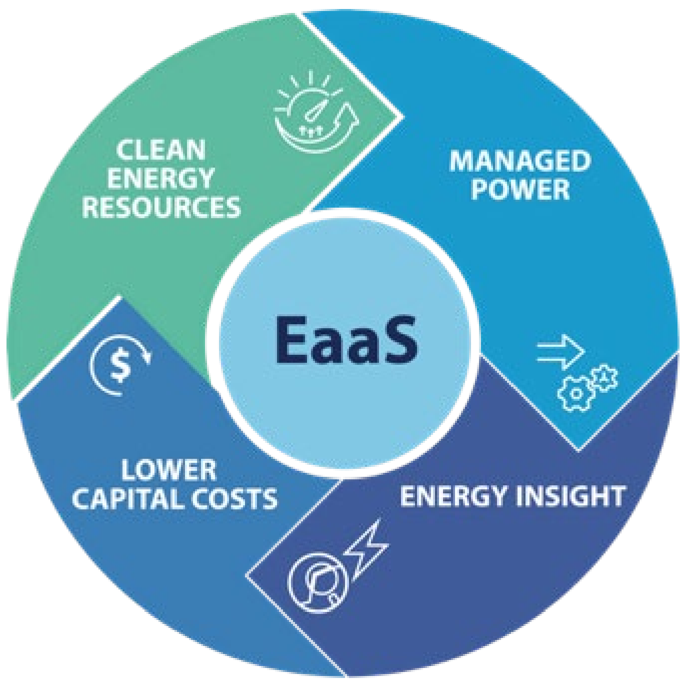
CLEARBLUE TECHNOLOGIES

The Smart Off-Grid Company™



Delivering Energy as a Service

In

37 Countries

Clear Blue Technologies International Inc.
Management's Discussion & Analysis

For the Three and Nine Months Ended September 30, 2020, and 2019

Dated: November 18, 2020

MANAGEMENT'S DISCUSSION & ANALYSIS IN CONNECTION WITH THE FINANCIAL STATEMENTS OF CLEAR BLUE TECHNOLOGIES INTERNATIONAL INC. FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2020 AND 2019

This management's discussion and analysis of the results of operations and financial condition (the "MD&A") of Clear Blue Technologies International Inc. ("Clear Blue" or "Company") should be read in conjunction with the condensed interim consolidated financial statements of Clear Blue and the related notes thereto for the interim period ended September 30, 2020, and the audited consolidated financial statements for the year ended December 31, 2019. This MD&A is presented as of November 18, 2020 and is current to that date unless otherwise stated.

The financial information presented in this MD&A is derived from Clear Blue's condensed interim consolidated financial statements for the period ended September 30, 2020. All information, except for Non-IFRS measures, has been prepared in accordance with IFRS and, unless otherwise stated, is in Canadian Dollars. Additional information relating to the Company, including the annual and quarterly financial statements and MD&A, and annual information form ("AIF"), is available on SEDAR at www.sedar.com and on the company's website at www.clearbluetechnologies.com.

This MD&A addresses matters we consider essential for an understanding of the Company's business, financial condition and results of operations as at and for the three-month periods ended September 30, 2020, along with any subsequent material information.

Caution Regarding Forward-Looking Information

This MD&A contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Corporation's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of Clear Blue's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". By identifying such information and statements in this manner, Clear Blue is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Clear Blue to be materially different from those expressed or implied by such information and statements.

The forward-looking information contained herein may include, but is not limited to, information relating to:

- *the expansion of the Corporation's business to new geographic areas;*
- *the performance of the Corporation's business and operations;*
- *expectations with respect to the advancement of the Corporation's products and services;*
- *expectations relating to market adoption of the Corporation's technologies and solutions;*
- *expectations with respect to the advancement and adoption of new products, including the adoption of new products by the Corporation's existing customer base;*
- *the anticipated trends and challenges in the Corporation's business and the markets and jurisdictions in which the Corporation operates;*
- *the ability to obtain capital;*
- *sufficiency of capital;*
- *general economic, financial market, regulatory and political conditions in which the Corporation operates; and*
- *estimations and anticipated effects of the COVID-19 pandemic.*

By identifying such information and statements in this manner, the Corporation is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such information and statements.

An investment in securities of the Corporation is speculative and subject to several risks including, without limitation, the risks discussed under the heading "Risk Factors" in the Corporation's listing application dated July 12, 2019. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

In connection with the forward-looking information and forward-looking statements contained in this MD&A, the Corporation has made certain assumptions, including, but not limited to:

- the Corporation's anticipated cash needs and its needs for additional financing;
- the Corporation will continue to be in compliance with regulatory requirements;
- the Corporation will have sufficient working capital and will, if necessary, be able to secure additional funding necessary for the continued operation and development of its business; and
- key personnel will continue their employment with the Corporation and the Corporation will be able to obtain and retain additional qualified personnel, as needed, in a timely and cost-efficient manner; and
- the effects of COVID-19 and assumptions related to local and global economics.

Although the Corporation believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this MD&A are made as of the date of this press release. All subsequent written and oral forward-looking information and statements attributable to the Corporation or persons acting on its behalf is expressly qualified in its entirety by this notice.

Clear Blue's Business

Clear Blue Technologies, the Smart Off-Grid company, was founded on the vision of delivering clean, managed, "wireless power."

The company creates and manages innovative products and solutions to meet the growing global demand for reliable, low-cost off-grid energy; to power lighting, telecom, and other internet-of-things devices – infrastructure that's mission-critical to today's modern world.

Our patented Smart Off-Grid technology connects solar, hybrid, and wind-powered devices to a cloud-based management system. Together with Clear Blue's ongoing management service, this technology improves the reliability of these systems and reduces maintenance and operational costs by up to 80%.

Clear Blue generates revenue in two ways. First, it generates revenue through sales of hardware including its Smart Off-Grid Controllers, Nano-Grid Power Pack systems and its Illumient solar-powered street lighting. Second, it generates recurring revenue from Illumience, Clear Blue's cloud-based management software and service, and through sales of Energy-as-a-Service (EaaS).

As an ongoing recurring revenue service, Clear Blue manages and operates all of its Smart Off-Grid systems, which operate in 37 countries around the world as of September 30, 2020. Each new system is sold with three years of future services revenue. Renewal of services after this three-year period is a growth area for Clear Blue. In North America specifically, Clear Blue has customers in at least 25 states in the U.S. and 8 Canadian provinces. Globally, Clear Blue's systems power and control lighting, security, and telecom applications, including sites in Europe, the Middle East, Africa, and South-east Asia. Clear Blue's unique technologies make it resilient in extreme climates and remote locations, and it empowers local resources to install and support mission-critical applications.

Clear Blue's business strategy is to provide Smart Off-Grid Power to support mission-critical infrastructure across government and commercial markets. Our technology and service models focus on delivering on a brand promise of:

- Maximum Uptime
- Longest Life

- Ease of Installation and Maintenance

Clear Blue's key differentiators are:

- Energy forecasting and management
- Troubleshooting and remediation

Clear Blue's solutions are designed with reliability in mind and have a key focus on delivering the lowest Total Cost of Ownership for its customers.

How We Analyze and Report Our Results

Because sales involve discrete projects with a wide range of order sizes, the Company experiences a high variability of results on a quarter-by-quarter basis. A trailing four-quarter ("TFQ") analysis, therefore, provides a more relevant perspective on the progress and the potential growth of the Company. The tables below present the Company's TFQ financial results for the periods ending September 30, 2020, and 2019, respectively.

Financial Highlights

On a Trailing Four Quarter (TFQ) basis:

- Revenue was $3,912,204, a 45% increase over the previous TFQ period;
- Beginning Q2, 2020, the Company began reporting Bookings. For the period ending September 30, 2020, the Bookings were $1,378,722;
- Gross profit for TFQ was $992,485 or 25.4%, down slightly from the previous period ($704,548 or 26.1%). This was largely the result of a reallocation from operating expenses to COGS beginning in Q4 2019. Without this, Gross Profit or the previous TFQ would have increased to $1,122,616 or 29%;
- Operating expenses for the TFQ ended September 30, 2020 were $4,933,506, a decrease of $223,375 or 4% compared to the same period in 2019;
- Non-IFRS Adjusted EBITDA for the TFQ was $(3,811,233) as compared to $(4,148,486) for the previous TFQ—an 8% improvement resulting from various cost reduction plans undertaken by the Company as well as government Covid-19 funding support;

For the quarterly Q3 2020 results:

- Q3 quarterly revenues were $940,849, a 40% increase over Q3 2019;
- Gross profit for Q3 was $375,595 or 40% Gross Margin;
- Quarterly, operating expenses increased by $735,972 for the three-month period ended September 30, 2020 versus 2019. This is caused by one-time cost reduction booking of $609,675. in Q3 2019 for government tax credit and bad debt recovery.
- Quarterly Adjusted EBITDA was ($796,293) versus 172,120 in Q3 2019 due to the one-time booking mentioned above in Q3 2019. Clear Blue has undertaken a strong cost

reduction plan as a general part of its overall 2020 plan to improve its Adjusted EBITDA. In addition, additional cost reductions were undertaken in March to mitigate the short-term impact of COVID-19 and a number of government COVID-19 subsidies have been obtained in order to assist in funding of salaries over the period.

The Company commenced a Covid lockdown in mid-March 2020, closing its offices and ceasing production and shipping of products. Employees began working from home beginning in late February, with more than 80% of the Company's staff able to perform the majority of their job functions remotely. Only the production and shipping of orders was impacted by the office closing. The Company reopened its offices at the end of May. Some supply chain items were delayed due to Covid, and as a result, many orders received in Q1/Q2 shipped in Q3 as a result.

On the sales side, Clear Blue had seen a slowdown in the progress towards large telecoms project rollouts. Please see subsequent events for an update on these important contracts.

Subsequent Events

On October 29, 2020, Clear Blue announced its second Large Rollout for Orange in Cameroon, in partnership with NuRAN (http://ow.ly/4DBd50ClUMd). NuRAN and Clear Blue will provide Rural Telecommunications systems and ongoing operational services in Cameroon to Orange S.A. (NYSE: ORAN), one of the world's largest mobile network operators. Clear Blue will provide its Smart Off-Grid solar-powered telecom solution as part of the 'Network-as-a-Service' ('NaaS') project. Phase 1 implementation across 120 sites will take 12 months, commencing in Q4 2020.

On November 17, 2020, the Company also announced the signing of a contract to sell 400 telecoms systems to a major telecom infrastructure operator in Africa (link). With over 1,000 systems in inventory built in anticipation of this sale, the Company is in a position to deliver 30% of the systems in Q4 2020 and the remainder in Q1 2021 for an aggregate of approximately $5 million over the two quarters, at similar margins to its typical sales. The operator has advised that it plans 2,000 systems over the next two years. Each order will be a separate decision and purchase order from the customer.

Financial Results

From an IFRS perspective,

Result of Operations	Three months ended September 30 2020	2019	Change	TFQ ended September 30 2020	2019	Change
Revenue	940,849	670,159	40%	3,912,204	2,699,182	45%
Cost of sales	565,254	405,825	39%	2,919,719	1,994,634	46%
Gross profit	375,595	264,334	42%	992,485	704,548	41%
Gross margin %	40%	39%		25%	26%	
Operating expenses	975,470	239,498	307%	4,933,506	5,156,881	-4%
Operating loss	(599,875)	24,836	-2515%	(3,941,021)	(4,452,333)	-11%
Other items	(170,377)	(31,349)	443%	(442,811)	(3,374,027)	-87%
Net loss and comprehensive loss	(770,252)	(6,513)	11726%	(4,383,832)	(7,826,360)	-44%

From a non-IFRS Adjusted EBITDA perspective,

Result of Operations	Three months ended September 30 2020	2019	Change	TFQ ended September 30 2020	2019	Change
Revenue	940,849	670,159	40%	3,912,204	2,699,182	45%
Cost of sales	565,254	405,825	39%	2,919,719	1,994,634	46%
Gross profit	375,595	264,334	42%	992,485	704,548	41%
Gross margin %	40%	39%		25%	26%	
Non-IFRS Operating expenses	1,171,888	92,214	1171%	4,803,718	4,853,034	-1%
Non-IFRS Adjusted EBITDA	(796,293)	172,120	-563%	(3,811,233)	(4,148,486)	-8%

From a balance sheet perspective:

Balance Sheet	September 30, 2020	December 31, 2019	Change
Total current assets	$ 4,325,192	$ 4,921,391	-12%
Total assets	5,023,229	5,308,496	-5%
Current liabilities	3,132,172	3,772,036	-17%
Total liabilities	7,086,865	5,539,654	28%
Total shareholders’ equity	(2,063,636)	(231,158)	793%
Working capital (current assets exceed current liabilities) *	1,193,020	1,149,355	4%

* Note: As per IFRS, the Company’s bank line is deemed to be a current liability impacting the working capital calculation.

Bookings

As Clear Blue's recurring revenue begins to grow, particularly through the launch of its EaaS offering, less and less of sales show up as near-term one-time revenue. With EaaS for Illumient in North America, Clear Blue has seen that 40% of each sale is now prepaid deferred revenue that is recognized over time, typically over 3 years. As a result, the amount of such deferred revenue and other bookings begins to be an important number and as such, beginning last quarter, Clear Blue will report its bookings.

While the Company is unable to provide traditional guidance, its recurring revenue model provides visibility on Bookings, which it defines as:

- All future Illumience and EaaS deferred revenue that has been pre-purchased by customers;
- Projects where Clear Blue has begun production on and have purchase orders and/or deposits for;

And which are not included in Revenues. As of September 30, 2020, Clear Blue's Bookings are $1,378,722 which will be delivered over the next three years in the case of Illumience/EaaS and typically in the next 1-4 months in the case of production orders.

Revenue

Clear Blue develops and sells integrated Smart Off-Grid power solutions and ongoing remote power management services designed to provide low-cost, centrally managed, reliable off-grid power systems for lighting, telecommunications, voice and data, security, and IoT devices.

Clear Blue generates product revenue through the sale of its core smart off-grid controllers, nano-grid power-packs, and Illumient-branded solar streetlights. Also, the Company generates recurring revenue through the provision of its ongoing remote (cloud-based) power and energy management services (Illumience and EaaS). Revenue received at the time of sale related to these services is deferred and recognized pro-rata over the contract term.

Revenue by Product

Clear Blue's revenue by product category, for the period ended September 30, 2020, and 2019, was:

Revenue by Category	Three months ended September 30 2020	2019	% Change	TFQ Ended September 30 2020	2019	% Change
Product Revenue						
Smart off-grid controllers and systems	191,404	537,272	-64%	724,085	1,629,917	-56%
Illumient smart off-grid lighting	652,821	93,865	595%	2,907,577	920,461	216%
Recurring Rev – Illumience & EaaS	96,624	39,022	148%	280,542	148,804	89%
Total Revenue	940,849	670,159	40%	3,912,204	2,699,182	45%
Cumulative Units Deployed	5,296	4,009		5,296	4,009	
Average Order Size	59,919	57,014		46,756	38,333	

Revenue in the quarter ending September 30, 2020 increased by 40% to $940,849 comparing against the respective comparative period in 2019. On a TFQ basis, revenue increased by $1,213,022, a percentage increase of 45% for the TFQ ended September 30, 2020, compared year over year to the previous trailing four-quarter period.

Revenue by Vertical

Clear Blue's revenue distribution by industry vertical for the period ended September 30, 2020, and 2019, was:

Revenue by Vertical	**Three months ended September 30 2020**	**2019**	**TFQ Ended September 30 2020**	**2019**	**% Change**
Lighting	908,790	132,206	3,494,279	1,802,973	94%
Telecommunications	25,247	537,953	472,431	733,732	-36%
Security/IoT/Other	6,812	-	(54,506)	162,477	-134%
Total Revenue	940,849	670,159	3,912,204	2,699,182	45%

Revenue by Region

Clear Blue's revenue distribution by geography for the period ended September 30, 2020, and 2019, was:

	Three months ended September 30		TFQ Ended September 30		
Revenue by Geography	**2020**	**2020**	**2020**	**2019**	**% Change**
Canada	347,754	73,279	513,643	413,279	24%
USA	541,092	55,421	1,576,693	968,203	63%
MEA (Middle East & Africa)	50,394	2,274	1,769,775	640,857	176%
Other	1,609	539,186	52,094	676,843	-92%
Total Revenue	940,849	596,881	3,912,204	2,699,182	45%

Telecom Sector Adoption & Progress

Beginning in August of 2019, the Company began to provide visibility to its progress within the telecommunications market.

- Business development and sales in the telecoms market are critical to Clear Blue's growth strategy. In the telecom industry, infrastructure projects follow a frequent pattern of Proof-of-Concept pilots consisting of 1 – 10 systems, followed by,
- First Installs of 10 – 100 systems, each of these by country, followed by
- Large Rollout of hundreds to thousands of systems

For YTD 2020 orders, Clear Blue deployments and installations of Pilots and First Installs are moving forward in 9 Countries, mostly in Africa. Country shutdowns have delayed others, with port closures, delays in logistics, and travel uncertainty having an impact. As a result, the industry's site expansion plans for 2019 has slipped by approximately 6 months.

However, as noted in our Subsequent Events section and in recent press releases, Clear Blue has received two Large Rollout orders in Q4. Both of the announced projects have planned ongoing rollouts for the next few years which could result in significant ongoing orders for Clear Blue. As a result, the Company's investment in the telecom vertical and in the Emerging Markets is now yielding positive results which could generate significant growth over both the immediate next few quarters as well as long term. There are other projects which have experienced financing and contract delays, but which we do expect to move forward. While Q4 is expected to be a strong quarter, much of the planned activity for these periods will cascade in 2021.

The COVID-19 global pandemic has illustrated the critical need for connectivity in the world's 'new normal'. Governments in Africa are pushing for rural connectivity to support mobile payments and other services and telcos are moving forward as well. Clear Blue believes that the telecom sector will be a growth sector coming out of COVID and it has already seen evidence of this with initial contracts and contract expansions happening with telco partners in Cameroon, Nigeria and other parts of Africa. Additionally, with the change in the government in the United States, there could be a significant focus on Climate Change investments and thus, investments in Solar Off-Grid projects such as Clear Blue's should also benefit within North America.

Cost of Sales and Gross Margin

Gross margins for the Q3 period grew to 40% of sales for the quarter, up from a Gross Margin of 39% in the same period in 2019. TFQ gross margins decreased due to the change in expense allocations in Q4 2019 which moved some expenses from below the line to above the line.

Clear Blue Service Adoption & Recurring Revenue

Clear Blue is unique in the market in that it provides an ongoing management service for all of the systems it sells. This service model enables it to deliver on its brand promise in a way that no other company in the world can do today. To monitor its progress in this area, Clear Blue tracks two key metrics:

- Number of units deployed
  - In Q3 YTD 2020, Clear Blue deployed 278 units for a total number of units of 5,296 to date. Every system sold includes ongoing Illumience management and monitoring. Today Clear Blue has the most extensive data collection of production systems in the world, with over 4 million operating days of site production data, allowing the Company to build ever smarter and higher performing products and services.

- Amount of Committed Ongoing Service Revenue
  - Every unit sold by Clear Blue comes with an initial EaaS contract, typically for three years. At the end of the initial term, customers renew the service contract. As a result, Clear Blue carried a balance sheet item showing the amount of sold and paid for Service revenue that it will recognize over time. Tracking the growth of this item is a crucial metric for the Company's progress.

	September 30, 2020	December 31, 2019	Change
Deferred Revenue	$ 1,026,188	$ 514,608	199%

Operating Expenses

Operating expenses under IFRS consists of salaries, wages and benefits, research and development, general and administrative, bad debt expense (recovery), travel, business development and marketing, rent, stock-based compensation, and professional fees.

	Three months ended September 30		TFQ Ended September 30	
	2020	2019	2020	2019
Operating Expenses	$ 975,470	$ 239,498	$ 4,933,506	$ 5,156,881

On Clear Blue's road to profitability, cost reduction to improve gross margins and Adjusted EBITDA were a key part of Clear Blue's 2020 plan, even before Covid-19 hit. While looking at Q3 alone, the operating expenses increased due to a one-time cost reduction booking in Q3, 2019. On a TFQ basis, Operating expenses decreased by $ 223,375 or 4%.

Other Expenses

Other expenses include interest expenses, foreign exchange, depreciation, and amortization.

Net Loss

Clear Blue is a high-tech company, and R&D investments in technology and platform are substantial parts of its costs. The Company does not amortize this expense. As a result, this investment is the most considerable expense contributing to the Company's losses. The Company believes this investment will enable Clear Blue to emerge as the market leader in a huge, global, new, and exciting market such that in future years, the benefits of these investments will result in higher returns for shareholders.

	Three months ended September 30			TFQ Ended September 30		
		2020	2019	2020	2019	
Net loss and comprehensive loss	$	(770,252)	(6,513)	$ (4,383,832)	(7,826,360)	-61%

For the TFQ ended September 30, 2020, the Company reported a Net Loss of $ (4,383,832), a significant decrease of $ (3,442,528) or 44% over 2019. As a result of the Company's R&D investments, as revenue grows, Clear Blue's Management anticipates strong growth in gross margin. Management believes costs can be managed such that profitability improves over time, leading to the objective of positive cash-flow for Clear Blue.

Non-IFRS Measures

In addition to the financial information presented in accordance with IFRS, Clear Blue uses certain non-IFRS financial measures to clarify and enhance the understanding of past performance and prospects. Generally, a non-IFRS financial measure is a numerical measure of a company's operating performance, financial position or cash flow that includes or excludes amounts that are included or excluded from the most directly comparable measure calculated and presented in accordance with IFRS. The Company monitors the non-IFRS financial measures described below, and believe they are helpful to investors.

The Company's non-IFRS financial measures may not provide information that is directly comparable to that offered by other companies because they may calculate non-IFRS financial results differently. Also, there are limitations in using non-IFRS financial measures because they are not prepared under IFRS and exclude expenses that may have a material impact on reported financial results. The presentation of non-IFRS financial information should not be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with IFRS. Reconciliations of the Company's non-IFRS financial measures to the equivalent IFRS financial measures are included within this MD&A, and management urges the reader not to rely on any single financial measure to evaluate Clear Blue's business.

Clear Blue's Adjusted EBITDA is calculated on the basis of Earnings before Interest, Depreciation, Amortization expenses, and various non-cash items (including inventory write-off, translation, and Stock-Based Compensation) and from time-to-time certain one-time costs considered appropriate by management.

	Three months ended September 30			**TFQ ended September 30**		
Result of Operations	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Revenue	940,849	670,159	40%	3,912,204	2,699,182	45%
Cost of sales	565,254	405,825	39%	2,919,719	1,994,634	46%
Gross profit	375,595	264,334	42%	992,485	704,548	41%
Gross margin %	40%	39%		25%	26%	
Non-IFRS Operating expenses	1,171,888	92,214	1171%	4,803,718	4,853,034	-1%
Non-IFRS Adjusted EBITDA	(796,293)	172,120	-563%	(3,811,233)	(4,148,486)	-8%

Non-IFRS Operating expenses are calculated as follows:

	Three months ended September 30		**TFQ ended September 30**	
Non-IFRS Operating expenses	**2020**	**2019**	**2020**	**2019**
Total Expenses	1,145,847	270,847	5,376,317	8,530,908
Interest, taxes and depreciations	180,171	74,591	513,890	664,942
Stock based compensation	95,664	104,042	326,113	241,115
Government funding due to COVID	(301,876)	-	(610,960)	-
Bad debt allowance	-	-	216,971	-
Inventory writeoff	-	-	126,584	-
RTO listing fee	-	-	-	2,771,817
Non-IFRS Operating expenses	1,171,888	92,214	4,803,718	4,853,034

As can be seen above, there has been significant improvement in the Company's operating expenses for the trailing four quarters.

Summary of Quarterly Results

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

	Sept 30, 2020	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
Revenue	940,849	340,345	238,171	2,392,839	670,159	568,037	340,266	1,120,720
Net Income(loss)	(770,252)	(561,203)	(1,100,790)	(1,951,587)	(6,513)	(1,675,959)	(1,467,859)	(4,676,029)
Income(loss) per Share	(0.02)	(0.01)	(0.02)	(0.07)	(0.00)	(0.04)	(0.04)	(0.26)
Total Assets	$5,023,229	5,233,057	4,287,904	5,308,496	4,803,988	4,066,307	5,145,129	4,488,607

Disclosure of Outstanding Share Data

Clear Blue Technologies International Inc. common shares trade on the TSX Venture Exchange under the symbol "CBLU." The Company is authorized to issue an unlimited number of common shares without par value. On November 18, 2020, there were 49,444,892 common shares issued and outstanding, 3,066,549 stock options outstanding with a weighted average exercise price of $0.37 expiring between 2023 and 2027, 11,819,281 warrants outstanding with a weighted average exercise price of $0.50 expiring between 2022 and 2025, 1,379,880 RSUs outstanding and 3,605,000 convertible securities maturing on November 1, 2022.

Fundraising & Other Share Activities

On February 22, 2019, the Company secured a $1.0 million revolving credit facility and a credit card facility of $150,000 to fund operating cash flow needs. The credit facility bears interest at a rate equivalent to the bank's prime lending rate plus 1.5% and is secured by the assets of the Company.

On February 22, 2019, March 22, 2019, and March 28, 2019, the Company closed three private placement equity raise tranches for a total of $2,669,875 representing 10,679,500 units. Under the terms of the offering, each unit is comprised of one common share of the Company and one common share purchase warrant of the Company. Each Warrant will be exercisable at $0.50 per share for 36 months following the closing and will be subject to accelerated expiration of the 10-day volume-weighted average trading price of the Company's common shares is, at any time, greater than $0.80 per share.

On November 1, 2019, the Company issued 10% convertible notes in the principal amount of $811,000. The convertible notes mature on November 1, 2022. They are convertible at any point before maturity, at the option of the noteholders, into units comprised of: (i) one common share of the Company (each, a "Common Share"); and (ii) one-half of one Common Share purchase warrant (each whole warrant being a "Warrant"). Each Convertible Debenture is convertible into that number of units computed based on the principal amount of the Convertible Debentures divided by the conversion price of $0.20 per unit. Each Warrant entitles the holder thereof to purchase one

Common Share of the Company (each a "Warrant Share") for a period of three (3) years after the Closing Date for $0.35 per Warrant Share (subject to adjustment in certain circumstances). Interest on the Principal Amount outstanding is calculated and payable semi-annually, not in advance, on the last day of June and December each year, accrued from and including the Closing Date.

During the nine months ended September 30, 2020, the Company issued:

(i) 2,013,161 common shares as a result of the settlement of shares for debt transaction
(ii) 1,176,653 common shares as a result of the maturity of shares of Restricted Share Units ("RSU")
(iii) 450,000 common shares as a result of the conversion of $90,000 convertible debt;
(iv) 62,242 common shares for cash consideration of $3,112 and the transfer of $29,949 from contributed surplus to share capital in respect of stock option exercises.

During the first quarter, Clear Blue received $2 million from BDC as a first tranche of a $5 million loan facility. The loan has a 5-year term and consists of an initial period of interest-only payments through August 15, 2022, and a subsequent period commencing on September 15, 2022, of principal and interest payments, culminating in a balloon payment at the end of the term. Subject to meeting certain financial milestones, the Company has the option to draw down an additional $3 million in $1 million tranches. The loan is secured against the assets of Clear Blue and each of Clear Blue's subsidiaries and carries a variable base interest rate per annum of 7.5%. In addition to the cash interest, a non-compounding payment in kind ("PIK") interest of up to 9.5% per annum will accrue, depending upon various factors.

In connection with the BDC loan facility, the Company agreed to issue an aggregate of 72,100 common share purchase warrants ("Warrants") of the Company to certain existing debenture holders of the Company as compensation to enter into postponement agreements in favor of BDC. Each Warrant will be exercisable for one common share of the Company for a period of 18 months following the date of issuance at an exercise price of $0.50 per common share. All Warrants proposed to be issued by the Company will be subject to a statutory four-month hold period per applicable securities legislation. The issuance of the Warrants is subject to approval from the TSX Venture Exchange.

Certain directors, officers, and other insiders of the Company will acquire direction and control over a total of 18,200 Warrants in connection with the Warrant issuance to existing debenture holders of the Company. The issuance of securities to those persons constitutes a related party transaction as defined under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The issuance of securities to the related parties is exempt from the formal valuation requirements of Section 5.4 of MI 61-101 pursuant to Subsection 5.5(a) of MI 61-101 and exempt from the minority shareholder approval requirements of Section 5.6 of MI 61-101 pursuant to Subsection 5.7(1)(a) of MI 61-101.

Given the unique nature of the COVID-19 pandemic, there are certain uncertainties related to the short- and long-term impacts of the COVID-19 pandemic on the Company's liquidity and capital resources; however, we continue to closely monitor the rapidly evolving situation and we are looking into all possible actions that could minimize the impact of the COVID-19 pandemic.

During the nine months ended September 30, 2020, the Company received government grants in response to the COVID-19 pandemic. For the Company's subsidiaries, the Canada Emergency Wage Subsidy (CEWS) became available for eligible businesses as of March 15, 2020. This program provides a salary subsidy to allow employers to retain employees during the COVID-19 pandemic. It provides employers with wage subsidies up to $847/ week/ employee. Clear Blue Technologies Inc. have applied for this program for consecutive periods since its release.

Summary of amounts recognized are as follows:

10% Temporary Wage	$ 25,000
March 15 - April 11	96,975
April 12 - May 9	89,426
May 10 - June 6	97,682
June 7 – July 4	97,399
July 5 – August 1	96,649
August 2 – August 29	98,673
Rent Subsidy	9,155
Total	$ 610,960

Liquidity and Capital Resources

The Company's objectives when managing capital are:

- To allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
- To provide sustained growth and value by increasing equity; and
- To maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk.

The Company has financed its operations to date through the issuance of common shares, debentures and, government loan and grant programs, a $1,000,000 revolving credit facility, and most recently a BDC loan, with an initial $2,000,000 drawdown. The Company continues to seek capital through various means including the issuance of securities. Additionally, reduction in expenses, increases in gross margin, and increases in revenue are key aspects that will contribute to meet the Company's liquidity needs.

As of September 30, 2020, the Company had working capital of $ 1,193,020 compared to working capital of $1,149,355 as of December 31, 2019. The Company anticipates receiving cash proceeds from future revenue, the exercise of options and warrants, and private placements; however, the Company cannot predict the timing or amount of additional options and warrants that may be exercised, if any.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and the success of Clear Blue's Smart Off-Grid. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows or earnings.

Related Party Transactions

The Company transacts with key individuals from management who have authority and responsibility to plan, direct, and control the activities of the Company. Key management personnel are defined as the executive officers of the Company and certain other key employees, including the Chief Executive Officer, Chief Power Officer, Chief Technology Officer, and Chief Financial Officer.

Remuneration to key management was as follows:

	September 30, 2020	September 30, 2019
Salaries and benefits, including bonuses	$ 308,250	$ 422,000
Stock-based compensation	152,005	18,000
Total	$ 460,255	$ 440,000

The remuneration related to stock-based compensation in the table above represents the entire fair value of the stock options issued to key management during each year which will be recognized as expense over the related vesting periods.

Accounts payable and accrued liabilities as of September 30, 2020, includes short-term amounts owing to shareholders of the Company for reimbursement of business expenses totaling $194,053 (December 31, 2019 – $526,161).

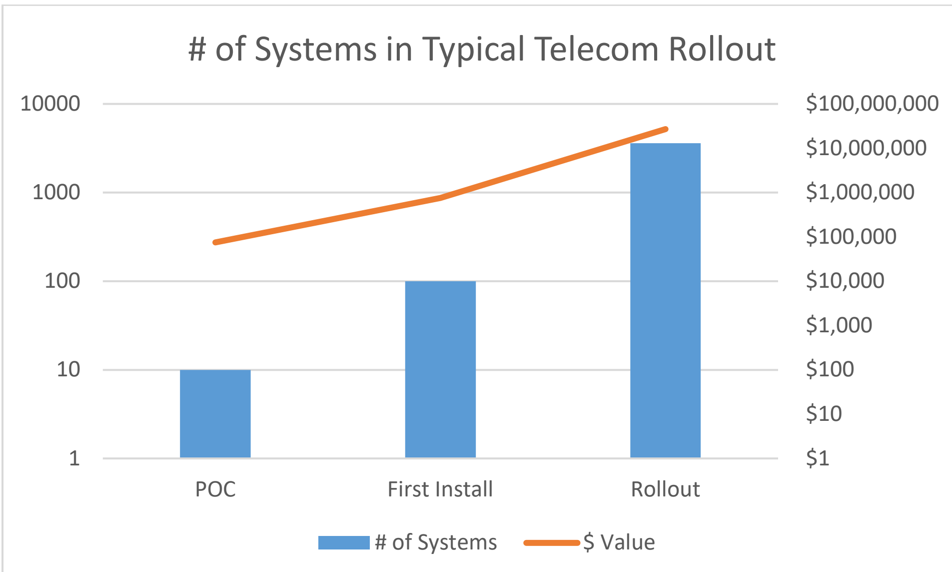
Outlook

Clear Blue competes in a marketplace where most competitors focus on large, on-grid power control systems, concentrating only on one-time sales of hardware products. The Company's focus is on the off-grid market. Its business model is to provide an ongoing Energy-as-a-Service ("EaaS") delivery model where customers receive long-term assurance of reliable power, and Clear Blue is paid additional revenue over time for that reliability. As a result, Clear Blue holds a first-mover advantage and leads the market, as evidenced by deployment of its systems in more than 35 countries.

The company believes its service management programs, Illumience and EaaS, will significantly impact its future growth. Clear Blue estimates that for each million dollar sale, the contract's ten-year value with EaaS is $1.48 million. For now, EaaS is a North American offer, and Illumience is provided internationally. However, by end of 2021, the Company expects to roll out EaaS to other markets. The relationship-driven nature of these services is projected to further facilitate future project sales to the existing customer base.

In the third quarter of 2019, Clear Blue's Management team reported on its view of the growth potential of the Telecom vertical in terms of three project stages:

- Proof of Concept pilots consisting of 1 – 10 systems, followed by,
- First Installs of 10 – 100 systems, followed by,
- Large Rollout of hundreds to thousands of systems



An assessment of a Large Rollout, shown in the above Q3 2019 graph, indicates that a Large Rollout could generate revenues up to the $10 million range and even beyond, with a single telecom cell tower generating $5,000 to $25,000 in revenue for Clear Blue. Because telecom projects are bid openly and have multiple parties engaged in each bid, and Clear Blue is often a participant in multiple bids for a project working with large, well-funded bid partners, management has judged that it is prudent to provide shareholders with the above description of the magnitude of each phase of project development.

For the trailing four-quarters period ending Q3 2020, the Company has delivered 11 Proof of Concept projects and 2 First Installs, and it has received purchase orders for an additional 4 POCs, 5 First Installs and 2 Large Rollouts since the end of the quarter. Clear Blue announced its first Large Rollout in Africa on April 16, 2020 (http://ow.ly/KRAH50ClTNL), with an estimated $3.5 million in sales in 2020. While delayed by COVID-19 and the customer's financing completion, that project is expected to be on track to deliver in 2021 as forecast on April 16th and our Third Large Rollout is anticipated to offset about this delayed revenue for this project in Q4. Most of these projects are situated in developing regions such as Africa and South America, where off-grid powered telecom will be the primary communications network. Therefore, there is a strong demand for Large Rollouts from telecom operators. This includes the development of traditional tower infrastructure, satellite/Wi-Fi networks, and new 5G networks in the future.

On October 29, 2020, Clear Blue announced its second Large Rollout for Orange in Cameroon, in partnership with NuRAN (http://ow.ly/4DBd50ClUMd). NuRAN and Clear Blue will provide Rural Telecommunications systems and ongoing operational services in Cameroon to Orange S.A. (NYSE: ORAN), one of the world's largest mobile network operators. Clear Blue will provide its Smart Off-Grid solar-powered telecom solution as part of the 'Network-as-a-Service' ('NaaS') project. Phase 1 rollout across 120 sites will take 12 months, commencing in Q4 2020.

Most importantly, the Company was very pleased to announce the awarding of its third Full Rollout on November 17, 2020 (http://ow.ly/Sr1O50CmGU3), exceeding the original guidance offered in Q3 2019. With a major infrastructure operator in Africa, this project is forecast to generate sales of $5 million for 400 telecommunications sites, with 30% delivered in Q4 2020 and the remainder in Q1 2021, all at gross margins typical for Clear Blue over the past year. This initial rollout is part of a planned 2,000 additional sites, providing a significant revenue opportunity for the Company over the next two years. The Company has already built and holds in inventory more than 1000 systems to ensure mitigation against COVID-19 risk and demonstrating its confidence in its new project forecast in Q3 2019.

Based on a similar pipeline review, and including the projects described above we at Clear Blue believe it will reach:

* 4-6 POCs,
* 3-7 First Installs, and
* 3-4 Large Rollout orders by the end of 2020

While much of the Company's attention has been devoted to the telecom sector this year, management is pleased that there has been solid growth in the lighting sector, particularly in the US. The recent US election, together with recent vaccine announcements, signals an increase in infrastructure spending with stable or growing levels of interest in sustainable products like off-grid lighting. There is a significant opportunity for increased infrastructure spend based on policy announcements made during and after the US election.

With over 7,000 aggregate systems operating in 35 countries worldwide by the end of this year, and with more than 4 million operating days of data, Clear Blue has clearly established a first-mover advantage in both markets with a track record providing new and existing customers with strong evidence of system performance.

Changes in Accounting Policies

IFRS 16, Leases ("IFRS 16")

On January 1, 2019, the Company adopted IFRS 16, which was issued in January 2016 and it replaces IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC-15 “Operating Leases-Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

IFRIC 23, Uncertainty Over Income Tax Treatments (“IFRIC 23”)

IFRIC 23 was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistent with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates.
The Company’s Financial Statements were not affected by the adoption of IFRIC 23. The Company applied the requirements of the standard with full retrospective application with no restatement of comparative periods.

Risks and Uncertainties

Liquidity risk

As at September 30 2020, the Company had a working capital of $ 1,193,020. The Company plans to realize its assets, increase revenues and gross profit margins, and raise further capital as necessary, to maintain sufficient liquidity. If the Company is unable to achieve some or all of these plans within a reasonable timeframe, the Company may not be able to continue as a going concern.

Credit risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. Cash is held at reputable financial institutions, from which management believes the risk of loss to be remote.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and the majority of debt with fixed interest rates and therefore is not significantly exposed to fluctuating interest rates. The Company's current policy is to invest some of the excess cash in investment-grade highly liquid demand deposit certificates issued by its banking institutions.

(b) Foreign currency risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. A significant portion of the Company's revenues are denominated in United States dollars ("USD") along with a portion of its purchases. To the extent possible, the Company uses cash received from sales to finance its USD purchases and limit its exposure to foreign currency risk. If a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets would change by approximately $180,430 on September 30, 2020.

Going concern risk

These consolidated interim financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred losses as the Company continues to invest in research and development while expanding operations. Currently, revenues have not been enough to cover all costs, and may not be sufficient in the foreseeable future.

The Company's ability to continue as a going concern is dependent upon achieving sustained profitability through its business plan and the ability to raise additional debt or equity financing to fund its operations. Various risks and uncertainties affecting the Company's operations including, but not limited to, the rate of commercialization of the Company's offerings, the public policy environment for renewable energy solutions, the Company's ability to raise sufficient equity and/or debt financing, the ability of the Company to work with its bank to resolve any defaults of its loan agreement as they may arise, and general global economic conditions. There are no guarantees that the funds raised will be sufficient to sustain the Company's ongoing operations beyond twelve months or that additional debt or equity financing will be available to the Company or available at acceptable terms. Failure to implement the Company's business plan or the ability for the Company to raise sufficient funds could have a material adverse effect on the Company's financial condition and/or financial performance. Accordingly, some material risks and uncertainties cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments or disclosures that may result from the Company's inability to continue as a going concern. If the going concern

assumption were not found to be appropriate for these consolidated financial statements, adjustments might be necessary in the carrying amounts of assets and liabilities and the reported expenses and consolidated balance sheet classifications; such adjustments could be material.
Customer concentration risk

Sales risk

Clear Blue's sales efforts target medium and large organizations and the Company spends significant time and resources educating prospective customers about the features and benefits of its solutions. The Company balances this risk by continuously assessing the condition of its backlog and pipeline and making the appropriate adjustments as far in advance as possible. This strategy also includes a comprehensive program to build and improve relationships with customers to better understand their needs and proactively manage incoming business levels effectively.

Ability to Hire and Retain Key Personnel and Dependence on Management

The business and technical expertise of its management is heavily relied on by the Company for it to succeed. The contributions of the existing management team to the operations of the Company are vital.

The Company's success depends in large part on key personnel. The loss of such key personnel may have a material adverse effect on the Company's operations. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. It can take several months before a new salesperson is fully trained and productive. If the Company is unable to hire, develop and retain talented sales personnel or if new sales personnel are unable to achieve desired productivity levels in a reasonable period of time, the Company may not be able to grow its business.

Additional Financing

To date, the Company has funded losses by issuing additional equity and loans, and through government R&D grants. To the extent that the Company does not achieve or maintain positive cash flows from operations in the future, or financing is not available or not available on reasonable terms, reductions in expenditures will be required or the Company may not be able to continue as a going concern. These conditions raise significant doubt about the ability of the Company to continue as a going concern. If the Company is unable to continue as a going concern, then the carrying value of certain assets and liabilities would require revaluation to a liquidation basis, which could differ materially from the values presented in the Company's financial statements.

To achieve profitability, make further investments, or take advantage of future opportunities, the Company will require additional financing. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares or other forms of convertible securities from treasury, control of the Company may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Negative Cash Flows and Profitability

During the period ended September 30, 2020, the Company had negative cash flow, and since its inception has not been profitable. There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

Significant Competition

There are companies in competition with us in each of the markets that the Company or its subsidiaries operate in. There can be no guarantee that the Company will be able to effectively compete in the marketplace with such competition.

The renewable energy industry is competitive and continually evolving as participants strive to distinguish themselves within their markets. The Company's competitors can be expected to continue to develop competitive advantages and could cause a decline in market acceptance of the Company's services. In addition, the Company's competitors could cause a reduction in the prices for some services as a result of intensified price competition.

Also, the Company may be unable to effectively anticipate and react to new entrants in the marketplace competing with the Company's services.

Third-Party Suppliers

The Company relies on subcontractors and may run into funding, supply chain, technical, and/or other difficulties. As a result, they could be unable to deliver essential services or components in time and could cause significant delays in the delivery of the Company's projects. Any significant delivery delays could negatively impact the Company's future revenue and may have a material adverse effect on the business, financial position, or results of operations of the Company. In addition, it is possible that certain vendors may face high demand for their services or products and not be able to supply the Company with what it needs, and/or when it needs it. Trade barriers, such as tariffs imposed by governments on import, also have the potential to disrupt the Company's supply chain, necessitating the Company to find other suppliers, sometimes on short notice. Such tariffs could also impose additional costs on the Company, negatively impacting its profitability.

The declining cost of solar panels has been a driver in the pricing of the Company's projects and customer adoption of this form of renewable energy. If solar panel prices increase or do not continue to decline, the Company's growth could slow, and the Company's financial results could suffer. Such events could harm the Company's financial results by requiring it to pay higher prices.

Warranty

The Company's business exposes it to potential liability risks. The Company sometimes provides a warranty for its services, often for one year or more after the service is completed. If the Company experiences a greater number of warranty claims than budgeted in the normal course, the Company's gross margins could be negatively affected.

Commercial and Industrial Customers

Projects with commercial and industrial customers may create concentrated operating and financial risks. The effect of recognizing revenue or other financial measures on the sale of a larger project, or the failure to recognize revenue or other financial measures as anticipated in a given reporting period because a project is not yet completed under applicable accounting rules by period end, may materially impact the Company's quarterly or annual financial results. In addition, if operational issues arise on a larger project, or if the timing of such projects unexpectedly shifts for other reasons, such issues could have a material impact on the Company's financial results. If the Company is unable to successfully manage these significant projects in multiple markets, including related internal processes and external construction management, or if the Company is unable to continue to attract such significant customers and projects in the future, the Company's financial results would be harmed.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive to the existing shareholders.

Damage to Reputation

The Company depends significantly on its reputation for high-quality products, services, engineering abilities, and exceptional customer service to attract new customers and grow its business. If the Company fails to continue to deliver its solutions within planned timelines, if products and services do not perform as anticipated, or if the Company damages any of its customers' properties or cancels projects, its brand and reputation could be significantly impaired. In addition, if the Company fails to deliver, or fails to continue to deliver, high-quality services to customers through long-term relationships, the Company's customers will be less likely to purchase future services from the Company, which is a key strategy to achieve desired growth. The Company also depends on referrals from existing customers for growth, in addition to other marketing efforts. Therefore, the Company's inability to meet or exceed current customers' expectations would harm the Company's reputation and growth through referrals.

Fluctuating Results of Operations

The Company's quarterly operating results are difficult to predict and may fluctuate significantly in the future. Given that the Company is an early-stage company operating in a rapidly growing industry, fluctuations may be masked by recent growth rates and thus may not be readily apparent from historical operating results. As such, past quarterly operating results of the Company may not be good indicators of future performance.

In addition to the other risks described in this "Risk Factors" section, the following factors could cause the Company's operating results to fluctuate:

- significant fluctuations in customer demand for the Company's offerings;
- market acceptance of the Company's new or existing offerings;
- the Company's ability to complete installations in a timely manner;
- the Company's ability to continue to expand operations, and the amount and timing of expenditures related to this expansion;
- announcements by the Company or its competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- changes in the Company's pricing policies or terms, or those of its competitors, including electric utilities; and
- actual or anticipated developments in the competitive landscape.

For these or other reasons, the results of any prior quarterly or annual periods of the Company should not be relied upon as indications of the Company's future performance. In addition, actual revenue, key operating metrics, and other operating results in future quarters may fall short of the expectations of investors and financial analysts, which could have a severe adverse effect on the trading price of the Company's shares.

International Operations

The Company has a customer base internationally. Risks inherent to international operations include the following:

- inability to work successfully with third parties with local expertise to co-develop or build international projects;
- multiple, conflicting and changing laws and regulations, including export and import restrictions, tax laws and regulations, labor laws and other government requirements, approvals, permits and licenses;
- changes in general economic and political conditions in the countries where the Company operates, including changes in government incentives relating to power generation;
- political and economic instability, including wars, acts of terrorism, political unrest, boycotts, curtailments of trade and other business restrictions;
- difficulties and costs in recruiting and retaining individuals skilled in international business operations;

- financial risks, such as longer sales and payment cycles and greater difficulty collecting accounts receivable; and
- inability to obtain, maintain or enforce intellectual property rights, including inability to apply for or register material trademarks in foreign countries.

Doing business in foreign markets requires the Company to be able to respond to rapid changes in market, legal, and political conditions in these countries. The success of the Company's business depends, in part, on its ability to succeed in differing legal, regulatory, economic, social and political environments.

The Company will continually and selectively consider new international markets. In other instances, the Company may rely on the efforts and abilities of foreign business partners in such markets. Certain international markets may be slower than domestic markets in adopting the Company's products and services, and operations in international markets may not develop at a rate that supports the Company's level of investment.

Existing Industry Regulations

Federal, state, provincial, and local government regulations and policies concerning the electric utility industry, and internal policies and regulations promulgated by electric utilities, heavily influence the market for electricity generation products and services. These regulations and policies often relate to electricity pricing and the interconnection of customer-owned electricity generation. Governments and utilities continuously modify these regulations and policies. These regulations and policies could deter customers from purchasing solar solutions.

In addition, any changes to government or internal utility regulations and policies that favor electric utilities could reduce the Company's competitiveness and cause a significant reduction in demand for its products and services.

Drop-in Retail Price of Utility-Generated Electricity and Improved Infrastructure

The Company believes that a customer's decision to implement a renewable energy solution is driven largely by its desire to reduce its cost of electricity. A customer's decision may also be affected by the cost of other renewable energy sources. Decreases in the retail prices of electricity from the utilities or other renewable energy sources or improved distribution of electricity would harm the Company's ability to offer competitive pricing and could harm its business. The price of electricity from utilities could decrease as a result of:

- the construction of a significant number of new power generation plants, particularly in emerging markets, including nuclear, coal, natural gas or renewable energy;
- the construction of additional electric transmission and distribution lines which improve access, reliability and/or cost of electricity;
- a reduction in the price of natural gas or other fossil fuels; and
- development of new renewable energy technologies that provide less expensive energy.

If the retail price of energy available from utilities were to decrease due to any of these reasons, or others, or the distribution of electricity is improved as a result of improved infrastructure, the Company may be at a competitive disadvantage, limiting growth.

Conflicts of Interest

Certain directors of the Company are also directors of other companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other organizations or seek to obtain additional working capital. These transactions may be financed in whole or in part with debt, which may increase the Company's debt levels above industry standards for companies of similar size. Depending on plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms to the Company. Neither the Company's articles nor its by-laws limit the amount of indebtedness that the Company may incur. As a result, the level of the Company's indebtedness from time to time could impair its ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

No Guarantee of Active Liquid Market

There may not be an active, liquid market for the Common Shares. There is no guarantee that an active trading market for the Common Shares will be maintained on the TSX Venture Exchange ("TSXV"). Investors may not be able to sell their Common Shares quickly, on satisfactory terms, or at the latest market price if trading in the Common Shares is not active.

Issues Related to Acquisitions

With acquisitions there is a risk that integration will result in challenges that were not anticipated, such as key staff departures, diversion of management time and resources, or projected revenues that do not materialize. Should the future projected revenue attributed to any acquisition not materialize, the Company's overall revenues will be negatively impacted, which may have a material adverse effect on the Company's revenues going forward. The Company may not be able to successfully overcome these risks and this may adversely affect the Company's financial condition, and ability to execute its business plan.

Government Policies

The Company is subject to policies, laws, and regulations established by various levels of government and government agencies. These are subject to change by the government or their agencies or the courts and are administered by agencies that may have discretion in their interpretation. Future legal and regulatory changes or interpretations may have a material adverse effect on the Company.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Management's Report on Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management is committed to delivering timely and accurate disclosure of all material information.

Disclosure controls and procedures ensure that reporting requirements are satisfied, and that material information is disclosed in a timely manner. Due to the limitation on the ability of the officers to design and implement cost-effective policies for disclosure controls and procedures and internal control over financial reporting, the officers are not making representations that such controls and procedures would identify and allow for reporting material information on a timely basis, nor are they representing that such procedures are in place that provide reasonable assurance regarding the reliability of financial reporting.

Additional information and other publicly filed documents relating to the Company are available through the internet on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed at www.sedar.com.