# REVOLVE RENEWABLE POWER CORP.

## CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

(Expressed in US Dollars)

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
ReVolve Renewable Power Corp.

***Opinion***

We have audited the accompanying consolidated financial statements of ReVolve Renewable Power Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of (loss) income and comprehensive loss (income), changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $2,342,561 during the year ended June 30, 2023, and, as of that date, the Company's current liabilities exceeded its current assets by $1,501,792. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

*Accounting for Acquisition of Centrica Business Solutions Mexico S.A de C.V (CBS Mexico) including the judgements and estimates involved in the determination of the fair value of the assets acquired and liabilities assumed*
We draw your attention to Note 2, Basis of preparation and significant accounting policies and Note 5, Acquisition of CBS Mexico to the consolidated financial statements.

We draw your attention to Note 2, Basis of preparation and significant accounting policies and Note 5, Acquisition of CBS Mexico to the consolidated financial statements.

Effective August 26, 2022 (the "acquisition date"), the Company acquired 100% of CBS Mexico (the "Transaction") for cash consideration totalling $1,332,489. As more fully described in Note 5, judgement is required by the Company in the determination of whether the Transaction constituted a business combination or an asset acquisition, in addition, estimates are utilized in the valuation of the assets acquired, and liabilities assumed at the acquisition date.

The principal considerations for our determination that performing procedures relating to the judgment of whether the Transaction was a business combination, and estimates used in the fair value of the assets acquired and liabilities assumed are a key audit matter are (i) judgments of the inputs and processes at CBS Mexico at the acquisition date, which in turn led to (ii) significant auditor judgment, subjectivity and effort in performing procedures and evaluating management's assessment of the inputs and processes and (iii) significant effort involved in performing procedures and assessing the reasonableness of the estimates used in the valuation of the assets acquired, and liabilities assumed at the acquisition date.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the key controls associated with management's evaluation of the Transaction.
- Evaluating management's assessment of whether the Transaction constituted an asset acquisition or business combination.
- Examining and evaluating the contractual terms identified in underlying agreements in connection with the Transaction for consistency with the amounts recorded for the fair value of the assets acquired and liabilities assumed at the acquisition date.
- Utilizing professionals with specialized skill and knowledge to assist in evaluating the fair value of the assets acquired and liabilities assumed at the acquisition date.
- Assessing the adequacy of the disclosures in the consolidated financial statements.

*Completeness, accuracy, and occurrence of revenues*

We draw attention to Note 2, Basis of preparation and significant accounting policies and Note 8, Sale of Utility Scale Solar and Storage Project.

The Company's subsidiaries have two main revenue streams: sale of electricity and the sale of development rights. As a result, the Company recognizes revenues when the Company has fulfilled the services to the customer or its performance obligations at the transaction price and using the 5-step model indicated by IFRS 15, Revenue from Contracts with Customers (IFRS 15). Judgment is required by the Company to identify the various distinct performance obligations and to determine the completeness and accuracy of revenue recognized.

The principal considerations for our determination that performing procedures relating to the judgment of the performance obligation, and the completeness and accuracy of revenues is a key audit matter are (i) judgments of whether the various professional services are distinct and the stand- alone selling price of the various obligations, which in turn led to (ii) significant auditor judgment, subjectivity and effort in performing procedures and evaluating management's assessment of the performance obligations and the allocation of the prices and (iii) significant effort involved in assessing the completeness of the transactions and the accuracy of revenues recognized.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included among others:

- Walkthrough of the Company' processes and controls to understand and design appropriate audit procedures to test the completeness and accuracy of revenues recognized.
- Evaluating the appropriateness of management's assessment of the performance obligation by examining the contract source documents, and the allocation of the transaction price to the various obligations.
- Examining and evaluating the contractual terms identified in underlying agreements for consistency with amounts recorded in the consolidated financial statements.
- Assessing the adequacy of the disclosures in the consolidated financial statements.

***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Reshma Mahase.

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

October 30, 2023

**REVOLVE RENEWABLE POWER CORP.**
**Consolidated Statements of Financial Position**
(Expressed in US Dollars)

| AS AT | Note | June 30, 2023 | June 30, 2022 |
|---|---|---|---|
| | | $ | $ |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | 611,922 | 2,547,352 |
| Cash held in trust | | - | 1,184,176 |
| Receivables | 3 | 46,901 | - |
| Prepaid expenses | | 39,580 | 91,301 |
| Interconnection and security deposits | 4 | 874,000 | 325,078 |
| **Total current assets** | | 1,572,403 | 4,147,907 |
| **Non-current assets** | | | |
| Investments | | 18,867 | 19,400 |
| Distributed generation assets - acquired | 5, 6 | 893,391 | - |
| Distributed generation assets - new operations | 5, 6 | 1,297,687 | - |
| Sales tax receivable – CBS Mexico historic | | 1,227,497 | - |
| Sales tax receivable | | 840,290 | 298,104 |
| Equipment | 6 | 84,096 | 99,827 |
| **Total non-current assets** | | 4,361,828 | 417,331 |
| **TOTAL ASSETS** | | 5,934,231 | 4,565,238 |
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities** | | | |
| Deferred revenue | 8 | 1,200,000 | - |
| Current tax liability | 19 | 33,000 | - |
| Accounts payable and accrued liabilities | 9 | 633,675 | 398,029 |
| Loans payable | 11 | 1,207,520 | - |
| **Total current liabilities** | | 3,074,195 | 398,029 |
| **Long term liabilities** | | | |
| Sales tax repayment liability – CBS Mexico historic | 9 | 930,790 | - |
| Loans payable | 11 | 1,406,230 | 1,241,600 |
| Deferred income tax liability | 19 | 172,000 | - |
| **Total long-term liabilities** | | 2,509,020 | 1,241,600 |
| **Equity** | | | |
| Share capital | 13 | 8,982,111 | 8,982,111 |
| Reserves | | 932,356 | 692,679 |
| Accumulated other comprehensive income | | 116,348 | 553,219 |
| Accumulated deficit | | (9,494,854) | (7,145,641) |
| Equity attributed to holders of the parent | | 535,961 | 3,082,368 |
| Non-controlling interest | | (184,945) | (156,759) |
| **Total shareholder equity** | | **351,016** | **2,925,609** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | 5,934,231 | 4,565,238 |

| | |
|---|---|
| Nature of operations and going concern | 1 |
| Subsequent events | 20 |

The accompanying notes are an integral part of these consolidated financial statements.

Approved and authorized by the Board on October 30, 2023

**Approved on behalf of the Board:**

| | |
|---|---|
| *"Steve Dalton"* | *"Craig Lindsay"* |
| Director | Director |

**REVOLVE RENEWABLE POWER CORP.**
**Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income**
(Expressed in US Dollars)

| | Note | For the years ended June 30, 2023 | June 30, 2022 |
|---|---|---|---|
| **Revenues** | | $ | $ |
| Distributed generation - electricity sales | 7 | 309,374 | |
| Utility scale – sale of development rights | 8 | 800,000 | - |
| **Total revenues** | | **1,109,374** | - |
| **Cost of sales** | | | |
| Distributed generation | | (29,502) | - |
| Utility scale | | (135,790) | - |
| **Gross profit** | | **944,082** | - |
| **Operating expenses** | | | |
| Consulting and professional fees | | 862,077 | 361,526 |
| Development expenses | | 448,396 | 1,224,352 |
| Depreciation | 6 | 186,430 | 542 |
| General and administrative | | 935,020 | 596,447 |
| Management and director fees | | 519,801 | 276,959 |
| Share based compensation | 13 | 239,677 | 699,050 |
| Royalty payments | | 9,916 | - |
| **Total operating expenses** | | (3,201,317) | (3,158,876) |
| **Operating loss** | | **(2,257,235)** | **(3,158,876)** |
| **Other items** | | | |
| Listing expense | 12 | | (2,786,458) |
| Transaction and acquisition costs | | (64,106) | (317,063) |
| Interest expense | 11 | (120,104) | - |
| Foreign exchange gain (loss) | 2 | 609,879 | (193,649) |
| Write off distributed generation assets | 6 | (305,995) | - |
| Impairment of goodwill | | (315,388) | - |
| **Loss for the year before income tax** | | **(2,452,949)** | **(6,456,046)** |
| Income tax (recovery) | | 110,388 | - |
| **Loss for the year after income tax** | | **(2,342,561)** | **(6,456,046)** |
| (Loss) income attributable to: | | | |
| Shareholders equity | | (2,349,213) | (6,340,033) |
| Non-controlling interest | 18 | 6,652 | (116,013) |
| **Loss for the year** | | **(2,342,561)** | **(6,456,046)** |
| **Other comprehensive (loss) income** | | | |
| Foreign currency translation | | (471,709) | 447,725 |
| **Other comprehensive (loss) income attributable to:** | | | |
| Shareholders equity | | (436,871) | 461,649 |
| Non-controlling interest | 18 | (34,838) | (13,924) |
| **Other comprehensive (loss) income** | | **(471,709)** | **447,725** |
| **Total comprehensive (loss) income attributable to:** | | | |
| Shareholders equity | | (2,786,084) | (5,851,562) |
| Non-controlling interest | | (28,186) | (156,759) |
| | | **(2,814,270)** | **(6,008,321)** |
| **Basic and diluted loss per share** | | (0.04) | (0.21) |
| **Weighted average number of common shares outstanding – basic and diluted** | | 54,905,565 | 28,981,477 |

The accompanying notes are an integral part of these consolidated financial statements.

**REVOLVE RENEWABLE POWER CORP.**
**Consolidated Statements of Changes in Equity**
(Expressed in US Dollars)

| | | Share Capital | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Number of common shares | Amount | Reserves | Accumulated other comprehensive income (loss) | Accumulated deficit | Non-Controlling interest | Total |
| | | | $ | $ | | $ | | $ |
| **June 30, 2021** | | 35,100,000 | 1,306,801 | - | 86,027 | (805,608) | (26,822) | 560,398 |
| Private placement Aug 2021 | | 9,595,187 | 3,680,131 | - | - | - | - | 3,680,131 |
| Shares issued at close of reverse takeover (RTO) [1] | 12 | 5,029,585 | 1,967,157 | - | - | - | - | 1,967,157 |
| Shares issued in connection with the financing at the RTO | 12 | 5,180,793 | 2,028,022 | - | - | - | - | 2,028,022 |
| Options granted | 12 | | | 692,679 | 6,371 | - | - | 699,050 |
| Foreign currency adjustment | | - | - | - | 460,821 | - | (13,924) | 446,897 |
| Loss for the year | | - | - | - | - | (6,340,033) | (116,013) | (6,456,046) |
| **June 30, 2022** | | **54,905,565** | **8,982,111** | **692,679** | **553,219** | **(7,145,641)** | **(156,759)** | **2,925,609** |
| Options granted | 13 | - | - | 239,677 | - | - | - | 239,677 |
| Foreign currency adjustment | | - | - | - | (436,871) | - | (34,838) | (471,709) |
| Loss for the year | | - | - | - | - | (2,349,213) | 6,652 | (2,342,561) |
| **June 30, 2023** | | 54,905,565 | 8,982,111 | 932,356 | 116,348 | (9,494,854) | (184,945) | 351,016 |

All common shares and per common share amounts in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

1 On March 7, 2022, upon the close of the reverse takeover transaction, the existing shares of Philippine Metals Inc. were rolled back on a 4 to 1 basis.

**REVOLVE RENEWABLE POWER CORP.**
**Consolidated Statement of Cash Flows**
(Expressed in US Dollars)

| | For the year ended June 30, 2023 | For the year ended June 30, 2022 |
|---|---|---|
| **Cash flows used in operating activities** | $ | $ |
| Loss for the year | (2,342,561) | (6,456,046) |
| Adjustments for non-cash items: | | |
| Income tax recovery | (110,388) | - |
| Depreciation | 186,430 | 542 |
| Share-based compensation | 239,677 | 699,050 |
| Listing expense | - | 2,786,458 |
| Write off distributed generation assets | 305,995 | - |
| Foreign exchange gain (loss) | (609,879) | 193,649 |
| Impairment of goodwill | 315,388 | - |
| Change in non-cash operating working capital: | | |
| Accounts receivable and prepaid expenses | 8,112 | (109,931) |
| Accounts payable and accrued liabilities | 216,426 | (42,528) |
| Deferred revenue | 800,000 | - |
| **Total cashflow used in operating activities** | (990,800) | (2,928,806) |
| **Cash flows used in investing activities** | | |
| Cash received on Reverse Takeover | - | 2,028,022 |
| Acquisition of CBS Mexico – net of cash acquired | (1,332,489) | - |
| Cash held in trust | 1,184,176 | (1,184,176) |
| Interconnection & security deposits | (548,922) | (75,078) |
| Distributed generation and equipment additions | (1,533,708) | (99,827) |
| **Total cashflow used in investing activities** | (2,230,943) | 668,941 |
| **Cash flows from financing activities** | | |
| Proceeds from private placement | - | 3,680,131 |
| Loan facility drawdown | 1,406,259 | 1,241,600 |
| **Total cashflow from financing activities** | 1,406,259 | 4,921,731 |
| Foreign currency translation effect on cash | (119,946) | (240,731) |
| **Change in cash during the year** | (1,815,484) | 2,661,018 |
| **Cash, beginning of the year** | 2,547,352 | 127,065 |
| **Cash, end of the year** | 611,922 | 2,547,352 |

The accompanying notes are an integral part of these consolidated financial statements.

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Revolve Renewable Power Corp. (formerly Philippine Metals Inc.) (the "Company) was incorporated on April 7, 1989, under the laws of the Province of Alberta. On April 17, 2018, the Company continued into the Province of British Columbia. The Company's head office is Bushfield House, 57 Bushfield Square, Philipsburgh Avenue, Fairview, Dublin 3, Ireland and its registered and records office address is Suite 2200, 700 West George Street, Vancouver, BC, V7Y 1K8, Canada.

During the year ended June 30, 2023 the Company completed the acquisition of 100% of Centrica Business Solutions Mexico S.A (CBS Mexico). The acquisition of CBS Mexico was accounted for a business combination. (Note 5).

During the year ended June 30, 2022, the Company completed the acquisition of Revolve Renewable Power Limited (formerly Mexican Renewable Energy Limited) through a reverse takeover (or "RTO") (Note 12).

The Company has two business divisions. Its "utility scale" renewable power division develops wind, solar and battery storage projects located in New Mexico, Utah, Colorado and North-eastern Mexico. A second division, Revolve Business Solutions, develops, owns and operates distributed generation (typically less than 20MW per project) "behind the meter" wind, solar, battery storage and energy efficiency projects in Mexico and the USS. At present, this second division has operating assets of 6MWh, an additional 3MW under construction and approximately 156MW under development.

The Company has accumulated losses of $9,494,854 at June 30, 2023 (June 30, 2022 – $7,145,641) and negative cash flow from operations of $990,800 for the year ended June 30, 2023 (June 30, 2022 - $2,928,806).

The ability of the Company to continue as a going concern depends on selling projects to achieve profitable operations, generating positive operating cash flows and obtaining the necessary financing to develop the current projects. At June 30, 2023, there are projects in progress and still pending commercialisation. The outcome of these projects cannot be predicted at this time. To fund its operating activities, the Company will continue to raise additional debt and equity financing as required to support its operations until such time that its operations become self-sustaining. There is no assurance that any such activity will generate sufficient funds for future operations. These factors indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

### Statement of compliance and basis of measurement

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretation Committee.

These consolidated financial statements of the Company have been prepared on an accrual basis, based on historical costs, except for financial instruments measured at fair value. The consolidated financial statements are presented in US dollars, which is the Company's reporting currency unless otherwise noted.

These consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on October 30, 2023.

### Critical accounting estimates and judgements

The critical accounting estimates and judgements used in the preparation of these financial statements comprise of:

#### *Business combinations*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured by assets acquired and liabilities assumed measured at their fair value at the acquisition date with considerations for non-controlling interest. Acquisition-related costs are expensed as incurred and included in transaction and acquisition costs.

The Company determines whether a transaction will be considered the acquisition of a business when the acquired set of activities and assets include an input and a substantive process, that together significantly contribute to the ability to create outputs. Goodwill is initially measured at cost, and then measured at cost less any accumulated impairment losses.

#### *Intangible assets*

Intangible assets acquired separately are initially measured at cost plus direct acquisition costs. Intangible assets acquired in business combinations are measured at their fair value as at the acquisition date. Intangible assets with a finite useful life are amortized over their useful lives using the straight-line method and are reviewed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end.

(Expressed in US Dollars)

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Significant accounting policies

***Basis of presentation and consolidation***

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated. Intra-group balances and transactions, including any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

A detailed list of companies that have been consolidated within these financial statements, including country of Incorporation, operations descriptions and effective interest are included below.

| Entity | Country of Incorporation | Operations | Effective Interest |
|---|---|---|---|
| Revolve Renewable Power Limited (subsidiary of Revolve Renewable Power Corp.) | Republic of Ireland | Developer of renewable energy electricity generation projects located in North America | 100% |
| Revolve Renewable Power Canada Inc. (subsidiary of Revolve Renewable Power Corp.) | Canada | Corporate entity overseeing the operations of its subsidiary | 100% |
| Emerald Power México, S.A. de C.V. ("EPM") | Mexico | Developer of renewable energy electricity generation projects | 100% |
| Revolve Presa Nueva Wind DAC ("PNW") | Republic of Ireland | Corporate entity overseeing the operations of its subsidiary | 100% |
| Presa Nueva Eólica, S.A. de C.V. ("PNE") (subsidiary of PNW) | Mexico | Developer of renewable energy electricity generation projects | 100% |
| Revolve El Mentillo Wind DAC (Revolve El Mentillo") | Republic of Ireland | Corporate entity overseeing the operations of its subsidiary | 100% |
| Eólica El Mentillo, S.A. de C.V. ("ESS") [2] (subsidiary of Revolve El Mentillo) | Mexico | Developer of renewable energy electricity generation projects | 100% |
| Revolve El 24 Wind DAC ("Revolve El 24") | Republic of Ireland | Corporate entity overseeing the operations of its subsidiary | 100% |
| EPM Eólica 24, S.A. de C.V. ("EPM 24") (subsidiary of Revolve El 24) | Mexico | Developer of renewable energy electricity generation projects | 100% |
| Revolve Florida Wind DAC ("Revolve Florida Wind") | Republic of Ireland | Corporate entity overseeing the operations of its subsidiary | 100% |
| Eolica La Florida S.A. de C.V. [1] (subsidiary of Revolve Florida Wind) | Mexico | Developer of renewable energy electricity generation projects | 100% |
| MSE Eolicse Wind Limited ("MSE Eolicse") | Republic of Ireland | Dormant | 100% |
| Eolicse, S.A.P.I de C.V. ("Eolicse") (subsidiary of MSE Eolicse) | Mexico | Dormant | 100% |
| MRE Mamulique Solar Limited ("Mamulique Solar") | Republic of Ireland | Dormant | 100% |
| EPM Solar, S.A. de C.V. (subsidiary of Mamulique Solar) | Mexico | Dormant | 100% |
| MRE US Wind & Solar Inc. ("MRE US") | USA | Corporate entity overseeing the operations of its subsidiary | 90% |
| Revolve Renewable Power AZ LLC (subsidiary of MRE US) | USA | Sold as part of the sale of project | 90% |

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Basis of presentation and consolidation (continued)*

| Entity | Country of Incorporation | Operations | Effective Interest |
|---|---|---|---|
| Revolve Lordsburg Solar LLC (subsidiary of MRE US) [3] | USA | Developer of renewable energy electricity generation projects | 90% |
| Revolve Afton Solar LLC (subsidiary of MRE US) [3] | USA | Developer of renewable energy electricity generation projects | 90% |
| Revolve Parker Solar LLC (subsidiary of MRE US) [3] | USA | Sold as part of the sale of project | 90% |
| Revolve Vernal BESS LLC (subsidiary of MRE US) [4] | USA | Developer of renewable energy electricity generation projects | 90% |
| Centrica Business Solutions Mexico S.A de C.V. | Mexico | Distributed generation business | 100% |
| MRE Dolores Wind DAC | Republic of Ireland | Inactive | 100% |
| MRE Alamito Solar Limited | Republic of Ireland | Inactive | 100% |

1 During the year ended June 30, 2022, Eólica El Sarro, S.A. de C.V. underwent a name change to Eólica La Florida, S.A. de C.V.

2 During the year ended June 30, 2022, El Sarro Solar, S.A. de C.V. underwent a name change to Eólica El Mentillo, S.A. de C.V.

3 During the year ended June 30, 2022, Revolve Lordsburg Solar LLC, Revolve Afton Solar LLC, and Revolve Parker Solar LLC were incorporated as 100% owned subsidiaries of MRE US for new business ventures.

4 During the year ended June 30, 2023, Revolve Vernal BESS LLC was incorporated in the state of Utah

### *Foreign exchange currency translation and non-controlling interest*

*Functional currency*

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. These consolidated financial statements are presented in US dollars. The operating and functional currencies of the Company and its active subsidiaries are as follows:

| Company | Operating Currency | Functional Currency |
|---|---|---|
| Revolve Renewable Power Corp. | Canadian Dollar | Canadian Dollar |
| Revolve Renewable Power Canada Inc. | Canadian Dollar | Canadian Dollar |
| Revolve Renewable Power Limited. | Euro | Canadian Dollar |
| Centrica Business Solutions Mexico S.A. de C.V. | Mexican Peso | Mexican Peso |
| Emerald Power Mexico, S.A. de C.V. | Mexican Peso | Canadian Dollar |
| Presa Nueva Eólica, S.A. de C.V. | Mexican Peso | Canadian Dollar |
| Eólica El Mentillo, S.A. de C.V. | Mexican Peso | Canadian Dollar |
| EPM Eólica 24, S.A. de C.V. | Mexican Peso | Canadian Dollar |
| EPM Solar, S.A. de C.V | Mexican Peso | Canadian Dollar |
| MRE US Wind & Solar Inc. | US Dollar | Canadian Dollar |
| Revolve Lordsburg Solar LLC | US Dollar | Canadian Dollar |
| Revolve Afton Solar LLC | US Dollar | Canadian Dollar |
| Revolve Vernal BESS LLC | US Dollar | Canadian Dollar |
| Revolve Renewable Power AZ LLC[1] | US Dollar | Canadian Dollar |
| Revolve Parker Solar LLC[1] | US Dollar | Canadian Dollar |

**1** During the year ended June 30, 2023, Revolve Renewable Power AZ LLC & Revolve Renewable Power Solar LLC were sold as part of the agreement signed with ENGIE IR Holdings Limited. (See Note 8)

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Foreign exchange currency translation and non-controlling interest (continued)***

The Company's translation and exchange rate exposure arises as follows:

- Foreign currency translation adjustment resulting from the translation of functional currency to reporting currency, including prior year balances, which creates gains/losses on the income statement under foreign currency translation adjustment.
- Payment of invoices in currency different than operating currency, posted at daily exchange rate on date of incurred expense, and paid at daily exchange rate resulting in foreign exchange gains/losses on the income statement in "Other items".
- Exchange rate variances as a result of the translation from operating currency to functional currency using historical exchange rates on historical share capital and reserves, current year period averages for profit & loss items, and current period end rates for balance sheet items, resulting in foreign exchange gains/losses on the income statement in other items.

*Transactions and balances*

Transactions in foreign currencies are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting year, monetary assets and liabilities of any group entity that are denominated in a currency other than its functional currency at the reporting date are translated into the presentation currency at the rate of exchange on the reporting date, while non-monetary assets and liabilities are translated at historical exchange rates. Income and expenses are translated at the exchange rates approximating those in effect on the dates of the transactions. Exchange gains and losses arising on translation are included in profit or loss in the statement of comprehensive loss (income).

The results and financial position of the Company and all its entities (none of which has the currency of a hyperinflationary economy) are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial year end.
- income and expenses for each statement of loss and comprehensive loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- equity transactions are translated using the exchange rate at the date of the transaction; and
- all resulting exchange differences are recognized as a separate component of equity.

*Consolidation*

The results and financial position of all the companies that have a functional currency different from the reporting currency are translated into the reporting currency as follows: -

- assets and liabilities are translated at the closing rate at the date of that statement of financial position;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognized in other comprehensive income and accumulated in other comprehensive (loss) income within equity.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Cash and cash held in trust*

Cash include cash on hand, and other short-term highly liquid investments with original maturities of three months or less.

*Cash held in trust*

Cash held in trust during the year ended June 30, 2022, was cash that had been pledged as collateral for the Company's acquisition of the 100% interest in Centrica Business Solutions Mexico S.A. de C.V. There was no cash held in trust at the year ended June 30, 2023.

*Development expenses*

Project development costs consist of design, development, engineering, interconnection, and acquisition costs associated with new and existing renewable energy projects. These costs are recognized in profit or loss (research expenses, net) as incurred. The Company capitalizes these costs when management determines that it is probable that the facilities will be constructed. When it is no longer probable a facility will be constructed, the costs capitalized to date are expensed.

*Revenue recognition*

The Company's revenue consists of the sale of electricity and the sale of development rights and is recorded net of applicable sales taxes.

Revenue related to distributed generation projects: electricity sales is recognized over time as the electricity is delivered. The electricity is a single performance obligation in accordance with each specific Power Purchase Agreement ("PPA").

Revenue related to utility scale projects: the sale of development rights for a utility scale project is recognized based on the revenue received by the Company on completion of such as sales as well as on the completing development milestones as defined in the Purchase Agreements between the Company and the purchaser of the development rights.

*Deferred revenue*

Deferred revenue represents the excess of amounts billed and received from customers over revenue earned on each project according to the development milestones defined in the Purchase Agreements between the Company and the customer. Deferred revenue is classified as a current liability and is accounted for on an individual basis at the end of each reporting period.

*Accounts receivable*

Receivables include amounts billed and currently due from customers less an allowance for impairment losses. Balances are written off when recoverability is assessed as being remote. If collection is expected in one year or less, receivables are classified as current assets. If not, they are presented as non-current assets.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Borrowing costs*

Borrowing costs directly attributable to the construction phase of distributed generation assets are capitalized as part of the cost of the asset until the asset is substantially ready for its intended use. All other borrowing costs are recognized as interest expense in the period in which they are incurred.

*Contingencies*

When a contingency is substantiated by confirming events, can be reliably measured, and will likely result in an economic outflow, a liability is recognized in the consolidated financial statements as the best estimate required to settle the obligation. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the consolidated financial statements.

*Distributed generation assets -new and acquired*

Distributed generation assets and equipment are recorded at historical cost less accumulated depreciation and accumulated impairment losses, if any. The cost of distributed generation assets and equipment includes the purchase price and the directly attributable costs of acquisition or construction costs required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management. In subsequent periods, distributed generation assets and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is recorded to allocate the cost, less estimated residual values of distributed generation assets over the contractual period of the corresponding purchase power agreement (PPA) to which each distributed generation asset relates and on a straight-line basis; this is typically between 10-12 years.

*Share capital*

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, as share issue costs. Common shares issued for consideration other than cash, are valued based on their fair value on the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to units in private placement and prospectus offerings (collectively, “equity offerings”). The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in equity offerings to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded within reserves.

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized in share-based payments is transferred to deficit.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Share capital (continued)*

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

*Earnings (loss) per share*

Basic earnings (loss) per share represents the income for the period, divided by the weighted average number of common shares issued and outstanding during the period. Diluted earnings represent the profit or loss for the period, divided by the weighted average number of common shares issued and outstanding during the period plus the weighted average number of dilutive shares that could result from the exercise of stock options, warrants and other similar instruments where the inclusion of these items would not be anti-dilutive. When a loss per share calculation based on the fully diluted number of shares would be less than the loss per share calculated on the basic number of shares, diluted loss per share is anti-dilutive and accordingly, the diluted loss per share would be the same as basic loss per share.

*Stock options and warrants*

Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of equity.

### Equipment

Equipment is measured at cost less accumulated depreciation and impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and if applicable, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized over the following terms, intended to depreciate the cost of equipment, less its residual values, if any, over its estimated useful live using 33% straight line basis.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the period they are incurred. Any gain or loss on the disposal or retirement of property and equipment is recognized in profit or loss.

### Financial instruments

The Company classifies its financial instruments based on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of the financial assets and liabilities at initial recognition. The Company has the following types of financial assets and liabilities:

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Financial instruments (continued)**

a) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise receivables, interconnection and security deposits, cash, and cash held in trust and are included in current assets due to their short-term nature. Receivables are initially recognized at the amount expected to be received and subsequently carried at amortized cost using the effective interest rate method with gains and losses recorded in the consolidated statement of loss.

b) Financial liability at fair value through profit and loss: Are a group of financial assets and liabilities is managed and its performance evaluated on a fair value basis, in accordance with risk management or investment strategy. The Company recognized a contingent liability in relation to the IVA and Accounts receivable historical amounts acquired and the IVA and Accounts receivable liabilities as part of the purchase of CBS Mexico (Note 5).
c) Other financial liabilities: Other financial liabilities are carried at amortized cost and include accounts payable, and loans payable. They are initially recognized at the amount required to be paid, and subsequently measured at amortized cost using the effective interest rate method with gains or losses recorded in the consolidated statement of loss.

**Impairment of non-financial assets**

The Company's non-financial assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss Is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

**Impairment of financial assets**

An 'expected credit loss' ("ECL") model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For loans receivable the Company applies the simplified approach to providing for expected credit losses,

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Impairment of financial assets (continued)**

which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decreases can be objectively related to an event occurring after the impairment was recognized.

**Current and deferred Income taxes**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxable benefit will be realized. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. To the extent that future taxable income and the application of existing tax laws differ significantly from the Company's estimate, the ability of the Company to realize the deferred tax assets could be impacted.

***Standards issued but not yet effective***

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended June 30, 2023:

These amendments will be in effect for annual reporting periods beginning on or after January 1, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Lack of Exchangeability (Amendments to IAS 21) – An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. These amendments are effective for annual periods beginning on or after 1 January 2025 (early adoption is available).

(Expressed in US Dollars)

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Standards issued but not yet effective (continued)***

Non-current liabilities with (Amendment to IAS 1) – These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. These amendments are effective for annual periods beginning on or after 1 January 2024

Leases on sale and leaseback (Amendment to IFRS 16) – These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. These amendments are effective for annual periods beginning on or after 1 January 2024.

Deferred tax related to assets and liabilities arising from a single transaction (Amendment to IAS 12) – These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. These amendments are effective for annual periods beginning on or after 1 January 2023.

The Company anticipates that these amendments will not have a material impact on the results of operations and financial position of the Company.

## 3. RECEIVABLES

| | June 30, 2023 | June 30, 2022 |
|---|---|---|
| | $ | $ |
| Current - Electricity generation debtors | 46,901 | - |
| **Total** | **46,901** | - |

## 4. DEPOSITS

During the year ended June 30, 2023, the Company had the following refundable deposits:

| | June 30, 2023 | June 30, 2022 |
|---|---|---|
| **Interconnection deposits** | $ | $ |
| Lordsburg Solar & Storage | - | 250,078 |
| Vernal BESS | 75,000 | 75,000 |
| Primus Wind | 75,000 | - |
| **Other deposits** | | |
| Vernal BESS Surety security deposit | 724,000 | - |
| **Total** | **874,000** | **325,078** |

*Interconnection deposits*

Under the Large Generator Interconnection Procedures in the jurisdictions that the Company is developing projects, various deposits are required to support the Company's interconnection requests for these projects.

## 4. DEPOSITS (CONTINUED)

*Interconnection deposits (continued)*

At June 30, 2023, the Company had a total of $150,000 in fully refundable site control deposits recorded as follows:

- $75,000 in relation to the Primus Wind project.
- $75,000 in relation to Phase I of their Vernal BESS project

During the year, the Revolve Lordsburg Solar & Storage interconnection deposit was refunded

*Other deposits*

In order to facilitate a requirement to provide Pacificorp with a Financial Security payment equal to Network Upgrade costs, the Company entered into a Surety Bond agreement valued at $1.8 million dollars with Intact Insurance.

$724,000 cash collateral was deposited in relation to the interconnection process for the Vernal BESS project.

## 5. ACQUISITION OF CBS MEXICO

Effective August 26, 2022, the Company completed its purchase of a 100% interest in Centrica Business Solutions Mexico S.A. de C.V. ("CBS Mexico") for a net consideration of $1,332,489.

CBS Mexico provides the Company with an established and ongoing recurring revenue stream from six projects with a total capacity of 2.85MW and a completed 3MW project awaiting final permits and expected to be operational during 2023. The Company has completed the process of assessing the fair value of the assets and liabilities acquired as a result of this transaction, which has been indicated in the table below which shows the calculations first determined adjusted to show net fair value.

The total receivables and other assets are indicated in the table below includes sales tax (Value Added Tax or "IVA") receivables and prepaid expenses which have been assumed as part of the acquisition of CBS Mexico.

At the year end, in both the accounts receivable and the sales tax receivable line items. The Company has agreed to collect these historical receivables of CBS Mexico and pass back a certain portion of these proceeds collected to the seller. The Company has recorded an IVA liability of $930,790 and an Accounts Receivable liability of $Nil. These liabilities are only realized on the IVA and Accounts receivables actually collected by the Company. The Company deemed the fair value of the accounts receivable as $Nil, and retroactively wrote it down after the fair value assessment was complete, which resulted in the repayment liability being written down to $Nil.

(Expressed in US Dollars)

## 5. ACQUISITION OF CBS MEXICO (CONTINUED)

| | Previously Recorded | Net Fair Value | Measurement Period Adjustments |
|---|---|---|---|
| | $ | $ | $ |
| Total unadjusted purchase price | 1,658,202 | 1,658,202 | - |
| Working capital adjustment | (200,311) | (200,311) | - |
| Total adjusted purchase price | 1,457,891 | 1,457,891 | - |
| Less: cash and cash equivalents acquired | (125,402) | (125,402) | - |
| **Total purchase price, net of cash and cash equivalents acquired** | **1,332,489** | **1,332,489** | **-** |
| Receivables and other assets | 1,798,526 | 1,230,697 | 567,829 |
| Distributed generation assets | 1,097,972 | 1,051,294 | 46,678 |
| Goodwill | - | 315,388 | (315,388) |
| Accounts payable and accrued liabilities | (79,059) | (18,712) | (60,347) |
| Deferred income tax liability | - | (315,388) | 315,388 |
| Contingent consideration | | | |
| IVA repayment liability | (870,443) | (930,790) | 60,347 |
| Accounts receivable repayment liability | (614,507) | - | (614,507) |
| **Net Consideration** | **1,332,489** | **1,332,489** | - |

All Mexican peso conversion to US dollars was calculated at an exchange rate of 0.050151 – MXN-USD (19.93975 – USD-MXN), at the effective date of the acquisition of CBS Mexico, August 26, 2022

The purchase price has been allocated on the basis of the fair value of assets and liabilities assumed, resulting in distributed generation assets, of $1,051,294. There was $315,388 of goodwill which is the result of deferred income tax liabilities. None of the goodwill is deductible for tax purposes. Measurement period adjustments that the Company determined to be material have been applied retrospectively to the period acquisition in the Company's consolidated financial statements.

At the year end, the Company updated its cashflows and valuation as required and performed its annual impairment assessment. The recoverable value was determined to be the fair value as a result of delays in commissioning certain projects; the result was impairment of the goodwill to $Nil.

Key estimates used in the valuation at the acquisition date and year end include the discount rate of 23.2% and 25% respectively and cash flow estimates.

(Expressed in US Dollars)

## 6. DISTRIBUTED GENERATION ASSETS AND EQUIPMENT

The equipment represented in the below table consists of computer, transportation and met mast equipment used for general operations & project development activities, and distributed generation assets relating to Battery Energy Storage Systems.

| | Distributed Generation Assets – Acquired (CBS Mexico) $ | Distributed Generation Assets - New $ | Equipment | Total |
|---|---|---|---|---|
| **Cost:** | | | | |
| Balance June 30, 2021 | - | - | 24,061 | 24,061 |
| Additions | - | - | 95,338 | 95,338 |
| Foreign exchange | - | - | (3,111) | (3,111) |
| Balance June 30, 2022 | - | - | 116,288 | 116,288 |
| Acquired | 1,051,290 | 1,616,771 | 9,524 | 2,677,589 |
| Write off [1] | - | (305,995) | - | (305,995) |
| Foreign exchange | | (10,147) | 3,525 | (6,622) |
| Balance June 30, 2023 | 1,051,290 | 1,300,629 | 129,336 | 2,481,250 |
| | | | | |
| **Accumulated Depreciation:** | | | | |
| Balance June 30, 2021 | - | - | 18,360 | 18,360 |
| Additions | - | - | 542 | 542 |
| Foreign exchange | - | - | (2,450) | (2,450) |
| Balance June 30, 2022 | - | - | 16,452 | 16,452 |
| Additions | 155,740 | 2,853 | 27,837 | 186,430 |
| Foreign exchange | 2,159 | 89 | 951 | 3,199 |
| Balance June 30, 2023 | 157,899 | 2,942 | 45,240 | 206,075 |
| | | | | |
| **Net book value:** | | | | |
| June 30, 2022 | - | - | 99,827 | 99,827 |
| June 30, 2023 | 893,391 | 1,297,687 | 84,096 | 2,275,175 |

1 During the year ended June 30, 2023, a portion of the battery storage assets was damaged and was written off. It is expected that the damage will be covered by the project insurance.

## 7. DISTRIBUTED GENERATION ASSETS – NEW

On September 15, 2022, the Company announce that it has signed an energy services contract with a hotel operator in Cancun Mexico for a new 3.2MWh ("megawatt per hour") Battery Energy Storage System (or "BESS") (the "Project"). A 10-year Energy Services Agreement (or "ESA") was executed between the Company and the hotel operator for the provision of peak shaving and other energy related services. Under the ESA, Revolve will receive an annual fixed payment in addition to sharing the energy savings delivered by the Project over the 10-year contract period. An Engineering Procurement Contract (or "EPC") was signed with Quartux Mexico S.A. de C.V. (or "Quartux"), a highly experienced installer and operator of battery storage systems in Mexico, to deliver a turnkey solution for the installation and commissioning of the BESS system. In addition to the EPC, a 10-year Maintenance Agreement has also been signed with Quartux for the day-to-day operation and optimization of the system including all routine maintenance.

During the year ended June 30, 2023, the Company made payments totalling $1,419,679 in relation to the installation of the battery storage system. The Company signed a loan agreement with RE Royalties Ltd. for the provision of $1,406,259 (C$1,863,379) to partly fund this development project. This secured loan was drawn down in four separate tranches relating to certain project deliverables during the year. (Note 10)

During the year ended June 30, 2023, the Company completed the installation of this Battery Energy Storage System and the project has started to generate recurring revenues in the fourth quarter.

## 8. SALE OF UTILITY SCALE SOLAR AND STORAGE PROJECT

On January 11, 2023, the Company announced the sale of its 250MW Parker Solar and Storage Project (“Parker Project”) and the 1,000MW Bouse Solar and Storage Project (“Bouse Project”) to ENGIE IR Holdings LLC, a wholly-owned subsidiary of ENGIE S.A. (“ENGIE”). The sale of the Projects is pursuant to a share purchase agreement dated January 10, 2023.

The sale included an upfront payment of $2,000,000, which included the reimbursement of development costs, which was paid on completion of the transaction. The Company recognized $800,000 in revenues and $1,200,000 in deferred revenue. The deferred revenues relate to the put option as contemplated in the agreement with ENGIE.

The remaining consideration is contingent on the successful completion of the following development milestones:

- Completion of further interconnection studies;
- Issuance by ENGIE of a Notice to Proceed (an “NTP”) construction works to the applicable EPC contractor; and
- On Commissioning Date (the “COD”), with such date being the date that a project has been synchronized to the grid and is capable of delivering all of its installed capacity to the grid.

On completion of the transaction, ENGIE will acquire 100% of the shares in Revolve Renewable AZ LLC and Revolve Parker Solar LLC on a cash and debt free basis.

(Expressed in US Dollars)

## 8. SALE OF UTILITY SCALE SOLAR AND STORAGE PROJECT (CONTINUED)

The transaction included both parties entering into a put option agreement allowing ENGIE to sell the projects back to the Company for a limited period of time following the results of the next interconnection studies due for each project. Should ENGIE exercise the put option, the Company will repurchase the respective project, while also refunding ENGIE any development expenses incurred or reimbursed. As at the date of these accounts the put option as it relates to the sale of Revolve Parker Solar LLC has expired without being exercised.

The Company has determined that the sale of Parker Solar and Storage Project and Bouse Solar and Storage Project meets the Company policy criteria indicated in Note 2 for the capitalization for expenses incurred for these two projects to meet the milestones as indicated. The Company has not incurred any costs relating to these projects since the signing of the agreement.

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | June 30, 2023 | June 30, 2022 |
|---|---|---|
| **Current** | $ | $ |
| Accounts payable | 347,628 | 274,416 |
| Accounts payable to related parties | 56,447 | 36,334 |
| Accrued liabilities | 126,179 | 62,279 |
| Accrued liabilities to related parties | 103,421 | 25,000 |
| **Total current accounts payable and accrued liability** | 633,675 | 398,029 |
| **Long-term** | | |
| Sales tax repayment – CBS Mexico historic | 930,790 | - |
| **Total long-term liabilities** | 930,790 | - |
| **Total accounts payable and accrued liabilities** | 1,564,465 | - |

## 10. RELATED PARTY TRANSACTIONS

Included within management fees, directors' fees and salaries are amounts paid to key management personnel, which are those persons having responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

During the year ended June 30, 2023, key management personnel compensation, including directors and officers, was comprised of $913,338 (June 30, 2022: $1,009,176), of which $202,804 related to share based compensation, $75,088 related to directors' fees, in which all are accrued and $635,446 related to management, consulting, administrative and accounting fees, and salaries (June 30, 2022: $629,145, $50,000, $25,000, and $328,440, respectively).

As at June 30, 2023, amounts included in accounts payable and accrued liabilities due to related parties was $159,868 (June 30, 2022: $61,334), of which $153,821 will be met via share based compensation.

(Expressed in US Dollars)

## 11. LOANS PAYABLE

The Company, obtained a secured loan from RE Royalties Ltd. (or "RER") in the amount of a $1,180,811 (C$1,600,000) to finance a portion of the CBS Mexico acquisition. This loan bears an interest rate of 10% p.er annum and matures in June 2024. Interest is payable quarterly. During the year ended, this loan was moved from long term liabilities to current liabilities on the balance sheet. During the year, the Company obtained a second secured loan from RER for the provision of an additional $1,406,259 (C$1,863,379) to partly fund Company's first battery storage system which was installed at a site of a major hotel chain in Cancun, Mexico and was commissioned for operation during the year ended. This loan bears an interest rate of 12% per annum and matures in 2025.

During the year ended June 30, 2023, the Company paid $204,660 (June 30, 2022 - $nil) in interest for secured loans, of which $120,104 was expensed and $84,556 was capitalized.

| | | |
|---|---|---|
| **Balance, June 30, 2022** | $ | 1,241,600 |
| Foreign exchange translation | $ | (34,080) |
| Loans payable – current portion | $ | 1,207,520 |
| Additions | $ | 1,406,230 |
| **Balance, June 30, 2023** | $ | 2,613,750 |

## 12. REVERSE TAKEOVER TRANSACTION

On March 7, 2022, the Company completed an RTO (the "Transaction"") whereby Revolve Renewable Power Corp. acquired all the issued and outstanding shares of Revolve Renewable Power Limited. The shareholders of Revolve Renewable Power Limited obtained control of the Company, and the combined entity, by obtaining control of the voting power of the Company and the resulting power to govern its financial and operating policies.

For accounting purposes, Revolve Renewable Power Limited has been treated as the accounting parent company (legal subsidiary) and the Company has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements.

The Transaction was accounted for as a reverse takeover in accordance with guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations

Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction. As Revolve Renewable Power Limited was deemed the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying value. As part of the Transaction, all directors, officers and affected shareholders were subject to a lock up period for 90% of their shareholdings which will be released incrementally as set out in the escrow agreements over a 3-year period, at the year end there were 19,098,510 shares held in escrow.

The Company's results of operations from March 7, 2023 are listed in Note 12 under share capital transactions.

(Expressed in US Dollars)

## 12. REVERSE TAKEOVER TRANSACTION (CONTINUED)

For the acquisition of the Company by Revolve Renewable Power Limited, the consideration received is deemed to be the fair value of the net assets of the Company which on March 7, 2022, were as follows.

| | $ |
|---|---|
| Cash | 2,053,298 |
| Accounts receivables | 9,153 |
| Prepaid expenses and other | 5,484 |
| Investments | 19,505 |
| Accounts payable and accrued liabilities | (298,706) |
| Net assets | 1,788,734 |

The total consideration for the acquisition is as follows:

| | $ |
|---|---|
| Fair value of shares retained by Company shareholders | 3,995,178 |
| Fair value of replacement stock options | 37,996 |
| Fair value of replacement warrants | 501,411 |
| Fair value of compensation warrants | 40,607 |
| Less: net assets acquired | (1,788,734) |
| Listing expense | 2,786,458 |

The fair value of shares retained by Company shareholders reflects the cash consideration price of C$0.50 and the shares retained by the shareholders of the Company based on the capital raising price of C$0.50. Replacement warrants were valued at $501,411 (C$640,454) using the Black-Scholes pricing model with an exercise price of C$0.75, volatility of 77%, risk free rate of 1.36%, expected life of 18 months and dividend yield of nil%.

Replacement stock options are valued at $37,996 (C$48,532), using the Black-Scholes option pricing model with volatility of 77%, risk free rate of 1.36%, expected life of 0.33 years and dividend yield of nil%. Compensation warrants are valued at $40,607 (C$51,867), using the Black-Scholes option pricing model with volatility of 77%, risk free rate of 1.36%, expected life of 18 months dividend yield of nil%.
As a result of the Company not meeting the definition of a business combination under IFRS 3, the listing expense of $2,786,458 was recorded in the consolidated statement of income (loss) in the prior year.

## 13. SHARE CAPITAL AND EQUITY RESERVES

### Common shares

The Company is authorized to issue an unlimited number of common voting shares with no par value.

### Preference shares

The Company is authorized to issue an unlimited number of preference shares.

### Escrow shares

As part of the reverse take over transaction, all directors, officers and affected shareholders were subject to a lock up period for 90% of their shareholdings which will be released incrementally as set out in the escrow agreements over a 3-year period, at the period end there were 19,098,510 shares held in escrow,

## 13. SHARE CAPITAL AND EQUITY RESERVES (CONTINUED)

### Share capital transactions

Changes in issued share capital and equity reserves for the year ended June 30, 2023, were as following:

- No change.

Changes in issued share capital and equity reserves for the year ended June 30, 2022, were as following:

- On August 30, 2021, Revolve Renewable Power Limited completed a non-brokered private placement of 3,838,079 units at a price of €0.815 per unit for gross proceeds of $3,680,131 (€3,128,034). As part of the Transaction, the units were exchanged for 9,595,187 units of the Company at an exchange ratio of 1 unit in Revolve for 2.5 units of the Company. Each unit has an effective price of C$0.50 and includes one full post consolidated common share purchase warrant entitling the holder to acquire one additional common share at a price of C$0.75 per share for a period of 18 months following the closing of the Transaction.

- On December 8 and December 30, 2021, respectively, and prior to the RTO, entities subject to the RTO closed a first and second tranche of a private placement financing issuing 5,180,793 units for total gross proceeds of $2,028,022 (C$2,590,967). Each unit is comprised of one common share and one purchase warrant of the Company which entitles the holder to purchase one common share of the Company at a price of $0.75 per warrant share for a period of 18 months following the closing of the Transaction.

- On March 7, 2022, at the close of the transaction, the common shares of Philippine Metals Inc. were consolidated on a 4 to 1 basis. Revolve Renewable Power Corp issued 5,029,585 common shares valued at C$0.50 to the shareholders of Philippine Metals Inc.

- On March 7, 2022, the Company exchanged 35,100,000 post-consolidated common shares to the existing Revolve shareholders valued at C$0.50.

### Stock Options

The share option plan provides that the Board of Directors may, in accordance with TSX-V requirements, grant non-transferable share options to purchase common shares, provided that the number of common shares reserved for issuance in any twelve-month period will not exceed 10% of the issued and outstanding common shares. Options will be exercisable for a period of up to 10 years from the date of grant at a price not less than the closing price on the last trading day before the grant of such options. Each option vesting period is determined on a grant-by-grant basis by the Board of Directors.

In March 2022, the Board granted an aggregate of 3,500,000 share options to officers, directors, employees, and consultants of the Company, exercisable at a price of C$0.50 per share until March 7, 2025, vesting on grant. Using the Black-Scholes option pricing model, the fair value was C$0.25 per option. Share-based compensation expense recognized in the consolidated statement of loss and comprehensive loss for these options during the year ended June 30, 2022, was $699,050 (C$884,761) (2021: $nil). The assumptions were: (i) expected share price volatility of 77%, (ii) risk free interest rate of 1.36%; (iii) dividend yield of $nil; and (iv) expected life of 3 years.

(Expressed in US Dollars)

## 13. SHARE CAPITAL AND EQUITY RESERVES (CONTINUED)

### Stock Options (continued)

In March 2022, the Company granted an aggregate of 212,500 replacement share options with a fair value of $37,966 (C$48,532) to Philippine Metals Inc. former officers, directors, employees, and consultants to replace previously un-expired options they held in Philippine Metals Inc. These replacement share options were exercisable at a price of C$0.28 per share until July 6, 2022, and vested on grant. Using the Black-Scholes option pricing model, the fair value per option granted was C$0.23 per option with the expense being recognized as part of the listing expense in the consolidated statement of loss and comprehensive income. The assumptions were: (i) expected share price volatility of 77%, (ii) risk free interest rate of 1.36%; (iii) dividend yield of $nil; and (iv) expected life of 0.33 years.

In November 2022, the Company granted an aggregate of 1,300,000 share options to officers, directors, employees, and consultants of the Company, exercisable at a price of C$0.50 per share until November 7, 2025, vesting on grant. Using the Black-Scholes option pricing model, the fair value per option granted was C$0.25 per option. Share-based compensation expense recognized in the consolidated statement of loss and comprehensive loss for these options during the year ended June 30, 2023, was $238,081 (C$321,961) (2021: $nil). The assumptions were: (i) expected share price volatility of 104.73%, (ii) risk free interest rate of 4.14%; (iii) dividend yield of $nil; and (iv) expected life of 3 years.

Following is a summary of changes in share options outstanding:

| | **Stock options** | |
|---|---|---|
| | **Number** | **Weighted Average Exercise Price (C$)** |
| **Balance, June 30, 2021** | - | - |
| Granted | 3,712,500 | 0.49 |
| **Balance, June 30, 2022** | 3,712,500 | 0.49 |
| Granted | 1,300,000 | 0.50 |
| Expired | (212,500) | 0.28 |
| **Balance, June 30, 2023** | 4,800,000 | $ 0.50 |

The following table summarizes information about share options outstanding at June 30, 2023:

| | **Options outstanding** | | | **Options exercisable** | |
|---|---|---|---|---|---|
| **Exercise price range** | **Number of stock options outstanding** | **Weighted average remaining contractual life (years)** | **Weighted average exercise price (C$)** | **Number of stock options exercisable** | **Weighted average exercise price (C$)** |
| C$0.50 | 3,500,000 | 1.69 | $ 0.50 | 3,500,000 | $ 0.50 |
| C$0.50 | 1,300,000 | 2.36 | $ 0.50 | 1,300,000 | $ 0.50 |
| **Total** | **4,800,000** | **1.87** | **$ 0.50** | **4,800,000** | **$ 0.50** |

During the year ended, the 212,500 replacement options that were granted at the close of the RTO expired.

(Expressed in US Dollars)

## 13. SHARE CAPITAL AND EQUITY RESERVES (CONTINUED)

### Warrants

In March 2022, the Company issued to the agents an aggregate of 280,588 non-transferrable broker warrants to purchase one unit of the Company (a “Unit”) with a fair value of $40,607 (C$51,867) which was charged to listing expense in the consolidated statement of loss and comprehensive loss. Each Unit consist of one common share in the capital of the Company and one common share purchase warrant (“Broker Warrant”), exercisable at a price of $0.50 per share until September 8, 2023. Each Broker Warrant shall entitle the holder thereof to purchase one Common Share at an exercise price of $0.75 for a period of 18 months up to September 8, 2023.

The fair value of these units was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 77%, ii) risk free interest rate of 1.36%; iii) dividend yield of $nil; and iv) expected life of 1.5 years.

In March 2022, the Company issued to the holders of the Philippine Metals Inc Subscription Receipts an aggregate of 5,180,793 non-transferrable warrants, exercisable at a price of $0.75 per share until September 8, 2023, with a fair value of $501,411 (C$640,454) which was charged to listing expense in the consolidated statement of loss (income) and comprehensive loss (income).

The fair value of these warrants was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 77%, ii) risk free interest rate of 1.36%; iii) dividend yield of $nil; and iv) expected life of 1.5 years.

In March 2022, the Company issued to the holders of the Revolve Renewable Power Limited an aggregate of 9,595,187 non-transferrable warrants, exercisable at a price of $0.75 per share until September 8, 2023. The Company attributed no value to these warrants with all the value being attributed to the commons share of the Company the Revolve Renewable Power Limited Subscription Receipt holder acquired.

In March 2022, the Company issued to the holders of the Revolve Renewable Power Limited an aggregate of 9,595,194 non-transferrable warrants, exercisable at a price of C$0.75 per share until September 8, 2023.

Following is a summary of changes in warrants outstanding:

| | Number of Warrants | Weighted Average Exercise Price (C$) |
|---|---|---|
| **Balance, June 30, 2021** | - | - |
| Granted | 15,056,575 | $ 0.75 |
| **Balance, June 30, 2022 and 2023** | 15,056,575 | $ 0.75 |

(Expressed in US Dollars)

## 13. SHARE CAPITAL AND EQUITY RESERVES (CONTINUED)

The following table summarizes information about warrants outstanding at June 30, 2023:

| Number of Warrants | Exercise Price (C$) | Expiry Date |
|---|---|---|
| 9,595,194 | 0.75 | September 7, 2023 |
| 5,180,793 | 0.75 | September 8, 2023 |
| 280,588 | 0.50 | September 8, 2023 |
| **15,056,575** | | |

Subsequent to the year end, these warrants expired unexercised.

## 14. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted loss per share for the year ended June 30, 2023, was based on the loss attributable to common shareholders of $2,349,213 (June 30, 2022 – $6,340,033) and a weighted average number of common shares outstanding of 54,905,565 (June 30, 2022 – 28,981,477).

## 15. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments consist of investments, cash, receivables, interconnection and security deposits and accounts payable.

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at June 30, 2023, the fair values of the Company's financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments or market rates of interest.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2023, the Company had a cash balance of $611,922 (June 30, 2022 - $2,547,352) to settle current liabilities of $3,074,195 (June 30, 2022 - $398,029). Most of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms, with the exception of the RE Royalty Ltd. loans (Note 9).

## 15. FINANCIAL INSTRUMENTS (CONTINUED)

*Credit risk*

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, sales tax receivable and deposits. The Company limits its exposure to credit loss by placing its cash with major financial institutions. Majority of the sales tax receivable arose from refundable sales tax from government taxation authorities in Mexico.

*Market risk*

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

a) Interest rate risk

The Company has cash balances of $611,922 (June 30,2022; $2,547,352) and fixed interest-bearing debt of $1,207,520 (C$1,600,000), maturing on June 15, 2024 with a fixed interest rate of 10% p.a. and fixed interest-bearing debt of $1,406,230 (C$1,863,379), maturing 24 months from date of signing with fixed interest rate of 12% p.a. and therefore is not exposed to risk in the event of fluctuations.

b) Foreign currency risk

The Company has operations in Canada, the Republic of Ireland, Mexico, and the USA and is therefore exposed to foreign exchange risk arising from transactions denominated in foreign currencies including revenues earned in Mexican Pesos, US Dollars and loan facilities in Canadian Dollars. The operating results and the financial position of the Company are reported in US dollars. The fluctuations of the operating currencies in relation to the US dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk. The Company held a cash position of €156,336 in Euros, MXN$2,538,158 in Mexican Peso and of C$388,797 Canadian dollars as of June 30, 2023, with the effect on profit or loss before tax of a 10% fluctuation to the US dollar would not be material.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices and the stock market to determine the appropriate course of action to be taken by the Company.

## 16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to sustain future development of the business and to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of equity as well as cash.

The Company manages the capital structure and adjusts it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

(Expressed in US Dollars)

## 16. CAPITAL MANAGEMENT (CONTINUED)

The Company does not currently have adequate sources of capital to complete its current obligations and ultimately the development of its business and will need to raise capital by obtaining equity financing, selling assets and/or incurring debt. The Company may raise additional debt or equity financing in the near term to meet its obligations.

## 17. SEGMENTED INFORMATION

The Company operates in three business segments, being: (1) the development of utility scale renewable energy generation projects with a particular focus on wind, solar and battery storage technologies ("renewable energy projects"); (2) behind the meter distributed electricity generation including rooftop solar, battery storage and energy efficiency projects at customer premises; and (3) corporate. The following is a summary of the business segments by geographic information:

- USA – renewable energy projects
- Mexico – renewable energy projects and electricity generating projects
- Canada & Other – corporate

Geographic information for the year ended June 30, 2023, and 2022 as follows:

| **Year ended June 30, 2023** | **USA** | **Mexico** | **Canada** | **Republic of Ireland*** | **Total** |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Revenues** | **800,000** | **309,374** | **-** | **-** | **1,109,374** |
| **Income (Loss) for the year** | **68,249** | **(1,289,379)** | **(1,359,399)** | **237,968** | **(2,342,561)** |
| Current assets | 895,112 | 207,046 | 300,015 | 170,230 | 1,572,403 |
| Non-current assets | 61,561 | 4,123,394 | 159,161 | 17,712 | 4,361,828 |
| **Total assets** | **956,673** | **4,330,440** | **459,176** | **187,942** | **5,934,231** |
| Current liabilities | (1,201,101) | (194,024) | (1,644,209) | (34,861) | (3,074,195) |
| Non-current liabilities | - | (1,102,790) | (1,406,230) | - | (2,509,020) |
| **Total liabilities** | **(1,201,101)** | **(1,296,814)** | **(3,050,439)** | **(34,861)** | **(5,583,215)** |

| **Year ended June 30, 2022** | **USA** | **Mexico** | **Canada** | **Republic of Ireland** | **Total** |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Loss for the year** | **(1,160,127)** | **(654,921)** | **(3,312,505)** | **(1,328,493)** | **(6,456,046)** |
| Current assets | - | 63,119 | 2,467,138 | 1,637,050 | 4,167,307 |
| Non-current assets | 81,822 | 313149 | - | 2,960 | 397,931 |
| **Total assets** | **81,822** | **376,268** | **2,467,138** | **1,640,010** | **4,565,238** |
| Current liabilities | - | (16,506) | (365,044) | (16,479) | (398,029) |
| Non-current liabilities | - | - | (1,241,600) | - | (1,241,600) |
| **Total liabilities** | **-** | **(16,506)** | **(1,606,644)** | **(16,479)** | **(1,639,629)** |

(Expressed in US Dollars)

## 17. SEGMENTED INFORMATION (CONTINUED)

* While the Company only incurs minimal general operating expenses in the Republic of Ireland, the historic values prior to the RTO remain on the balance sheet for the subsidiary company. Due to large fluctuations from historic balance foreign exchange rates, and current year ending and average foreign exchange rates, the Company realized a gain for the year under this operating segment. This gain is non-cash in nature. (Please see Note 2 for more information on foreign exchange.)

## 18. NON-CONTROLLING INTEREST

The following table presents summarized financial information before intragroup eliminations for non-wholly owned subsidiaries as at June 30, 2023, and June 30, 2022:

| | **June 30, 2023**<br>**$** | **June 30, 2022**<br>**$** |
|---|---:|---:|
| **Non-controlling interest percentage** | **10%** | **10%** |
| Current assets | - | - |
| Non-current assets | - | - |
| **Total assets** | **-** | **-** |
| Current liabilities | 1,046,065 | 1,567,594 |
| Non-current liabilities | - | - |
| **Net liabilities** | **(1,046,065)** | **(1,567,594)** |
| **Non-controlling interest** | **(184,945)** | **(156,759)** |
| | | |
| Income (Loss) for the year | 66,523 | (1,160,127) |
| **Income (Loss) attributed to non-controlling interest** | **6,652** | **(116,013)** |
| | | |
| Comprehensive loss | (348,380) | (139,245) |
| **Comprehensive (loss) attributed to non-controlling interest** | **(34,838)** | **(13,924)** |

## 19. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| | | **2023** | | **2022** |
|---|---|---:|---|---:|
| Loss for the year | $ | (2,452,949) | $ | (6,456,046) |
| | | | | |
| Expected income tax (recovery) | $ | (662,000) | $ | (1,857,000) |
| Change in statutory, foreign tax, foreign exchange rates and other | | (31,388) | | (6,000) |
| Permanent differences | | 110,000 | | 131,000 |
| Share issue cost | | - | | |
| Adjustment to prior years provision versus statutory tax returns | | 945,000 | | |
| Change in unrecognized deductible temporary differences | | (472,000) | | 1,732,000 |
| **Total income tax (recovery)** | **$** | **(110,388)** | **$** | **-** |
| | | | | |
| **Current income tax expense** | **$** | **33,000** | **$** | **-** |
| **Deferred tax recovery** | **$** | **(143,388)** | **$** | **-** |

(Expressed in US Dollars)

## 19. INCOME TAXES (CONTINUED)

The significant components of the Company's deferred tax assets and liabilities are as follows:

| | 2023 | 2022 |
|---|---|---|
| Deferred tax assets (liabilities) | | |
| Property and equipment | (166,000) | 44,000 |
| Share issue costs | 21,000 | 5,000 |
| Non-capital losses available for future period | 1,344,000 | 1,794,000 |
| | 1,199,000 | 1,843,000 |
| Unrecognized deferred tax assets | (1,371,000) | (1,843,000) |
| **Deferred tax liability** | **$ (172,000)** | **$ -** |

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

| | 2023 | Expiry date range | 2022 | Expiry date range |
|---|---|---|---|---|
| Temporary Differences | | | | |
| Property and equipment | 69,000 | No expiry date | 164,000 | No expiry date |
| Share issue costs | 77,000 | 2044 to 2046 | 18,000 | 2042 to 2045 |
| Non-capital losses available for future periods | 5,744,000 | | 7,129,000 | |
| Canada | 1,279,000 | 2042 to 2043 | 3,402,000 | 2042 |
| Mexico | 1,840,000 | 2028 to 2033 | 1,035,000 | 2028 to 2032 |
| Ireland | 1,371,000 | No expiry date | 1,223,000 | No expiry date |
| USA | 1,254,000 | No expiry date | 1,469,000 | No expiry date |

## 20. SUBSEQUENT EVENTS

On July 12, 2023, the Company announced that it completed the interconnection milestone related to the 250MW Parker Solar and Storage Project, which was sold in January 2023 to ENGIE IR Holdings LLC. This resulted in the Company receiving a milestone payment of $850,000. The Company also realized revenue of $240,000 which was moved from deferred revenue.

On October 4, 2023, the Company announced the proposal of the acquisition of Canadian Renewable Energy Operator and Developer, WindRiver Power Corporation. The proposed acquisition would include WindRiver Power Corporation becoming a wholly owned subsidiary of the Company, which would add 96.63MW of net operational and development capacity to the Company's portfolio all located in Canada. This proposed acquisition is subject to several conditions before completion.