Caution Regarding Forward Looking Information

The following Management Discussion and Analysis ("MD&A") has been prepared in accordance with Form 51-102F1. This MD&A includes forward-looking statements. All statements other than statements of historical fact contained in this MD&A, including statements regarding the future financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. The words "believe", "may". "will", "estimate", "forecast", "continue", "anticipate", "intend", "should", "plan", "expect" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. The Company has based these forward-looking statements on the current expectations and projections about business strategy and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions as described elsewhere in this MD&A.

Other sections of this MD&A may include additional factors that could adversely affect the Company and its financial performance. Moreover, the Company operates in a very competitive and rapidly changing business environment. New risk factors emerge from time to time and it is not possible for management to predict all risk factors, nor can the Company assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Readers should not rely upon forward-looking statements as predictions of future events or performance. The Company cannot provide assurance that the events and circumstances reflected in the forward-looking statements will be achieved or will occur. Although the Company believes that the expectations reflected in the forward-looking statements are within reason, the Company cannot assure future results, levels of activity, performance, or achievements.

Management's Discussion and Analysis

The following discussion is management's assessment and analysis of the results and financial condition of Revolve Renewable Power Corp. ("Revolve" or the "Company"), and should be read in conjunction with the accompanying condensed interim consolidated financial statements and related notes for the period ended December 31, 2023, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are reported in United States dollars unless otherwise indicated. The effective date of this report is February 27, 2024.

Business Overview

The Company's principal business is that of an operator and developer of renewable energy electricity generation projects located in the US and Mexico ("Utility Scale Assets") and more recently Canada. In 2022, the Company established a new division, Revolve Renewable Business Solutions, to focus on the distributed generation market and sub 20MW renewable energy projects ("Distributed Generation Assets") and is now an owner and operator of renewable energy generation assets.

The management team and board of directors of the Company is as follows:

Omar Bojorquez (Director and President)
Steve Dalton (Director and Chief Executive Officer)
Roger Norwich (Director and Chairman)
Joseph O'Farrell (Director)
Jonathan Clare (Director)
JP Maguire (Director)
Craig Lindsay (Director)
Susan Shaw (Director) (Appointed November 8, 2023)
Finn Lyden (Director) (Resigned November 8, 2023)
Nicholas Furber (Chief Financial Officer)
Janet Bates (Corporate Secretary)

Utility Scale Assets

The Utility Scale Assets division of the Company consists of an active development portfolio of 2.84GW of wind, solar and battery storage projects. This portfolio currently includes twelve (12) individual projects ranging in capacity from 50MW to 400MW located in New Mexico, Utah, Colorado and North Eastern Mexico. During 2023 the company has also begun early-stage development works in Canada.

In March 2021, the Company formed a joint venture company, MRE Wind & Solar Inc. ("MRE US"), with Running Foxes Wind & Solar Inc. based in Colorado, USA with a view to expanding its development activities into the US renewable energy market. Revolve owns 90% of MRE US and 10% is owned by Running Foxes Wind & Solar Inc. Revolve will lead the development of the joint venture including providing working capital funding at its discretion with Running Foxes Wind & Solar Inc. providing land acquisition, rights of way and other project development support.

The Company's 90% owned subsidiary, MRE US Wind & Solar Corp, Revolve Afton Solar LLC, Revolve Lordsburg Solar LLC and Revolve Vernal BESS LLC, serve as development entities for its renewable energy electricity generation projects located in the USA.

In January 2023, the Company announced the sale of its 250MW Parker Solar and Storage project and the 1,000MW Bouse Solar and Storage project to ENGIE IR Holdings LLC through a share purchase agreement in which ENGIE IR Holdings LLC acquired 100% of the shares in Revolve Renewable Power AZ LLC and Revolve Parker Solar LLC.

Distributed Generation Assets

In 2022, the Company established a new division, Revolve Renewable Business Solutions in April 2022, to focus on the distributed generation market and sub 20MW renewable energy projects. This new division targets both "behind the meter" and grid-connected wind, rooftop solar, ground-mounted solar, battery storage and energy efficiency (or "DG") projects (collectively, "DG Projects") in the US and Mexico. The Company has since acquired a c.6MW portfolio of operating and under construction DG Projects and completed construction of a further 3.2MWh battery storage project (see below for further details). In addition to these, the Company is currently developing a portfolio of approximately 156MW of additional DG Projects.

In August 2022, the Company completed the acquisition of a 100% interest in Centrica Business Solutions Mexico S.A. de C.V. ("CBS Mexico"). This acquisition provided the Company with an ongoing recurring revenue stream from six operating distributed generation projects totaling 2.85MW, and near-term visibility to revenues from one additional 3MW distributed generation project.

The CBS Mexico acquisition has currently recorded a net consideration of $1,332,489 (MXN$26,569,502) in the accounts after adjusting for working capital and cash and cash equivalents acquired (see note 5 in the accompanying financial statements). The Company has assessed the fair value of the assets and liabilities and made adjustments accordingly.

In September 2022, the Company signed an energy services contract with a hotel operator in Cancun Mexico for a new 3.2MWh ("megawatt per hour") Battery Energy Storage System ("BESS") (the "Cancun Project"). The Cancun Project increases the Company's DG capacity in operation and under construction by 50%, to approximately 9MWh. Revolve is the owner of the Cancun Project with responsibility for the financing, installation and operation of the BESS system.

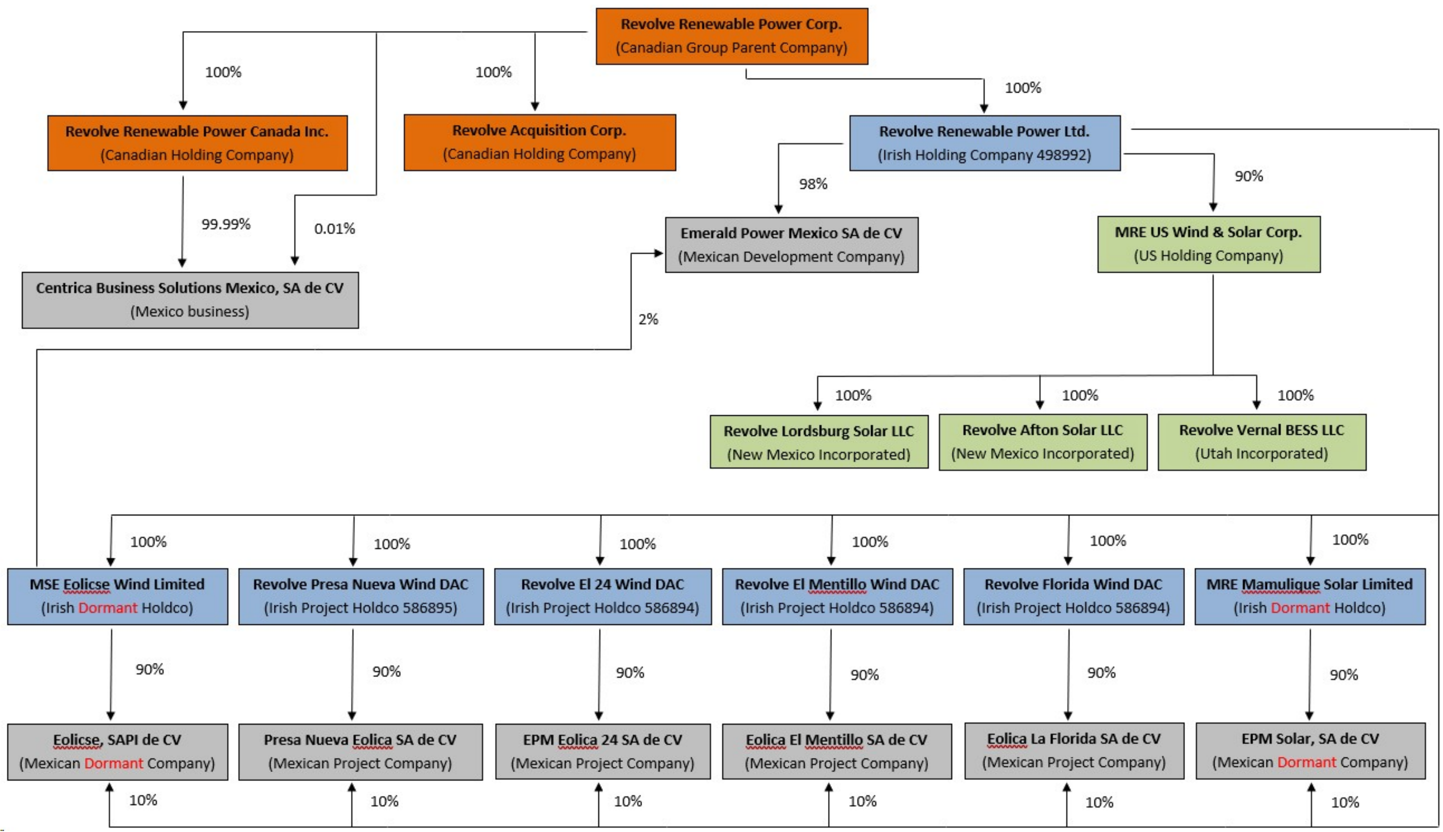
Subsequent events

On January 25, 2024, the Company announced the closing of the third and final Tranche of a non-brokered private placement for a total of 1,715,542 units at a price of C$0.285 per Unit. Each Unit is comprised of one common share of the Company and one Common purchase warrant. Each warrant is exercisable to acquire one additional Common Share at a price of C$0.45 for a period of eighteen (18) months following the closing date, subject to certain acceleration rights.

On February 13, 2024, the Company completed the acquisition of WindRiver Power Corporation, a Canadian based owner, operator and developer of wind and hydro projects in the Provinces of British Columbia and Alberta. WindRiver has become an indirectly wholly owned subsidiary of Revolve. The acquisition adds 96.63MW of net operational and development capacity to the Company's portfolio, which is split between 6.63MW of net operational capacity and 90MW of development assets, all located within Canada.

Company organizational structure

A list of companies, including country of Incorporation, operations descriptions and effective interest can be found in Note 2 of the accompanying consolidated financial statements.



Overall Performance and Results of Operations

Assets

As at December 31, 2023, total assets increased to $6,876,704 from $5,934,231 at June 30, 2023. The most significant assets at December 31, 2023, were operating distributed generation assets, acquired of $813,625 (June 30, 2023: $893,391), distributed generation assets of $1,343,856 (June 30, 2023 - $1,297,687), and cash of $1,353,618 (June 30, 2023: $611,922),

Operating distributed generation assets are attributed to the purchase of Centrica Business Solutions Mexico S.A. de C.V. (refer to Note 5 in the financial statements).

Distributed generation assets are attributable to the commissioning of a battery storage system and signing of an energy services contract with a major hotel operator in Cancun Mexico (refer to Note 5 in the financial statements).

- Distributed generation assets increased to $1,343,856 (June 30, 2023 - $1,297,687) as a result of additional equipment purchased offset by depreciation applied.

Other movement includes:

- Receivables increased to $139,694 related to the Company's operating distributed generation assets; and

- Sales tax receivable increased to $2,055,452 (June 30, 2023 - $2,067,787) as a result of exchange rate differences, which were offset by increased sales tax receivable for operating tax receivable of $827,955 (June 30, 2023 - $840,290) and tax asset acquired of $1,227,497 related to the Centrica Business Solutions Mexico S.A de C.V. acquisition.

Liabilities

As at December 31, 2023, total liabilities increased to $5,584,549 from $5,583,215 at June 30, 2023.

- Accounts payable increased to $876,208, compared to $633,675 on June 30, 2023.

- Deferred revenue decreased to $960,000 as compared to $1,200,000 on June 30, 2023 related to the completion of an interconnection milestone for the 250MW Parker Solar and Storage project that was purchased by to ENGIE IR Holdings LLC through a share purchase agreement. The milestone completion resulted in the put option expiring without being exercised.

Three months ended December 31, 2023 and 2022

Net loss for the three months ended December 31, 2023, was $421,257, compared to loss of $186,060 for the three months ended December 31, 2022. The net income is due to:

- Total revenue for the three-month period ended December 31, 2023 of $130,882, compared to $99,763 revenue for the three-month period ended December 31, 2022. The increase in revenue is been driven by the sale of electricity generated by the Company's portfolio of operating distributed.

- Total operating expenses for the three-month period ended December 31, 2023 were $721,569, which were $50,328 higher than the three-month period ended December 31, 2022. A breakdown of the movements in operating expenses is as follows:

  - A decrease in development expenses to a credit of $48,557 as compared to an expense of $65,786 during the period ended December 31, 2022 due to a refund from CENACE for some of the Mexico based projects as a result of studies that were not carried out;

  - A decrease in consulting and professional fees to $186,965 as compared to $239,038 in the prior year period, due to decreased activity within the Company during the period;

  - An increase in general and admin expenses to $312,327 as compared to $277,446 in the prior year period due to increased activity;

  - An increase in depreciation expenses to $96,239 as compared to $7,247 in the prior year period due to the increase in distributed generation assets in the current period with resulting depreciation;

  - Management and director's fees increased to $172,156 as compared to $77,311 in the prior year period, as a result of increased operating activity and increased director's fees;

  - Royalty payment decreased to $2,439 as compared to $4,413 during the period ended December 31, 2022 due to a decrease in revenue generated by certain projects acquired through the CBS Mexico transaction and the battery energy storage system installed in Cancun Mexico during the period as compared to the prior year period.

- The Company reported a net operating loss for the three-month period ended December 31, 2023 of $590,687, compared to a net operating loss of $597,984 in the prior year period.

- Other items incurred during the three-month period ended December 31, 2023 were as follows:

    - Transaction and acquisition costs increased to $84,741 (2022 - $34,217) due to the Company increasing activity in new transactions during the period as compared to the prior year period;

    - Share-based compensation decreased to $nil as compared to a share-based compensation expense of $237,133 in the prior year period.

    - A foreign exchange gain of $283,809 compared to a gain of $722,191 in the period ended December 31, 2022; and

    - A decrease in interest expenses to $29,638 compared to $38,917 as a result of interest payments relating to the financing loans for the acquisition of Centrica Business Solutions Mexico S.A., and the installation of the battery energy storage system in Cancun Mexico, in which the interest is capitalized rather than expensed.

Six months ended December 31, 2023 and 2022

Net Income for the six months ended December 31, 2023, was $500,519, compared to loss of $759,057 for the three months ended December 31, 2022. The net income is due to:

- Total revenue for the six-month period ended December 31, 2023 of $1,330,762, compared to $124,339 revenue for the six-month period ended December 31, 2022. The increase in revenue is been driven by the sale of electricity generated by the Company's portfolio of operating distributed generation projects and the completion of an interconnection milestone for the 250MW Parker Solar and Storage project that was purchased by ENGIE IR Holdings LLC through a share purchase agreement which resulted in cash revenue of $850,000 and the movement of $240,000 from deferred revenue.

- Total operating expenses for the six-month period ended December 31, 2023 were $1,555,687, which were higher than the six-month period ended December 31, 2022 of $1,107,268. A breakdown of the movements in operating expenses is as follows:

    - A credit reflected in development expenses of $26,018 as compared to an expense of $118,696 during the period ended December 31, 2022 due to a refund from CENACE for some of the Mexico based projects as a result of studies that were not carried out and a decrease in development activity relating to various stages of development compared to the prior year period;

    - A slight increase in consulting and professional fees to $370,720 as compared to $362,016, which was in line with the prior year period;

    - An increase in general and admin expenses to $668,220 as compared to $458,698 in the prior year period due to increased activity reflected in the growth of the Company;

    - An increase in depreciation expenses to $194,144 as compared to $7,731 in the prior year period due to the increase in distributed generation assets in the current period with resulting depreciation;

    - Management and director's fees increased to $341,470 as compared to $155,714 in the prior year period, as a result of increased operating activity and increased directors fees; and

- Royalty payment increased to $7,151 as compared to $4,416 during the period ended December 31, 2022 due to a royalty agreement with RE Royalties Ltd. For revenues generated by certain projects acquired through the CBS Mexico transaction and the battery energy storage system installed in Cancun Mexico.

- The Company reported a net operating income for the six-month period ended December 31, 2023 of $500,519, compared to a net operating loss of $759,057 in the prior year period.

- Other items incurred during the period ended December 31, 2023 were as follows:

    - Transaction and acquisition costs increased to $117,627 (2022 - $53,504) due to the Company increasing activity in new transactions during the period as compared to the prior year period;

    - A foreign exchange gain of $902,770 compared to a gain of $610,850 in the period ended December 31, 2022; and

    - An decrease in interest expenses to $59,699 compared to $69,835 as a result of interest payments relating to the financing loans for the acquisition of Centrica Business Solutions Mexico S.A., and the installation of the battery energy storage system in Cancun Mexico, in which the interest is capitalized rather than expensed.

Liquidity and Capital Resources

As at December 31, 2023, the Company had a working capital deficit of $499,062 (June 30, 2023: $1,501,792). The Company has incurred negative cash flows from operations of $306,226 and recorded an income of $500,519 for the six-month period ended December 31, 2023 (December 31, 2022: negative cash flows of $1,712,236 and loss of $759,057, respectively), and has an accumulated deficit of $9,084,248 as at December 31, 2023 (June 30, 2023: $9,494,104).

During the six-month period ended December 31, 2023, the Company received a development milestone payment of $850,000 as part of the sale of its 250MW Parker Solar and Storage Project and the 1,000MW Bouse Solar and Storage Project to ENGIE IR Holdings LLC for the completion of an interconnections study for the Parker Project. This resulted in the expiry of the put option for that portion of the project, and the Company realized $240,000 in revenue that was moved from deferred revenue.

During the six-month period ended December 31, 2023 the Company raised, through non-brokered private placements, gross proceeds of $1,340,153 (C$1,828,278) from the issuance of 6,415,009 units at a price of $0.285 per unit. Each Unit is comprised of one common share of the Company and one Common purchase warrant. Each warrant is exercisable to acquire one additional Common Share at a price of C$0.45 for a period of eighteen (18) months following the closing date, subject to certain acceleration rights.

Subsequent to December 31, 2023, in January 2024, the Company raised, through a non-brokered private placement, gross proceeds of $362,004 (C$488,929) from the issuance of 1,715,542 units at a price of C$0.285 per Unit. Each Unit is comprised of one common share of the Company and one Common purchase warrant. Each warrant is exercisable to acquire one additional Common Share at a price of C$0.45 for a period of eighteen (18) months following the closing date, subject to certain acceleration rights.

The accompanying condensed interim consolidated financial statements have been prepared on the basis of a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. While the Company anticipates it has sufficient capital to meet its current obligations and planned activities for at least twelve months from December 31, 2023, the Company may need to raise additional capital to carry out its long-term objectives. The Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company.

Summary of Quarterly Results

Values shown in US dollars	Three months ended			
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Total revenue	130,882	1,199,880	(1,230,295)	888,185
Net income (loss)	(421,257)	921,776	(2,106,589)	523,085
Comprehensive income (loss)	(688,947)	331,124	(1,526,554)	234,388
Basic and diluted income (loss) per share	0.01	0.01	(0.03)	0.00

Values shown in US dollars.	Three months ended			
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Other income	73,257	24,576	-	-
Net income (loss)	(186,060)	(572,997)	88,486	(5,619,352)
Comprehensive income (loss)	(836,053)	(686,051)	1,112,569	(7,740,675)
Basic and diluted income (loss) per share	(0.01)	(0.02)	0.01	(0.17)

The increase in comprehensive loss for the three months ended March 31, 2022, is primarily attributed to the listing expense of $2,786,458 arising from the RTO and an increase in total operating expenses and development costs of $2,586,897. The comprehensive income for the period ended June 30, 2022 is largely a result of the revaluation of the share-based compensation and listing expenses.

The comprehensive loss for the period ended September 30, 2022 is due to operating expenses of $597,573 which was slightly offset by revenues of $24,276 from the generation business unit.

The comprehensive loss for the period ended December 31, 2022 is due to operating expenses of $259,317, which consisted of a foreign currency translation adjustment of $649,993 and significantly increased operating expenses of $981,508 which were offset by a significant gain in foreign exchange of $722,191 and further offset by revenues of $73,257 from the electricity generating business unit.

The comprehensive income for the three-months ended March 31, 2023, is largely related to the gross revenue for the period of $888,185, which was offset by general and administrative expenses of $823,957, and a gain on foreign exchange of $618,750.
The comprehensive loss for the period ended June 30, 2023 is largely due to increase in general operating expenses of $1,093,895, write off of assets of $305,995 and foreign exchange loss of $619,721 which was offset by revenues of $96,850 from the electricity generating business unit.

The comprehensive income for the period ended September 30, 2023 is largely due to the revenue for both the distributed generation business unit and the revenue received or realized from the development milestone reached for the Parker Solar & Storage project totalling $1,199,880, and the gain on foreign exchange of $618,961. This was offset by general operating expenses of $834,118.

The comprehensive loss for the period ended December 31, 2023 is due to the revenue for the distributed generation business unit totalling $130,882, and a foreign exchange gain of $283,809. This was offset by general operating expenses of $721,569, which included a credit of $48,557 resulting from a refund relating to the Mexico development projects.

Outstanding Share Data

Issued and fully paid common shares

As at the date of this MD&A, there were 63,036,116 common shares outstanding.
Changes in issued share capital and equity reserves for the six-month period ended December 31, 2023, are as follows:

- On November 16, 2023, the Company completed the first tranche of a non-brokered private placement issuing 5,267,062 units (the "units") at a price of C$0.285 per unit for gross proceeds of $1,093,679 (C$1,501,112). Each unit includes one common share of the company and one common share purchase warrant (the "warrant") with each warrant entitling the holder to acquire one additional common share at a price of C$0.45 per share for a period of 18 months following the closing date of the offering. The warrants also contain an acceleration provision, whereby if the volume weighted average trading price of the common shares of the Company on the TSX Venture Exchange is equal to or greater than C$0.60 per common share for 15 consecutive trading days , then the expiry date o the warrants shall automatically accelerate and the warrants will expire on the date that is 30 days after the date that notice of such acceleration is provided to the warrant holders (the "Acceleration Right"). In connection with the issuance of the units the Company paid cash commissions of $20,881 (C$28,660) to certain arms-length parties, and other share issue costs of $15,406 (C$21,146).

- On December 22, 2023, the Company completed the second tranche of a non-brokered private placement issuing 1,147,947 units (the "units") at a price of C$0.285 per unit for gross proceeds of $246,174 (C$327,165). Each unit includes one common share of the company and one common share purchase warrant (the "warrant") with each purchase warrant entitling the holder to acquire one additional common share at a price of C$0.45 per share for a period of 18 months following the closing date of the offering, subject to the Acceleration Rights outlined above. In connection with the issuance of the units the Company paid cash commissions of $1,664 (C$2,209) to certain arms-length parties, and other share issue costs of $3,429 (C$4,552).

Changes in issued share capital and equity reserves for the six-month period ended December 31, 2022, were as follows:

- No change.

Escrowed shares

Certain shares are held in escrow pursuant to an escrow agreement dated March 7, 2022 (the "Escrowed Shares"). The Escrowed Shares are released as follows (i) 10% of the Escrowed Shares on the date of publication of the TSXV exchange bulletin in respect of the RTO, and (ii) 15% of the Escrowed Shares every nine months thereafter. As at December 31, 2023, there were 14,297,630 shares held in escrow and as at the date of this report, there are 14,297,630 shares in escrow.

Incentive share options

In March 2022, the Company granted an aggregate of 3,500,000 incentive share options to officers, directors, employees and consultants of the Company, exercisable at a price of $0.50 per share until March 7, 2025, vesting on grant.

In March 2022, the Company granted an aggregate of 212,500 replacement incentive share options to former officers, directors, employees and consultants of Philippine Metals Inc. 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. These replacement options expired on July 6, 2022.

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 $0.50 per share until November 7, 2025, vesting on grant. As at December 31, 2023, there were 4,800,000 share options outstanding, which remains unchanged as at the date of this report.

Warrants

In March 2022, the Company issued 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) to various agents which was charged to listing expense in the consolidated statement of loss and comprehensive loss. Each Unit consists 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 following September 8, 2023. These warrants expired during the six-month period ended December 31, 2023.

In March 2022, the Company issued to the holders of Revolve Renewable Power Corp. (formerly Philippine Metals Inc.) an aggregate of 5,180,793 non-transferrable warrants, exercisable at a price of $0.75 per share until September 8, 2023, as part of the Subscription receipts that were received for the private placement financing in December 2021, in order to register these in the resulting issuer at the close of the RTO transaction. These warrants expired during the six-month period ended December 31, 2023.

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, as part of the Subscription receipts that were received for the private placement financing in December 2021, in order to register these in the resulting issuer at the close of the RTO transaction. These warrants expired during the six-month period ended December 31, 2023.

On November 16, 2023, as part of the first tranche of the non-brokered private placement unit offering the Company issued 5,267,062 non-transferrable warrants, exercisable at a price of C$0.45 per share until May 16, 2025. The Company attributed no value to these warrants with all the value being attributed to the common shares the subscriber of the unit offering received.

On December 22, 2023, as part of the second tranche of the non-brokered private placement unit offering the Company issued 1,147,947 non-transferrable warrants, exercisable at a price of C$0.45 per share until June 22, 2025. The Company attributed no value to these warrants with all the value being attributed to the common shares the subscriber of the unit offering received.

As at December 31, 2023 there were 6,415,009, warrants outstanding, and as at the date of this report, there were 8,130,551 warrants outstanding.

The table below summarizes the outstanding share capital of the Company as at the date of this MD&A:

	Number of Shares Issued or issuable
Common shares	63,036,116
Stock options	4,800,000
Warrants	8,130,551

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 six-month period ended December 31, 2023, key management personnel compensation, including directors and officers, was comprised of $527,933 (December 31, 2023: $231,031), of which $155,083 related to directors’ fees, in which all are accrued and $372,850 related to management, consulting, administrative and accounting fees, and salaries (December 31, 2022: $25,000, and $206,031, respectively).

As at December 31, 2023, amounts included in accounts payable and accrued liabilities due to related parties was $302,524 (June 30, 2023: $159,868), of which $38,018 relates to additional director's compensation surrounding the RTO, and $264,506 relates to quarterly director's fees compensation that is accrued, and accrued management fees. A total of $298,328 will be met via share-based compensation and not cash.

During the six-month period ended December 31, 2023, management, employees and insiders took part in a non-brokered private placement and invested a total of $226,740 in the Company (see note 12 in the accompanying financial statements).

Critical Accounting Policies and Estimates

The Company has prepared the accompanying financial statements in accordance with IFRS. Significant accounting policies are described in Note 2 of the Company's financial statements as at and for the six-month period ended December 31, 2023, except for newly adopted accounting policies as noted below, if any.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Financial Instruments and Financial Risk Management

Financial Instruments

The Company's financial instruments consist of cash, other receivables, sales tax receivable, deposits and accounts payable and accrued liabilities.
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 December 31, 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.

Financial Risk Management

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 December 31, 2023, the Company had a cash balance of $1,353,618 (June 30, 2023 - $611,922) to settle current liabilities of $3,076,146 (June 30, 2023 - $3,074,195), $960,000 (June 30, 2023 - $1,200,000) is deferred revenue relating to the sale of utility scale projects (see Note 8 in the accompanying financial statements), $1,206,938 (June 30, 2023 - $1,207,520) relates to the loan from RE Royalties for the CBS Mexico transaction, $33,000 (June 30, 2023 - $33,000) in current tax liability, and $876,208 (June 30, 2023 - $633,675) relating to general accounts payable and accrued liabilities. 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 11).

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. A deposit held with El Paso Electric was refunded to the Company during the six-month period ended December 31, 2023. The Company has exposed itself to certain credit risks in relation to the power purchase agreements and the customers acquired as part of the acquisition of Centrica Business Solutions Mexico S.A. de C.V., which could result in uncollected receivables.

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 $1,353,618 (June 30, 2023: $611,922) and fixed interest-bearing debt of $1,206,938 (C$1,600,000), maturing on June 15, 2024 with a fixed interest rate of 10% p.a. and fixed interest-bearing debt of $1,405,613 (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, Mexico and the USA and is therefore exposed to foreign exchange risk arising from transactions denominated in foreign currencies. 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 €12,834 in Euros, MXN$4,705,331 in Mexican Peso and of C$1,408,480 Canadian dollars as of December 31, 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.

Risks and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which includes the acquisition, financing, development and operation of renewable energy projects. These risk factors could materially affect the Company’s future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The risks and uncertainties incorporated in this section by reference are not inclusive of all the risks and uncertainties the Company may be subject to, and other risks may apply, but are considered by management to be the most important in the context of the Company’s business.

Development Activities and Going Concern

While the Company has a history of profitable operations, the majority of its present portfolio of projects are still under development with no certainty on the likelihood of generating future profits for the Company. As such, the Company is subject to many risks including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders’ investment and the likelihood of success must be considered in light of the current stage of development of its portfolio of development projects.

The Company is currently actively seeking various sources of future revenue in order to maintain operations and seek further growth and expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing and/or optioning out the Company's projects to other larger companies operating in the renewable energy sector.

The Company expects to incur further losses in the development of its business particularly as it relates to its expansion plans for the US and Canadian markets, all of which cast substantial doubt on the Company's ability to continue as a going concern. It is expected that the Company will require additional financing in order to meet ongoing levels of corporate overhead, discharge its liabilities as they come due, to make further investments in both its current active project development portfolio and to take advantage of future growth opportunities. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, or that such financing will be available on terms satisfactory to the Company. If additional financing is raised by the issuance of shares or other forms of convertible securities from treasury, control of the Company may change, and shareholders may suffer additional dilution. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in one or more of its project development or operating assets.

Dependence on Management and Key Personnel

The Company depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term. The Company's success will depend in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The contributions of the existing management team are likely to be of central importance. In addition, the competition for qualified personnel in the Company's industry is significant and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity, and good faith of the management of the Company.

Economic Conditions

Current and future unfavorable economic conditions could negatively impact the Company's financial viability. Unfavorable economic conditions could also increase the Company's financing costs, decrease net income or increase net loss, limit access to capital markets and negatively impact the availability of financing for the Company.

Epidemics and Pandemics

The spread of any outbreak has caused and could continue to cause severe disruptions in the global economy and financial markets and could potentially create future widespread business continuity issues of an as yet unknown magnitude and duration.

The actual or potential threatened spread of any pandemic or epidemic globally could adversely affect global economies and financial markets resulting in a prolonged economic downturn. The extent to which any disease, epidemic or pandemic impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning current epidemics and the actions required to contain or treat its impact.

We continue to closely monitor the potential impact of any potential pandemic or epidemic on our financial results and cash flows at a Company and project level and at present do not expect any significant impact.

Regulations, Permits and Licenses

The Company's operations are principally based in the US and Mexico where it is subject to various laws and regulations governing the electricity sector and the protection of the environment. The Company requires permits, licenses and authorizations from various US Federal, State and local authorities as well as various Mexican authorities and such operations are governed by laws and regulations applicable for the development, construction and operation of renewable electricity generation facilities. The Company believes that it is in substantial compliance with all material laws and regulations which currently apply to its activities.

There can be no assurance that all permits, licenses and authorizations which the Company may require for its project development activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any renewable energy project which the Company might undertake.

In addition, the Company's project development activities require the submission and approval of environmental impact assessments and reports. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for noncompliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to increase the development cost associated with any project being undertaken by the Company. The Company intends to fully comply with all environmental regulations.

Competition and Agreements with Other Parties

The renewable energy industry is highly competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to secure suitable project sites, secure interconnection capacity as well as generally affect the future prospects of the Company.

Customer Concentration

The Company has established recurring revenue stream from six operating distributed energy projects were acquired during the period ended December 31, 2022, with another project awaiting final permits to become fully operational. The Company also reached commercial operation on its first battery storage system commissioning at the site of a major hotel chain in Cancun, Mexico. The Company has also signed a share purchase agreement for the sale of its Parker Solar and Storage Project and its Bouse Solar and Storage Project, with an initial upfront payment of $2,000,000 and further consideration to be received as certain development milestones are reached.

Currency Risks

The principal business activities of the Company will be denominated in Mexican pesos and US dollars. As a result, the cost of the Company's ongoing activities will be affected by currency fluctuations between the US dollar, the Canadian dollar and the Mexican peso in particular.

Off-Balance Sheet Arrangements

During the year ended June 30, 2023, the Company entered the second phase of the interconnection process for its Vernal BESS project. Pacificorp, a transmission system operator, confirmed that the upgrade costs for the Vernal BESS project were $1.87m less a $60,000 deposit which was already paid. In order to facilitate the requirement to provide Pacificorp with a Financial Security payment equal to the Network Upgrade costs allocated to the project in phase 1, the Company entered into a Surety Bond agreement valued at $1.8 million dollars with Intact Insurance. The company deposited cash collateral for this Surety Bond of $724,000, which is reflected on the balance sheet under Interconnection and security deposits. Subsequent to the period ended December 31, 2023, the Company was able to reduce the amount of cash collateral through a new Surety Bond provider to $452,500.

Proposed Transactions

The Company does not have any proposed transactions as at December 31, 2023, other than what has already been disclosed in the subsequent event notes in the accompanying financial statements for the six-month period ended December 31, 2023.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual consolidated financial statements and respective accompanying MD&A. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Additional information relating to the Company is available on SEDAR at www.sedar.com.