Introduction

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operation of CHAR Technologies Ltd. (formerly Cleantech Capital Inc.) (the "Company" or "CHAR") should be read in conjunction with CHAR's audited consolidated financial statements and notes thereto as at and for the years ended September 30, 2017 and 2016.

The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. Results are reported in Canadian dollars, unless otherwise noted.

Information contained herein is presented as of January 12, 2018, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

Caution Note Regarding Forward-Looking Statements

Certain statements contained in this MD&A and in certain documents incorporated by reference in this MD&A, contain "forward-looking information" for the purposes of applicable Canadian securities laws (the "forward-looking statements"). All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements, including those risk factors identified below in the section "Risk Factors. The forward-looking statements in this MD&A speak only as of the date of this MD&A unless an alternative date is specified in such statement. Certain forward-looking statements contained in this MD&A relate to the Company's ability to continue its business activities and to execute on its business plan as currently anticipated. These forward look-statements as well as the other forward-looking statements contained herein, are based upon certain material assumptions, including the Company's expectation that its costs will remain consistent with the costs currently anticipated and that financing through equity raises, debt financing or a combination thereof will continue to be available to the Company and on terms anticipated and reasonably acceptable to the Company. The risk factors identified in the "Risk Factors" section below may cause such assumptions and/or the forward-looking statements to be untrue.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please see the "Risk Factors" section included in this MD&A. Readers are cautioned that actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

CHAR is a technology company that specializes in the production of an activated charcoal like material (SulfaCHAR), which can be used to remove hydrogen sulfide from various gas streams (focusing on methane-rich and odourous air).

The Company continues to be listed on the Exchange trading under the symbol YES.V. The Company's head office address is 2425 Matheson Boulevard East, 8th floor, Mississauga, Ontario, L4W 5K4.

Operations

CHAR has focused on developing and commercializing CHAR's principal product, SulfaCHAR. The Company has received the first and second tranche of funding from the SD Natural Gas Fund (supported by Sustainable Development Technology Canada and the Canadian Gas Association) to execute on a project to build a 1-tonne per day SulfaCHAR production system, which will allow the company to produce commercial quantities of SulfaCHAR to begin product delivery in early 2017. The SD Natural Gas Fund is providing a $750,000 non-repayable grant toward the project.

Corporate Highlights

Release from Escrow

Common shares were release from escrow as follows:

	October 7, 2016 release	**April 7, 2017 release**	**October 7, 2017 release**
CPC Escrow Agreement	903,750	903,750	903,750
Qualifying Transaction Escrow Agreement	436,934	873,868	873,868
Value Escrow Agreement	633,333	633,333	633,333
Total	**1,974,017**	**2,410,951**	**2,410,951**

Grant of stock options

On January 27, 2017, the Company granted 720,000 stock options to directors, officers and consultants of the Company. The stock options may be exercised for a period of five years at a price of $0.18 per share. An aggregate of 220,000 of the options granted will vest with a consultant of the Company on, and are subject to, the successful completion of specific business development milestones.

Grant funding

On August 29, 2017, the Company announced that it has been approved for a grant totalling $1 million provided by the Government of Ontario through the Ontario Centres of Excellence (OCE) TargetGHG Program. The funding is additional support for the SD Natural Gas Fund project. Funding will be disbursed on completion of the same three milestones of the SD Natural Gas Fund project. As at the date of this MD&A, CHAR received the initial and second tranche of funding, totalling $679,518, and will receive two additional payments on milestone and project completion.

Private placement oversubscribes and closes $1,055,358

On December 27, 2017, CHAR closed 3,513,609 non flow-through shares at a price of $0.21 per share for gross proceeds of $737,858 and 1,270,000 flow-through shares at a price of $0.25 per flow-through share for gross proceeds of $317,500. The Company closed total gross proceeds of $1,055,358. The net proceeds from the non-brokered private placement are intended to be used for general working capital and continued technology development.

Acquisition of the Altech Group

On January 4, 2018, the Company announced that it had closed its previously announced acquisition of the Altech Group ("Altech"), which is comprised of Altech Environmental Consulting Ltd. and Altech Technologies Systems Inc. Altech provides solutions to environmental engineering challenges. Founded in 1986, Altech has 12 employees and a diverse and stable client base. CHAR acquired all of the outstanding shares in both Altech Environmental Consulting Ltd. and Altech Technology Systems Inc. (the "Purchased Shares"). Altech shareholders received an aggregate of 4,523,810 in common shares of CHAR as well as $150,000 in cash in exchange for the Purchased Shares.

Trends

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. During the quarter, equity markets in Canada showed signs of improvement, with equities increasing significantly during this period. Strong equity markets are favourable conditions for completing a public merger or financing. Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations. See "Risk Factors" below.

Selected Annual Financial Information

	Year ended September 30, 2017 ($)	Year ended September 30, 2016 ($)	Year ended September 30, 2015 ($)
Revenue	**140,033**	**223,443**	**nil**
Net loss	**(1,473,402)**	**(336,626)**	**(58,939)**
Net loss per share – basic and diluted	**(0.04)**	**(0.01)**	**(0.01)**
	As at September 30, 2017 ($)	**As at September 30, 2016 ($)**	**As at September 30, 2015 ($)**
Total assets	**2,960,592**	**3,672,207**	**929,131**
Total long-term liabilities	**nil**	**27,145**	**nil**

Summary of Quarterly Result

Period	Revenue ($)	Net income or (loss) Total ($)	Basic and diluted income (loss) per share [9][10] ($)	Total assets ($)
September 30, 2017	128,922	(810,542)[1]	(0.02)	2,960,592
June 30, 2017	842	(269,146)[2]	(0.01)	3,023,903
March 31, 2017	10,269	(267,982)[3]	(0.01)	3,317,424
December 31, 2016	Nil	(125,732)[4]	(0.01)	3,546,543
September 30, 2016	5,001	(205,191)[5]	(0.01)	3,672,207
June 30, 2016	218,442	(101,680)[6]	(0.00)	4,113,750
March 31, 2016	Nil	19,071[7]	0.00	4,096,187
December 31, 2015	Nil	(48,826)[8]	(0.01)	923,782

(1) Net loss of $810,542 consisted of goodwill impairment of $910,893, $99,293 of consulting fees, $29,500 of amortization and other general working capital expenses offset by gross profit of $71,420 and grant income of $203,942.

(2) Net loss of $269,146 consisted of $59,847 of consulting fees, $103,872 of research and development, $58,886 of office expenses, $29,500 of amortization and other general working capital expenses offset by grant income of $5,894.

(3) Net loss of $267,982 consisted of $67,004 of consulting fees, $21,565 of professional fees, $85,287 of share-based payments, $55,099 of office expenses, $29,500 of amortization and other general working capital expenses offset by revenue of $10,269 and grant income of $14,019.

(4) Net loss of $125,732 consisted of $21,910 of consulting fees, $19,722 of professional fees, $16,442 of share-based payments, $39,225 of office expenses, $29,500 of amortization and other general working capital expenses offset by grant income of $14,304.

(5) Net loss of $205,191 consisted of $83,632 of research and development, $231,712 of professional fees, $40,581 of share-based payments, $37,027 of office expenses, $59,000 of amortization and other general working capital expenses offset by gross profit of $40,141, grant income of $31,697 and deferred tax recovery of $178,020.

(6) Net loss of $101,680 consisted of gross profit of $30,960 offset by $55,309 of research and development, $38,897 of professional fees, $7,269 of regulatory and filing fees, $25,345 of office expenses and $5,820 of depreciation.

(7) Net income of $19,071 consisted of a recovery of $31,395 of professional fees, $10,493 of regulatory and filing fees and $1,831 of office expenses.

(8) Net loss of $48,826 consisted of $37,149 of professional fees, $9,708 of regulatory and filing fees and $1,969 of office expenses.

(9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

(10) As the Company has reported a net loss, it has not calculated the diluted loss per common share as its effect would be anti-dilutive.

Discussion of Operations

Year ended September 30, 2017 compared with the year ended September 30, 2016

The Company's net loss totaled $1,473,402 for the year ended September 30, 2017, with basic and diluted loss per share of $0.04. This compares with a net loss of $336,626 with basic and diluted loss per share of $0.01 for the year ended September 30, 2016. The increase in net loss of $1,136,776 was principally because:

- During the year ended September 30, 2017, the Company recorded gross profit of $82,250 compared to $71,101 for the year ended September 30, 2016. The gross profit resulted from the delivery and installation of a SulfaCHAR utilization system, as well as the delivery of SulfaCHAR, under a contract with Build in Canada Innovation Procurement. Additional gross profit was realized through consulting services rendered to test the applicability of SulfaCHAR under new operating conditions.
- During the year ended September 30, 2017, the Company recorded goodwill impairment of $910,893 compared to no goodwill impairment in 2016 comparable period.
- Consulting fees increased by $248,054 for the year ended September 30, 2017 compared to the year ended September 30, 2016. The increase is attributable to the Company's need for engineering and other consulting services to in the course of its business.
- Professional fees decreased by $140,925 for the year ended September 30, 2017, compared to the year ended September 30, 2016. In the 2016 comparable period, there was approximately $186,000 of costs associated with the Qualifying Transaction which resulted in a higher expense in the prior year.
- During the year ended September 30, 2017, the Company recorded amortization of intangible assets of $118,000 compared to $59,000. This intangible asset was acquired from the Amalgamation and is being amortized over its estimated useful life. The 2017 expense accounts for a full year of amortization expense, while the 2016 expense accounts for half a year from the date of Amalgamation.
- During the year ended September 30, 2017, share-based payments amounted to $119,733 compared to $40,581 for the year ended September 30, 2016. During the current period, there were 720,000 stock options granted compared to 660,000 options granted in the prior period. Share-based payments are expensed over the vesting period of the options.
- During the year ended September 30, 2017, the Company had deferred tax recovery of $27,145 compared to $178,020 for the year ended September 30, 2016. The Company's acquisition of Original CHAR in the 2016 period resulted in a deferred tax liability of $222,598. As a result of this deferred tax liability, the Company recognized its pre-acquisition deferred tax asset and the current period loss for tax purposes, as it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. Recognition of the deferred tax asset resulted in a deferred tax recovery of $27,145 and $178,020 in the respective years.
- All other expenses related to general working capital.

Three months ended September 30, 2017 compared with the three months ended September 30, 2016

The Company's net loss totaled $810,542 for the three months ended September 30, 2017, with basic and diluted loss per share of $0.02. This compares with a net loss of $205,191 with basic and diluted loss per share of $0.01 for the three months ended September 30, 2016. The increase in net loss of $605,351 was principally because:

- During the three months ended September 30, 2017, the Company recorded gross profit of $71,420 compared to $40,141 for the three months ended September 30, 2017. The gross profit resulted from the delivery and installation of a SulfaCHAR utilization system, as well as the delivery of SulfaCHAR, under a contract with Build in Canada Innovation Procurement. Additional gross profit was realized through consulting services rendered to test the applicability of SulfaCHAR under new operating conditions.

- During the three months ended September 30, 2017, the Company recorded goodwill impairment of $910,893 compared to no goodwill impairment in 2016 comparable period.
- Research and development decreased by $112,592 for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. The decrease is attributable to the Company's shift from research and development to construction of the production unit.
- Professional fees decreased by $151,698 for the three months ended September 30, 2017, compared to the three months ended September 30, 2016. The decrease is attributable to reduced need for professional fees in the 2017 period compared to approximately $186,000 of costs associated with the Qualifying Transaction being expensed in the 2016 comparable period.
- Consulting fees increased by $99,293 for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. The increase is attributable to the Company's need for engineering and other consulting services to in the course of its business.
- During the three months ended September 30, 2017, share-based payments amounted to $14,621 compared to $40,581 for the three months ended September 30, 2016. During the 2017 period, there was nil stock options granted compared to 660,000 options granted in the 2016 period. Share-based payments are expensed over the vesting period of the options.
- During the three months ended September 30, 2017, the Company had deferred tax recovery of $27,145 compared to $178,020 for the three months ended September 30, 2016. The Company's acquisition of Original CHAR in the 2016 period resulted in a deferred tax liability of $222,598. As a result of this deferred tax liability, the Company recognized its pre-acquisition deferred tax asset and the current period loss for tax purposes, as it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. Recognition of the deferred tax asset resulted in a deferred tax recovery of $27,145 and $178,020 in the respective periods.
- All other expenses related to general working capital.

Cash Flow

At September 30, 2017, the Company had cash of $831,556 compared to $1,283,813 at September 30, 2016. The decrease in cash and cash equivalents of $452,257 from September 30, 2016 was as a result of cash outflow from investing and financing activities of $730,838 and $3,438, respectively offset by cash inflow from operating activities of $282,019.

Operating activities were affected by net change in non-cash working capital balances of $625,931 because of an increase in amounts receivable of $231,278, an increase in investment tax credits recoverable of $9,136, a decrease in prepaid expenses of $175,708, a decrease in due to related parties of $18,000, an increase in accounts payable and accrued liabilities of $41,186 and an increase in deferred grant income of $631,451. Financing activities spent cash flow of $3,438 for the repayment of long-term loans payable. The Company spent $730,838 for the purchase of property and equipment for its production facility under construction.

Liquidity and Financial Position

The Company's total assets at September 30, 2017 were $2,960,592 (September 30, 2016 - $3,672,207) against total liabilities of $807,697 (September 30, 2016 - $165,643). The decrease in total assets of $711,615 resulted primarily from the impairment of goodwill and the expenditure of cash offset by the acquisition of property and equipment. The Company has sufficient current assets to pay its existing current liabilities of $807,697 at September 30, 2017.

The activities of the Company have been financed by private placements of securities and its initial public offering.

The SD Natural Gas Fund project includes a $750,000 non-repayable grant. The project builds on the previous research and development work conducted by CHAR. The project is split into 3 milestones. The first milestone, which is the design and fabrication of a 1-tonne per day SulfaCHAR production system is completed. The second milestone, which is the commissioning and initial operation of the 1-tonne per day SulfaCHAR production unit is budgeted to require capital expenditures by CHAR of $310,000. The third and final milestone, which is testing of the used SulfaCHAR for gas cleaning and agricultural applications, is budgeted to require capital expenditures by CHAR of $175,000. The completion of phase 2 of this project will allow the Company to produce commercial quantities of SulfaCHAR, and is an important next step in the commercialization of SulfaCHAR.

During fiscal 2017, the Company's corporate head office costs are estimated to average approximately $90,000 per quarter. Head office costs include professional fees, reporting issuer costs, consulting fees and general and administrative costs.

The Company's cash at September 30, 2017 will be sufficient to fund its remaining development budget of $175,000 and the operating expenses of $360,000 for fiscal 2018. The Company will have to raise additional equity capital in amounts sufficient to continue to fund both development work and working capital requirements past its fiscal 2018. The Company raised approximately $1,055,000 from a private placement that closed on January 1, 2018 (see "Corporate Highlights").

See "Risk Factors" below and "Caution Note Regarding Forward-Looking Statements" above.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of CHAR.

Proposed Transactions

There were no proposed transactions as of the date of this MD&A.

Transactions with Related Parties

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The transactions with related parties are as follows:

	Year ended September 30, 2017	Year ended September 30, 2016
Boyle & Co. LLP ("B & Co.")(i)	$nil	$117,790
Marrelli Support Services Inc. ("MSSI")(ii)	$24,000	$7,681
DSA Corporate Services ("DSA")(iii)	$10,225	$3,470
1456087 Ontario Inc. ("1456087")(iv)	$60,000	$25,000
Merko-Nicholson Inc. ("Merko-Nicholson")(v)	$60,000	$nil

(i) A former officer and director of the Company is a partner of B & Co. The transactions are for legal services provided by B & Co. to the Company. For the year ended September 30, 2016, the legal fees were allocated to share capital as cost associated with the Qualifying Transaction.

(ii) On June 8, 2016, the Company retained Mrs. Cindy Davis, a senior employee of MSSI, as its Chief Financial Officer. As at September 30, 2017, MSSI was owed $nil (September 30, 2016 - $nil).

(iii) DSA is affiliated with Marrelli Support through a common officer. DSA provides corporate secretarial services. As at September 30, 2017, DSA was owed $3,117 (September 30, 2016 - $1,319). These amounts are included in accounts payable and accrued liabilities.

(iv) 1456087 is a company controlled by James Sbrolla, a major shareholder of the Company. 1456087 provides consulting services to the Company.

(v) Merko-Nicholson is a company controlled by the Chief Operations Officer of the Company. Merko-Nicholson provides consulting services to the Company.

Remuneration of directors and key management of the Company was as follows:

	Year ended September 30, 2017 ($)	Year ended September 30, 2016 ($)
Salaries	78,125	36,885
Share based payment	108,056	39,155
Total	**186,181**	**76,040**

As at September 30, 2017, the Company owed $nil (September 30, 2016 - $38,817) in accrued salaries to an executive officer of the Company and this amount was included in accounts payable and accrued liabilities.

As at September 30, 2017, an executive officer owed the Company $nil (September 30, 2016 - $15,000). As at September 30, 2017, there was $nil (September 30, 2016 - $3,000) due from a shareholder of Original CHAR, which was acquired on Amalgamation. These amounts were included in due from related parties.

To the knowledge of the directors and senior officers of the Company, as at September 30, 2017, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all of the common shares of the Company other than as set out below:

	Number of common shares	Percentage of outstanding shares (approx.)
James Sbrolla	4,896,606	14.6%
Andrew White	4,870,000	14.6%

The remaining 70.8% of the shares are widely held, which includes various small holdings which are owned by directors and officers of the Company. The holding can change at any time at the discretion of the owner, subject to Exchange escrow agreement.

Outstanding Share Data

The number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of CHAR as at January 12, 2018 are as follows:

Securities	As at January 12, 2018
Common shares outstanding	42,829,695
Issuable under options	2,581,826
Total securities	**45,411,521**

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. In addition to the risks identified therein, additional risks not presently known to the Company may arise from to time and may cause a material adverse effect on the Company and any investment in the Company. Investors are cautioned not to rely upon any forward-looking statements in this MD&A as such statements are subject known and unknown risks.

(1) **No History of Profits –** CHAR has not earned profits to date and there is no assurance that CHAR will earn profits in the future, or that profitability, if achieved, will be sustained. The success of CHAR ultimately depends upon its abilities to generate significant revenues to finance operations as opposed to external funding. There is no assurance that future revenues will be sufficient to generate the funds required to continue operations without external funding. If CHAR does not have sufficient capital to fund its operations, it may be required to forego certain business opportunities;

(2) **Future Capital Requirements –** CHAR will require additional financing in order to grow and expand its operations. It is possible that required future financing will not be available, or if available, will not be available on favourable terms. There can be no assurances that CHAR will be able to raise additional capital if its capital resources are exhausted;

(3) **Management of Growth –** CHAR may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. Any expansion of CHAR's business may place a significant strain on its financial, operational and managerial resources. There can be no assurances that CHAR will be able to manage growth successfully;

(4) **Limited Operating History** – CHAR began carrying on business in February, 2011 and is therefore subject to many of the risks common to early-stage enterprises;

(5) **Reliance on Management** – The success of CHAR is dependent upon the ability, expertise, judgment, discretion and good faith of their respective senior management;

(6) **Additional Financing** – In order to execute the anticipated growth strategies, CHAR will likely require additional equity and/or debt financing beyond order to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions;

(7) **Competition** – There is potential that CHAR will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than CHAR;

(8) **Operating Risk and Insurance Coverage** – CHAR has insurance to protect its assets, operations and employees. While CHAR believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which CHAR is exposed;

(9) **Fluctuation of Market Price** – The market price of the Company's Shares may be subject to wide fluctuations in response to many factors;

(10) **Dividends** – The Company has no earnings or dividend record, and does not anticipate paying any dividends on the Common Shares in the foreseeable future;

(11) **Limited Market for Securities** – The Company's are listed on the Exchange, however, there can be no assurance that an active and liquid market for the Company's Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company; and

(12) **Environmental and Employee Health and Safety Regulations** – CHAR's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical areas of estimation and judgments in applying accounting policies include the following:

Going concern
The consolidated financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. Management uses judgment in determining assumptions for cash flow projections, such as anticipated financing, anticipated sales and future commitments to assess the Company's ability to continue as a going concern. A critical judgment is that the Company continues to raise funds going forward and satisfy their obligations as they become due.

Deferred taxes
The calculation of deferred taxes is based on assumptions which are subject to uncertainty as to timing and which tax rates are expected to apply when temporary differences reverse. Deferred tax recorded is also subject to uncertainty regarding the magnitude of non-capital losses available for carry forward and of the balances in various tax pools. By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements from changes in such estimates in future period could be material. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets are reviewed at each statement of financial position date and adjusted to the extent that it is no longer probable that the related tax benefit will be realized.

Useful lives of property and equipment and intangibles
The Company reviews the estimated useful lives of property and equipment and intangibles with definite useful lives at the end of each year and assesses whether the useful lives of certain items should be shortened or extended, due to various factors including technology, competition and revised service offerings. During the period ended September 30, 2017, the Company was not required to adjust the useful lives of any assets based on the factors described above.

Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Investment tax credits recoverable
Investment tax credits are recorded based on management's estimate that all conditions attached its receipt have been met. The Company has significant tax credits recoverable and expects to continue to apply for future tax credits as their research and development activities remain applicable. Therefore, the estimates related to the recoverability of these tax credits are important to the Company's financial position.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the consolidated statement of loss and comprehensive loss in the periods which they become known.

Share-based payments
The Company estimates the fair value of convertible securities such as warrants and options using the Black-Scholes option-pricing model which requires significant estimation around assumptions and inputs such as expected term to maturity, expected volatility and expected dividends.

Future accounting pronouncements

Standards issued but not yet effective up to the date of issuance of these consolidated financial statements are listed below. This list is of standards and interpretations issued that the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9, Financial Instruments, ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective as at January 1, 2018.

IFRS 15, Revenue from Contracts and Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, revenue, IAS 11, construction contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018.

IFRS 16, Leases ("IFRS16") was issued by the IASB on January 13, 2016. The Company will be required to adopt IFRS 16 in its financial statements for the annual period beginning on December 1, 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 16 will have on the Company's financial statements.

Capital management

The Company includes equity, which is comprised of share capital, reserves and deficit, in the definition of capital.

The Company's objective when managing its capital is to safeguard the ability to continue as a going concern in order to provide returns for its shareholders, and other stakeholders and to maintain a strong capital base to support the Company's core activities. The Company has no externally imposed capital requirements. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

Financial instruments and risk management

Risk management
In the normal course of its business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks, and the actions taken to manage them, are as noted below.

Market risk
Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company's cash include cash held in bank accounts that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

Interest rate risk
Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any significant interest bearing assets or liabilities.

Liquidity risk
Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations as they fall due. The Company's strategy is to satisfy its liquidity needs using cash on hand, and cash flow provided by financing activities. As at September 30, 2017, the Company had a cash of $831,556 to settle current liabilities of $807,697. The Company's accounts payable and accrued liabilities and deferred grant income are due within one year from the date of the statement of financial position.

Fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of the Company's cash, amounts receivable and accounts payable and accrued liabilities are estimated by management to approximate their carrying values due to their short-term nature.