affect demand for products and impact operating results. There can be no assurance that any decrease in sales resulting from COVID-19 will be offset by increased sales in subsequent periods. Although the magnitude of the impact of the continuing COVID-19 outbreak on the Company's business and operations remains uncertain, the continued spread of COVID-19 or the occurrence of other epidemics and the imposition of related public health measures and travel and business restrictions will adversely impact business, financial condition, operating results, and cash flows. In addition, the Company has experienced and will experience disruptions to business operations resulting from quarantines, self-isolations, or other movement and restrictions on the ability of employees to perform their jobs that may impact the ability to develop and design products in a timely manner or meet required milestones or customer commitments.

***Global Financial Conditions***

Global financial conditions remain subject to sudden and rapid destabilizations in response to economic shocks. A slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, fluctuations in fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and financial condition. Future economic shocks may be precipitated by a number of causes, including government debt levels, fluctuations in the price of oil and other commodities, the volatility of metal prices, geopolitical instability, terrorism, the volatility of currency exchanges, the devaluation and volatility of global stock markets, and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company or at all. In such an event, the Company's operations and financial condition could be adversely impacted.

***Fluctuations of Oil Prices***

The Company's business involves buying UMO from suppliers who collect the UMO, re-refining such UMO into base lubricating oils and other ancillary products and then selling both such recycled oil and other products from the re-refining process. Changes in the reported spot market prices of oil affect the prices at which the Company can sell those finished products.

***Demand***

A decrease in demand for refined crude products could adversely impact the price that the Company and its future joint venture and strategic partners receive for the re-refined oil products produced by the



Company's proposed re-refinery. A prolonged period of low demand could affect the value of the Company's assets and business prospects.

### **Currency**

The Company maintains its accounts in Canadian currency. The Company will likely incur expenses and earn revenues in foreign currencies, including through the development of the Texas Facility, and, consequently, will be subject to foreign currency fluctuations. Such fluctuations may materially affect its financial position and results. The Company does not, and the Company is not expected to, engage in currency hedging activities in the near future.

### **The Cyclical Nature of the Commodities Business**

The commodities industry is cyclical in nature and is prone to shortages of supply of equipment and services, including engineering and construction services and construction materials. These materials and services may not be available when required at reasonable prices. A failure to secure equipment necessary to the Company's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Company's financial condition, results of operations, and cash flows.

### **Entrance into U.S. Re-refining Market**

The Company will be operating the Texas Facility in the United States, a jurisdiction which the Company does not have experience operating in. The Company may face certain inherent challenges associated with operating in a new market, including establishing reliable supply chains and forming relationships with suppliers and subcontractors. These challenges may increase the Company's costs and decrease cash flow and profitability. The Company may also face challenges associated with operating in a new regulatory and legal environment, both at the state and federal level. The Company's lack of experience operating in the states in the Gulf Coast of the United States may increase the Company's regulatory, legal and compliance costs.

### **The Company May Be Unable to Manage Its Growth**

The Company's anticipated growth may place material strain on its management and operational and financial resources. The Company anticipates that continued growth will require the Company to recruit, hire, and retain new managerial, finance, sales, marketing, and operational personnel. The Company cannot be certain that it will be successful in recruiting, hiring, or retaining those personnel. The Company's ability to compete effectively and to manage its future growth, if any, will depend on its ability to maintain and improve operational, financial, and management information systems on a timely basis and to expand, train, motivate, and manage its work force. If the Company continues to grow, it cannot be certain that its personnel, systems, procedures, and controls will be adequate to support its operations.

### **The Company's Future Capital Needs are Uncertain and its Ability to Access Additional Financing May be Negatively Impacted by the Volatility and Disruption of the Capital and Credit Markets and Adverse Changes in the Global Economy**

The Company's capital requirements in the future will depend on many factors, including, but not limited to:

- acceptance of, demand for, and pricing of the Company's products and services;
- the extent to which the Company invests in new facilities, technology and product development;
- the costs of developing new facilities, products, services or technologies; and
- the costs associated with the growth of the Company's business, if any.

If global economic conditions worsen, the Company could experience a decrease in cash flows from operations and may need additional financing to fund operations and access to additional debt or equity may not be available on acceptable terms or at all. If the Company cannot raise funds on acceptable terms when necessary, the Company may not be able to develop or enhance facilities, products and services, execute its business plan, take advantage of future opportunities or respond to competitive pressures or unanticipated customer requirements.

### ***Risks Related to Financing Any Additional Facilities***

The Company currently does not have the necessary funds to finance the preliminary development of any additional facilities in addition to the Texas Facility. While the Company's current priority is the Texas Facility, the Company will need to secure additional financing if management wishes to complete any additional facilities. There is no guarantee that the Company will be able to obtain this financing on favourable terms.

### ***Risk Related to the Agreement with KPS***

The MSA with KPS involves the engagement of KPS for development work for the Texas Facility. However, there are no assurances that KPS or others will meet their obligations under this agreement. Any such failure may have a negative impact on the Company's business and could adversely affect the Company's operations by limiting opportunities.

### ***Receipt of UMO***

It is important that the UMO feedstock meets certain specifications to create an efficient refinery process. Feedstock that does not meet these specifications, if processed through the recycling facility, may have excess water content, may result in increased processing requirements, and/or may result in excess waste and/or cost to process the feedstock. Management of the Company plans to develop a quality control/quality assurance program in order to screen UMO feedstock to mitigate the risk that UMO feedstock fails to meet all applicable standards; however, any failures in this risk mitigation strategy or any unforeseen circumstances could have an adverse effect on the Company.

### ***Health, Safety, and Environment***

The storage and transfer of crude oil products has a limited impact on the environment when conducted in compliance with applicable government policies and regulations. However, the potential exists for accidents to occur or equipment to fail which could result in the release of UMO or finished products into the environment and such release could result in damage to facilities and liability to third parties.

### ***Competition***

Management of the Company is presently unaware of any direct competitors that are currently re-refining UMO into marketable quantities of comparable Group II+ and Group III base oil products; however, large-scale facilities, such as the facility owned by Motiva Enterprises, LLC in the Gulf Coast of the United States, that produce base oils from virgin crude oil, could be considered indirect competitors of the Company.

### ***Cyberattacks or Security Breaches Could Have a Material Adverse Effect on the Company's Business, Financial Condition and Results of Operations***

The Company is dependent upon information systems and will be dependent on other digital technologies for controlling the Texas Facility, processing transactions and summarizing and reporting results of operations. The secure processing, maintenance and transmission of information is critical to the Company's current and future operations. The Company monitors existing information systems on a 24/7 basis in an effort to detect cyberattacks or security breaches. These efforts have been implemented along with other risk mitigation procedures to detect and address unauthorized and damaging activity on the Company's network, stay abreast of the increasing threat landscape and improve security posture. Information technology system failures, communications network disruptions (whether intentional by a third party or due to natural disaster), and security breaches could still impact equipment and software used to control future facilities, resulting in improper operation of assets, potentially including delays in the delivery or availability of customers' products, contamination or degradation of the products the Company transports, stores or distributes, or releases of hydrocarbon products and any other damage to the Company's future facilities for which the Company could be held liable.

Furthermore, the Company collects and stores sensitive data in the ordinary course of business, including personally identifiable information of employees as well as proprietary business information including that of customers, suppliers, investors and other stakeholders. Despite current security measures, information

systems may become the target of cyberattacks or security breaches (including employee error, malfeasance or other breaches), which could result in the theft or loss of the stored information, misappropriation of assets, disruption of transactions and reporting functions, the Company's ability to protect customer or company information and financial reporting. Even with insurance coverage, a claim could be denied or coverage delayed. A cyber-attack or security breach could result in liability under data privacy laws, regulatory penalties, damage to reputation or a loss of consumer confidence in products and services, or additional costs for remediation and modification or enhancement of information systems to prevent future occurrences, all of which could have a material and adverse effect on the Company's business, financial condition or results of operations.

### ***Dependence on Key Personnel***

The Company depends on a relatively small number of key qualified personnel, key senior management, and other employees. As the Company's business grows, the Company may recruit additional management and other personnel. There is no assurance that the key qualified personnel will continue to provide services to the Company or will honour the agreed terms and conditions of their employment or contracts. Any loss of key personnel or failure to recruit and retain personnel for the Company's future operations and development could have a material adverse effect on the Company's business and results of operations. The Company does not have key person insurance on these individuals.

### ***Disruption Due to Unexpected Disasters or Crises***

Disruptions in the activities of the Company may be caused by natural disasters, effects of climate change and man-made activities, pandemics (including the COVID-19 pandemic), trade disputes and disruptions, war, terrorism, and any other forms of economic, health, or political disruptions. The Company's financial condition is reliant on continued operations, and in circumstances where continued operations including, but not limited to, construction plans, construction in progress, supply of equipment, are not possible, the Company is likely to experience a decline in its revenue and may suffer additional disruptions in the form of lack of access to its workforce contractors, suppliers, engineering consultants, customers, technology, or other assets. The extent of the impact on the Company will vary with the extent of the disruption and cannot be adequately predicted in advance.

### ***Potential Conflicts of Interest***

Some of the directors or officers of the Company are also directors, officers and/or promoters of other reporting and non-reporting issuers. Situations may arise where the directors and/or officers of the Company may be in competition with the Company. Any conflicts will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith, and in the best interest of the Company.

### ***No Dividends***

Any payments of dividends will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company, and other factors which the Board may consider appropriate in the circumstances. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

### ***The Company's Directors can Issue Preferred Shares Without Shareholder Approval Which May Give the Holders Thereof a Liquidation and Other Preferences***

The Company's authorized share capital consists of an unlimited number of Preferred Shares which may be issued in one or more series. The designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares may be determined by the Board from time to time by a resolution. The rights, privileges and conditions attached to the Preferred Shares may give holders thereof, liquidation and other preferences over the holders of Common Shares. The payment of the liquidation preferences could result in the holders of Common Shares not receiving any consideration if the Company were to liquidate, dissolve or wind up, either voluntarily or involuntarily. Additionally, the existence of the liquidation preferences may reduce the value of the Common Shares, if the Preferred Shares are issued with these

rights and may make it harder for the Company to sell Common Shares in offerings in the future or prevent or delay a change of control. Because the Board can designate the powers and preferences of the Preferred Shares without a vote of the Company's shareholders, subject to applicable securities rules and regulations, the Company's shareholders will have no control over what designations and preferences any potential Preferred Shares, if any, will have.

### ***Risk Management and Internal Control Systems***

The Company's directors together with its senior management are responsible for overseeing the Company's internal control policies and procedures. The Company has established risk management and internal control systems consisting of policies, procedures and risk management methods that the Company believes are appropriate for the Company's business operations. However, due to the inherent limitations in the design and implementation of these systems, there is a risk that these systems will not be sufficiently effective in identifying and preventing a deficiency in internal controls. In addition, as some of the risk management and internal control policies and procedures are relatively new, the Company may need to establish and implement additional policies and procedures to further improve the Company's systems from time to time. Since the Company's risk management and internal controls depend on implementation by Company employees, there is a risk that such implementation will involve human errors or mistakes. If the Company fails to implement its policies and procedures in a timely manner or fails to identify risks that affect the Company's business, results of operations, and financial condition could be materially and adversely affected.

## **DIVIDENDS AND DISTRIBUTIONS**

There are no restrictions that prevent the Company from paying dividends or distributions. However, the Company has not declared or paid any dividends or distributions on its Common Shares during the three most recently completed financial years and there are no plans to pay dividends at this time. At present, all available funds are invested to finance the growth of the Company. Any decision to pay dividends on its Common Shares in the future will be made by the Board from time to time, in its discretion, on the basis of many factors, including the Company's financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that the Board may deem relevant.

## **DESCRIPTION OF CAPITAL STRUCTURE**

The authorized share capital of the Company currently consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value ("**Preferred Shares**"). As of the date of this AIF, there are 114,463,045 Common Shares issued and outstanding, and no Preferred Shares issued and outstanding.

The holders of the Common Shares are entitled to dividends, if, as and when declared by the Board, to receive notice of and one vote per Common Share at meetings of the shareholders of the Company and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption, retraction, surrender, conversion, or exchange rights, nor do they contain any sinking or purchase fund provisions.

Subject to the provisions of the *Business Corporations Act* (Alberta), Preferred Shares may be issued in one or more series, with each series to consist of the number of shares and with the designations, rights, privileges, restrictions, and conditions attaching thereto.

## **MARKET FOR SECURITIES**

### **Trading Price and Volume**

The Common Shares are currently listed on the Exchange under the symbol "GIII".

The following table sets forth, for the periods indicated, the reported high and low daily trading prices (in Canadian dollars) and the aggregate volume of trading of the Common Shares on the Exchange during the year ended December 31, 2021.

<b>Month</b>	<b>Monthly High Price (\$)</b>	<b>Monthly Low Price (\$)</b>	<b>Monthly Volume</b>
<b>2021</b>			
January	\$0.75	\$0.47	5,453,047
February	\$1.05	\$0.51	6,845,994
March	\$1.05	\$0.77	6,543,267
April	\$1.58	\$0.97	8,407,189
May	\$1.91	\$1.28	6,346,862
June	\$1.35	\$1.11	3,863,782
July	\$1.37	\$1.03	2,609,002
August	\$1.29	\$1.06	2,320,202
September	\$1.50	\$1.14	2,576,088
October	\$1.97	\$1.46	3,132,874
November	\$1.81	\$1.50	2,065,158
December	\$1.74	\$1.55	1,035,719
<b>2022</b>			
January	\$1.90	\$1.44	1,522,868
February	\$2.07	\$1.54	2,282,337
March	\$1.84	\$1.64	1,130,528
April	\$1.81	\$1.60	1,500,436
May	\$1.70	\$1.32	1,149,685
June	\$1.45	\$0.87	1,964,520
July	\$1.37	\$0.79	1,101,050
August	\$1.48	\$1.07	1,076,656
September	\$1.20	\$0.86	600,288
October	\$1.03	\$0.70	2,168,109
November 1 - November 15	\$0.97	\$0.80	155,183

Source: Bloomberg

## Prior Sales

### Options

In the twelve months ended December 31, 2021, the Company issued the following Options:

Date of Grant	Number of Options Granted	Exercise Price	Expiry Date
February 2, 2021 <sup>(1)</sup>	2,200,000	\$0.63	February 2, 2023
March 19, 2021 <sup>(1)</sup>	750,000	\$0.85	March 19, 2023
March 23, 2021 <sup>(3)</sup>	200,000	\$0.80	March 23, 2023
June 22, 2021 <sup>(2)</sup>	507,000	\$1.25	June 22, 2023
August 25, 2021 <sup>(1)</sup>	600,000	\$1.23	August 25, 2023
September 15, 2021 <sup>(1)</sup>	75,000	\$1.39	September 15, 2023
October 7, 2021 <sup>(1)</sup>	600,000	\$1.69	October 7, 2023
October 19, 2021 <sup>(1)</sup>	600,000	\$1.79	October 19, 2023

Notes:

- (1) Granted to certain directors and/or officers of the Company.
- (2) Issued to the underwriters of the June 2021 Offering pursuant to the terms of the underwriting agreement dated June 2, 2021 between the Company and such underwriters.
- (3) Granted to a consultant.

## DIRECTORS AND OFFICERS

### Directors and Executive Officers

The following list sets out, for each director and executive officer of the Company, the name, residence, the positions and offices in the Company currently held by that individual, the period during which such individual has served as a director or executive officer of the Company and that individual's principal occupation during the past five years.

Each director serves as a director until the next annual general meeting of shareholders of the Company or until their successor is elected or appointed.

<b>Name, Position, Residence</b>	<b>Biography</b>	<b>Director or Executive Officer Since</b>
<p><b>Gregory Clarkes</b> (1)(2) British Columbia, Canada Director, Chairman, and Chief Executive Officer</p>	<p>Mr. Clarkes has been the CEO and Chairman of the Board of the Company since June 2011. Mr. Clarkes was previously a director of MENA Hydrocarbons Inc., a junior oil and gas company listed on the Exchange, and Skye Resources Inc., a publicly traded resource company with a nickel project in Guatemala. Between October 1999 and March 2001, he was chief executive officer and director of Sextant Entertainment Group Inc., a publicly traded motion picture and entertainment company. Prior to that, between 1994 and 1997, he was chairman and managing director of Rainmaker Digital Pictures Corp., a publicly traded motion picture and entertainment company.</p>	<p>June 7, 2011</p>
<p><b>Catherine Banat</b> New York, United States of America Director</p>	<p>Ms. Banat is a financial services executive with over three decades of leadership experience in capital markets innovation, strategy, environmental, social and governance factors, and risk oversight. Ms. Banat has worked at some of the largest global financial institutions, including Goldman Sachs, JP Morgan, Lehman Brothers, the 4<sup>th</sup> largest U.S. public pension plan, the New York City Retirement System and several asset managers across all asset classes, including RBC Global Asset Management and Paloma Partners. Between 2014 and 2021, Ms. Banat held the role of Institutional Portfolio Manager and then the role of Managing Director, Responsible Investing at RBC Global Asset Management. Ms. Banat is a recognized thought leader in sustainable investing. Ms. Banat holds an MBA from the Columbia University Graduate School of Business, a Bachelor of Science in Economics from the Wharton School and a Bachelor of Arts from the University of Pennsylvania.</p>	<p>January 12, 2022</p>

<b>Name, Position, Residence</b>	<b>Biography</b>	<b>Director or Executive Officer Since</b>
<p><b>Bob Rennie</b><sup>(2)</sup> British Columbia, Canada  Director</p>	<p>As founder and executive director of the Rennie Group, Mr. Rennie has redefined the business of real estate, offering specialized national and international marketing, data gathering intelligence information and technology services for over 40 years. Mr. Rennie is often recognized for his leadership in developing new and innovative strategies in risk management and marketing. Mr. Rennie's various philanthropic initiatives focus on Mental Health and Education, while being an active voice and member of the Arts Communities locally, nationally and internationally. Mr. Rennie acts as President of the Board of Trustees at the Tate American Foundation, sits on the Board of Trustees at the School of the Art Institute of Chicago, and acts as a trustee of the Advisory Board to the Faculty of Arts (UBC), the University Art Committee (UBC), the Urban Development Institute, the British Columbia Centre on Substance Use and the Peter P. Dhillon Centre for Business Ethics' Advisory Board. Mr. Rennie is also the former Chair of the North American Acquisitions Committee (at Tate Museum in London), and a former Member of the Board of Governors at Emily Carr University of Art and Design.</p>	<p>March 19, 2021</p>
<p><b>Jose Luis Salinas Lanfranco</b><sup>(1)</sup> Panama  Director</p>	<p>Mr. Salinas Lanfranco is a Peruvian, British and Panamanian businessman. Mr. Salinas has a background in law, business and risk management which have led him to have a varied and extensive professional experience in the private and public sectors. Mr. Salinas specializes in de-risking large-scale industrial and infrastructure projects through traditional tools, such as contractual development or insurance, and through innovative mechanisms, such as corporate engineering, financial vehicles and layering, with the goal to deliver robust asset and financial protections. Mr. Salinas also has extensive business and corporate experience as an owner, shareholder, board director, advisor and consultant in a diverse range of public and private operations, from mining to the energy and nuclear industries. Since 2014, Mr. Salinas has been a Partner and Managing Director at Mansal Group, a group of companies in the corporate services and consultancy sectors. Mr. Salinas studied Law at Pontificia Universidad Catolica and holds two postgraduate degrees. Mr. Salinas' first postgraduate degree is an LLM in International Commercial Law, International Transport and Insurance from Southampton University in the UK. Mr. Salinas' second postgraduate degree is an MBA with a focus on Enterprise Risk Management, Finance and Insurance from St. John's University in New York City.</p>	<p>October 8, 2021</p>



<b>Name, Position, Residence</b>	<b>Biography</b>	<b>Director or Executive Officer Since</b>
<b>Larry Van Hatten</b> <sup>(1)(2)</sup> British Columbia, Canada Director	Mr. Van Hatten is a director of the Company and a corporate director. From May 2005 to June 2010, Mr. Van Hatten was a partner of Ernst & Young LLP, leading its Vancouver assurance practice until announcing his retirement in June 2010. Prior to May 2005, Mr. Van Hatten was the managing partner of Ellis Foster, Chartered Accountants, a Vancouver-based firm that merged into Ernst & Young LLP in May 2005. Mr. Van Hatten also served on the board of the BC Children's Hospital Foundation, which he chaired from 1996 to 1999. Mr. Van Hatten received his Chartered Accountant designation in 1975 and his Fellow Chartered Accountant designation in 2009. In 2010, he completed the academic requirements for the Directors Education Program.	June 7, 2011
<b>Mark Redcliffe</b> British Columbia, Canada President	Mr. Redcliffe has been the President of the Company since February 2022. Previously he held the position of Executive Vice President, Corporate Finance of the Company from April 23, 2018 to February 2022. Prior to joining the Company, Mr. Redcliffe was the Executive Vice President of Corporate Finance and Director at Research Capital Corporation (formerly known as Mackie Research Capital Corporation), an investment dealer, from June 19, 2015 to April 23, 2018.	April 23, 2018
<b>Thomas Lawlor</b> Colorado, United States of America Chief Operating Officer	Mr. Lawlor has been the Chief Operating Officer of the Company since August 2021. Prior to joining the Company, he held senior management positions at Ovintiv Inc. (formerly Encana Corporation), a publicly listed hydrocarbon exploration and production company, from 2000 to 2021, specializing in project execution, operations management and asset development.	August 25, 2021
<b>Steve Martin</b> Ontario, Canada Chief Financial Officer	Mr. Martin has been the Chief Financial Officer of the Company since October 2021. Prior to joining the Company, he was the Chief Financial Officer of 7D Surgical Inc., a medical technology company, from December 2017 to May 2021. From March 2010 to December 2017, he held, at various times, the roles of Portfolio Manager, Partner, Chief Executive Officer and Director at KAI OG Capital Partners Inc., an alternative asset management company.	October 20, 2021

Notes:

- (1) Member of the Audit Committee. Mr. Van Hatten is the chair of the Audit Committee.
- (2) Member of the Compensation Committee. Mr. Clarkes is the chair of the Compensation Committee.
- (3) The information listed above, not being within the knowledge of the Company, has been furnished by the respective director and/or officer or obtained from information the respective director and/or officer has made publicly available. Information provided as at the date of this AIF.

As of the date hereof, the directors and executive officers of the Company, as a group, beneficially own, or control or direct, directly or indirectly, 11,284,480 Common Shares, representing 9.84% of the issued and outstanding Common Shares.

### **Cease Trade Orders, Bankruptcies, Penalties, or Sanctions**

No director or executive officer of the Company is, at the date of this AIF, or has been within the 10 years before the date of this AIF: (i) a director, chief executive officer, or chief financial officer of any company (including the Company) that, while that person was acting in that capacity was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order) or an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an “**Order**”); or (ii) subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer, or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer, or chief financial officer.

No director or executive officer of the Company, or shareholder of the Company holding a sufficient number of securities of the Company to materially affect control of the Company, is, at the date of this AIF, or has been within the 10 years before the date of this AIF: (i) a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or the executive officer.

Other than as discussed below, no director or executive officer of the Company, or shareholder of the Company holding a sufficient number of securities of the Company to materially affect control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a security regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in making an investment decision.

In May 1997, Mr. Clarke entered into a settlement agreement with the Autorité des Marchés Financiers. Mr. Clarke admitted that, in February 1995, he had effected trades of a publicly traded company through Longshot Capital Inc. (“**Longshot**”), his private company, while he possessed insider information. Longshot paid the sum of \$113,512 to cover the settlement and, in part, the inquiry costs of the Autorité des Marchés Financiers.

### **Conflicts of Interest**

Except as disclosed herein, to the knowledge of management of the Company, there are no existing or potential material conflicts of interest between the Company and any of its subsidiaries and any director or officer of the Company. Directors and officers of the Company may serve as directors and/or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company or any of its subsidiaries may participate, the directors of the Company may have a conflict of interest in negotiating and conducting terms in respect of such participation. If such conflict of interest arises at a meeting of the Board, a director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not currently and has not at any time during its most recently completed financial year been a party to any material legal proceedings or regulatory actions. The Company is not aware of any such proceedings or actions threatened or known to be contemplated.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this AIF, no director, executive officer, or shareholder beneficially owning or exercising control or direction over, directly or indirectly, more than 10% of the Common Shares, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction during the current fiscal year or within the three most recently completed financial years or in any proposed transaction which, in either such case, has materially affected or is reasonably expected to materially affect the Company.

## TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its office located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, Canada.

## MATERIAL CONTRACTS

The only material contracts entered into by the Company either (i) within the last financial year or (ii) before January 1, 2021 but which still remain in effect are as follows:

1. The BP Offtake Agreement between BP and the Company dated May 1, 2021, as amended on December 2, 2021 and June 24, 2022.
2. The underwriting agreement dated June 2, 2021, among the Company, Paradigm Capital Inc., Canaccord Genuity Corp., Haywood Securities Inc. and Cormark Securities Inc.
3. The Settlement Agreement between the Company and Parkland dated June 16, 2021.
4. The Termination Agreement between the Company and Elbow River dated June 16, 2021.

Copies of the material contracts described above have been filed with the applicable Canadian securities regulatory authorities and are available under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## INTERESTS OF EXPERTS

Other than as described below, based on information provided by the experts named above as having prepared or certified a report, valuation, statement or opinion described herein or in another filing required by Canadian securities laws, such experts and, where applicable, the designated professionals thereof did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Company or any of its associates or affiliates when the experts prepared their respective reports, valuations, statements or opinions, and no securities or other property of the Company or any of its associates or affiliates were subsequently received or are to be received by such experts or designated professionals.

### Auditors

The Company's auditors are Ernst & Young LLP (the "**Auditors**"), Chartered Professional Accountants of Vancouver, British Columbia, Canada. The Auditors are independent with respect to the Company within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

## **BOARD COMMITTEES**

The Company's Board has two standing committees: the Audit Committee and the Compensation Committee. Details as to the composition and mandate of the Audit Committee and details regarding the Compensation Committee are described in the Company's management information circular for its most recent annual general meeting of shareholders.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on the Company's issuer profile SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, if any, principal holders of the Company's securities and securities authorized for issuance under the option plan will be contained in the Company's management information circular in respect of the Company's most recent annual and general meeting of shareholders.

Additional financial information is provided in the Company's audited financial statements and management's discussion and analysis for the fiscal year ended December 31, 2021, which may be found on the Company's issuer profile SEDAR at [www.sedar.com](http://www.sedar.com).