

Zinc8 Energy Solutions Inc.
Annual Information Form
For the Year Ended December 31, 2021

Dated October 4, 2022

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ANNUAL INFORMATION FORM

In this Annual Information Form (this “AIF”), unless otherwise noted or the context indicates otherwise, references to the “Company”, “we”, “us”, “our” and “Zinc8” refer to Zinc8 Energy Solutions Inc.

All financial information in this AIF is prepared in Canadian dollars, unless otherwise indicated. The information contained herein is dated as of October 4, 2022 unless otherwise stated.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF contains certain information that may constitute forward-looking information and forward-looking statements as such terms are defined under applicable Canadian securities laws (collectively, the “Forward-Looking Statements”) which are based on management’s current internal expectations, estimates, projections, assumptions and beliefs. Forward-Looking Statements can be identified by the use of forward-looking terminology such as “expect”, “likely”, “may”, “will”, “should”, “intend”, “anticipate”, “potential”, “proposed”, “estimate”, and other similar words, including negative and grammatical variations thereof. The Forward-Looking Statements may include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance and other statements that are not statements of fact. The Forward-Looking Statements are made only as of the date of this AIF. The Forward-Looking Statements include, but are not limited to, statements with respect to:

- the success of research and development activities;
- the Company’s new and existing technology;
- the Company’s ability to obtain necessary financing;
- the Company’s ability to meet its obligations as they become due;
- the Company’s ability to execute the development and commercialization of a dependable low-cost zinc-air battery;
- the Company’s ability to begin commercial production and sales by 2024;
- the Company’s ability to sell its products in North America;
- the Company’s ability to expand internationally;
- the Company’s mass storage system’s ability to offer environmental and efficiency benefits;
- the Company’s ability to meet the needs for secure and reliable power;
- the Company’s ability to complete the construction of the testing substations;
- the Company’s ability to establish a production facility in the US;
- expectations regarding the performance of critical suppliers and service providers;
- forecasts of expenditures;
- expectations regarding our ability to raise capital;
- business outlook;
- plans and objectives of management for future operations;
- anticipated financial performance;
- the impact of the COVID-19 pandemic, and the ongoing dispute between the sovereign state of Ukraine and Russia on the business and operations of the Company; and
- other similar statements concerning anticipated future events, conditions or results that are not historical facts.

The actual results, performance or achievements of the Company could differ materially from those anticipated in the Forward-Looking Statements as a result of the risk factors set forth below and under the heading “Risk Factors”, including, but not limited to, risks related to:

- the Company’s limited operating history;

- the Company has no history of earnings;
- the Company has negative cash flow;
- the ability to raise additional funds on terms that are favourable to the Company or at all;
- development risks;
- operation and supplier risk;
- dependence on government funding;
- the results of early testing of the Company's products;
- the technology may not operate as expected;
- the technology may prove to be too expensive to implement broadly;
- market acceptance of the Company's products;
- competitors may develop better products, quicker and at a lower cost than the Company;
- the Company's patents may not provide protection as expected;
- the Company's may not establish a production facility in the US;
- the Company may not begin commercial production and sales by 2024;
- the Company may not expand internationally;
- alternative battery technology is an emerging market and a major market may not develop;
- product liability;
- dependence on key personnel;
- the competitive market for the Company's products and services;
- manufacturing cost targets;
- protection of our intellectual property;
- government regulation;
- risks of foreign exchange rate fluctuation;
- legal proceedings;
- the impact of the COVID-19 coronavirus outbreak;
- the impact of the ongoing dispute between Ukraine and Russia;
- the Company's ability to continue as a going concern;
- dilution to the current and future shareholders;
- the Company has never paid cash dividends on any of its share capital;
- certain shareholders may have the ability to influence the Company;
- volatility in capital markets; and
- other risks and unforeseen eventualities for which the Company is uninsured or for which insurance is unavailable.

Readers are cautioned that these factors are difficult to predict and that the assumptions used in developing the Forward-Looking Statements may prove to be incorrect. Readers are also cautioned that the list of risk factors contained in this AIF is not exhaustive. Accordingly, readers are cautioned that the Company's actual results may vary from the Forward-Looking Statements, and the variations may be material.

Although the Company believes that the expectations reflected in the Forward-Looking Statements are reasonable, it can give no assurance that such expectations will prove to be correct, and the Forward-Looking Statements are expressly qualified in their entirety by this cautionary statement. The purpose of the Forward-Looking Statements is to provide the reader with a description of management's expectations, and the Forward-Looking Statements may not be appropriate for any other purpose. The reader should not place undue reliance on the Forward-Looking Statements. The Forward-Looking Statements are made as at the date hereof and the Company undertakes no obligation to update or revise any of the Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities laws.

Additional information on these and other factors is available in the reports filed by the Company with Canadian securities regulators and available on SEDAR (as defined herein). The forward-looking statements and information contained in this AIF are made as of the date hereof.

GLOSSARY OF TERMS

In addition to terms defined elsewhere in this AIF, the following terms, when used in this AIF, will have the following meanings (unless otherwise indicated):

“**AIF**” means the Annual Information Form;

“**Arrangement**” has the meaning set forth in “*Three Year History of the Business – Year Ended December 31, 2019*”;

“**Audit Committee**” means the Audit Committee of the Board;

“**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations promulgated thereunder, both as may be amended from time to time;

“**Board**” means the board of directors of the Company;

“**CEO**” means chief executive officer;

“**CFO**” means chief financial officer;

“**Common Shares**” has the meaning set forth in “*Corporate Structure – Name, Address and Incorporation*”;

“**Company**” means Zinc8 Energy Solutions Inc.;

“**COVID-19**” means the strain of novel coronavirus declared a global pandemic on March 11, 2020;

“**CSE**” means the Canadian Securities Exchange;

“**DSU**” has the meaning set forth in “*Three Year History – Subsequent to Year Ended December 31, 2021*”;

“**IRA**” has the meaning set forth in “*Three Year History – Subsequent to Year Ended December 31, 2021*”;

“**kWh**” means kilowatt hour;

“**LTIP**” has the meaning set forth in “*Three Year History of the Business – Year Ended December 31, 2021*”;

“**MGX**” has the meaning set forth in “*Three Year History of the Business – Year Ended December 31, 2019*”;

“**NI 52-102**” means National Instrument 52-102 – *Continuous Disclosure Obligations*, as amended from time to time;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*, as amended from time to time;

“**NP 46-201**” means National Policy 46-201 - *Escrow for Initial Public Offerings*, as amended from time to time;

“**NYP A**” has the meaning set forth in “*Three Year History of the Business – Year Ended December 31, 2019*”;

“**NYSERDA**” has the meaning set forth in “*Three Year History of the Business – Year Ended December 31, 2020*”;

“**RSU**” has the meaning set forth in “*Three Year History – Year Ended December 31, 2021*”;

“**Section 45X**” has the meaning set forth in “*Three Year History – Subsequent to Year Ended December 31, 2021*”;

“**SEDAR**” means the means the System for Electronic Document Analysis and Retrieval described in National Instrument 13-101 – *System for Electronic Document Analysis and Retrieval* of the Canadian Securities Administrators and available for public view at www.sedar.com;

“**Zinc8 ESS**” has the meaning set forth in “*Description of the Business – General*”; and

“**Zinc-Air System**” has the meaning set forth in “*Description of the Business – General*”.

CORPORATE STRUCTURE

Name, Address and Incorporation

Our company was incorporated under the BCBCA on December 8, 2011 under the name “ZincNyx Energy Solutions Inc.” On November 1, 2018, our name was changed to “MGX Renewables Inc.”. We changed our name to “Zinc8 Energy Solutions Inc.” on March 20, 2020. Our principal place of business is located at Unit-1, 8765 Ash Street, Vancouver, BC, Canada V6P 6T3 and our telephone number is (604) 558-1406.

Our registered and records office is located at Suite 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1, Canada and its telephone number is (604) 687-5700.

On December 24, 2015, we amended our articles and altered our notice of articles to alter our authorized capital by: (i) re-designating the existing class of common shares without par value as an unlimited number of Class “A” Voting Common shares without par value, (ii) creating a new class of an unlimited number of Class “B” Voting Common shares with a par value of \$0.0001 each, and (iii) creating a new class of an unlimited number of Class “C” Common Voting shares without par value.

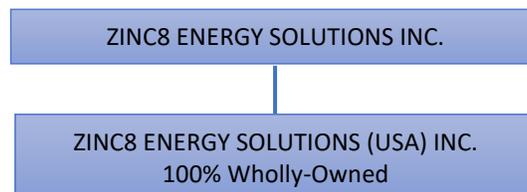
On October 18, 2018, we subdivided our issued and outstanding Class “C” Common Voting shares of the basis of 1.66666667 post-subdivision shares for each one (1) pre-subdivision share.

On October 29, 2018, we amended our articles and altered our notice of articles to alter our authorized capital by: (i) eliminating the existing classes of Class “A” Voting Common shares and Class “B” Common Voting shares, and (ii) re-designating the existing class of Class “C” Common Voting shares without par value to an unlimited number of common shares without par value (“**Common Shares**”).

Intercorporate Relationships

The Company has one wholly-owned subsidiary, Zinc8 Energy Solutions (USA) Inc., a company incorporated under the laws of the State of New York on May 6, 2020. Its head office is located at 370 Jay Street, 7th floor, Brooklyn, New York 11201 and its registered office is located at 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1.

The diagram below described the inter-corporate relationship between the Company and Zinc8 Energy Solutions (USA) Inc.:



THREE YEAR HISTORY OF THE BUSINESS

Year Ended December 31, 2019

The Company has been involved in the development of zinc-air battery technology since June 2012. Prior to June 26, 2019, the Company was a wholly-owned subsidiary of MGX Minerals Inc. (“**MGX**”), a company listed on the CSE.

On June 11, 2019, the Company completed a private placement of 8,020,000 units at a price of \$0.25 per unit for gross proceeds of \$2,005,000. Each unit was comprised of one Common Share and one-half common share purchase warrant with each whole warrant exercisable at a price of \$0.35 until November 30, 2020. In connection with the private placement, the Company issued 770,200 finders shares and 347,500 broker warrants and incurred \$35,950 of cash issue costs. Upon the completion of the financing, MGX's interest in the Company went from 100% to 77%.

On June 26, 2019, pursuant to an arrangement agreement dated October 31, 2018 between MGX and the Company, MGX completed its previously announced reorganization, pursuant to which it spun-out approximately 40% of its shares in the Company pursuant to a plan of arrangement (the "Arrangement") under the BCBCA. The purpose of the Arrangement was to reorganize MGX into two separate companies: MGX and the Company. MGX retained 18,000,239 Common Shares following completion of the Arrangement, which constituted 46.40% of the Common Shares of the Company (41.72% on a fully-diluted basis) at that time. The Arrangement permitted MGX to focus on its core mining business, while the Company's strategic focus would be on the development and commercialization of a low-cost, dependable zinc-air battery. As a result of the Arrangement, the Company became a reporting issuer in British Columbia, Alberta and Ontario.

On July 22, 2019, the Company's Common Shares were listed for trading on the CSE under the symbol "MGXR."

On September 11, 2019, the Company completed a private placement of 8,333,329 units at \$0.06 per unit for gross proceeds of \$500,000. Each unit is comprised of one Common Share and one common share purchase warrant. The warrants are exercisable for a period of two years at a price of \$0.08 in the first year from the date of issuance and at a price of \$0.12 for the balance of the term.

On December 24, 2019, we entered into a cooperation agreement with the New York Power Authority (the "NYPA") to deploy its Zinc-Air System in New York State to help advance New York State Governor Andrew Cuomo's Green New Deal by achieving the aggressive energy storage goal of 3GW by 2030 and by supporting a nation-leading commitment of 100% electricity from emission-free sources by 2040. Under the agreement, NYPA will contribute a total of USD \$2.55 million to the project over a 3-year period. A partial contribution of \$835,000 was advanced in 2020. The 100kW/1MWh behind-the-meter energy storage system is expected to be installed at the Baker Chilled Water Plant in The State University of New York at Buffalo.

Year Ended December 31, 2020

On February 10, 2020, we completed a private placement of 27,879,513 units at a price of \$0.11 per unit for gross proceeds of \$3,066,746.43. Each unit issued consisted of one Common Share and one common share purchase warrant. Each warrant entitled the holder to purchase an additional Common Share for a period of 24 months from the closing of the financing with the exercise price at \$0.155 per share for the first 12 months and \$0.40 for the remainder of the term. Finder's fees of an aggregate of \$186,893 in cash and 632,887 share purchase warrants were issued in connection with the financing.

On March 11, 2020, the Company reached an agreement with MGX to settle a disputed debt, whereby the Company agreed to pay to MGX an aggregate of \$1,500,000 over the following four months. In connection with the settlement, the Company reached a severance agreement with its former CEO, Jared Lazerson, whereby Mr. Lazerson would be issued 800,000 units at a deemed price of \$0.38 per unit. Each unit issued consisted of one Common Share and one common share purchase warrant. Each warrant entitled the holder to purchase an additional Common Share at \$0.50 per share for a period of 24 months from the issue of the warrants.

On March 11, 2020, the Company entered into a deployment agreement with Digital Energy Corporation to install a 100kW/1.5MWh Zinc-Air System in Brooklyn, New York. The deployment will be supported by the New York State Energy Research and Development Authority (“NYSERDA”). The Company and Digital Energy Corporation subsequently announced the project site to be Fresh Meadows in Queens, New York. A host site agreement was concluded and a joint team was put together to work through the NYC Department of Buildings (“DOB”) approval. The Company and Digital Energy Corporation produced the engineering drawings for the system, which are currently under review. The final submission to the DOB is scheduled for October.

On March 20, 2020, in connection with the change of name of the Company to “Zinc8 Energy Solutions Inc.”, the trading symbol for the Company’s Common Shares listed on the CSE was changed to “ZAIR.”

On My 6, 2020, the Company was accepted in the ACRE Incubator Program at Urban Future Lab in Brooklyn, New York. The programs are focused on policy, education and market solutions to address climate change. The ACRE program provides support to companies involved in the green economy through business advisory services, introductions to investors and access to mentors and channel partners.

On September 4, 2020, we completed a private placement of 8,750,000 units at a price of \$0.16 per unit for gross proceeds of \$1,400,000. Each unit issued consisted of one Common Share and one common share purchase warrant. Each warrant entitled the holder to purchase an additional Common Share at \$0.30 per share for a period of 24 months from the closing of the financing. Finder’s fees of an aggregate of \$37,560 in cash and 234,750 share purchase warrants were issued in connection with the financing.

On September 21, 2020, the Company entered into an agreement in principal with Vijai Electricals agreeing to explore joint-venture projects concerning the deployment of Zinc8’s patented Zinc-Air System. Additionally, the companies will explore the potential of manufacturing components of the Zinc-Air System in India. Since then, the Company examined the Indian market, and several potential projects underwent deep analysis. The analysis determined that the project economics were not optimal for the Zinc8 ESS and that the Indian market was in early stages of adopting clean energy policy, of which energy storage projects are still a low priority. The Company concluded that the Indian market is still a few years away from being an early target market. In the first few years of production, the Company will be adopting a domestically sourced manufacturing and assembly agenda.

On September 22, 2020, the Company was announced as a winner of New York City’s Department of Buildings Innovations Challenge.

On October 19, 2020, the Company entered into an agreement in principal with SmartConsult to explore joint-venture projects concerning the deployment of Zinc8’s patented Zinc-Air System. The agreement would focus on deploying the Zinc-Air System at aquatic centers, remote mines and behind-the-meter applications using SmartConsult extensive contacts and relationships throughout Australia. However, SmartConsult was unsuccessful in securing the contracts for the aquatic centers. The Company developed a good understanding of the Australian market, in particular the key players and agencies that can be helpful with future entry into the Australian market. The Company has decided to enter the Australian market once the Zinc8 ESS delivers power in the MW range.

Year Ended December 31, 2021

On February 24, 2021, we completed a marketed private placement of 28,750,000 Common Shares of the Company (including 3,750,000 Common Shares issued pursuant to the exercise, in full, of the agent’s option) at a price of \$0.54 per share for gross proceeds of \$15,525,000. The Company paid the agents a cash commission equal to 6% of the gross proceeds of the offering and issued an aggregate of 1,725,000

compensation warrants, each exercisable to acquire one Common Share of the Company at an exercise price of \$0.54 per share for a period of 24 months from the closing of the financing.

On April 8, 2021, we announced the planned deployment of the Zinc-Air System at the University of Buffalo, in collaboration with the New York Power Authority. The site will allow for the demonstration of a 100kW/1MWh Zinc-Air System to facilitate the wider use of renewable resources.

On April 23, 2021, we signed a USD \$200,000 demonstration agreement with a cloud data center provider to demonstrate our 10kW/80kWh Zinc-Air System for resilient backup application.

On June 7, 2021, we agreed to issue 116,279 shares pursuant to a settlement and release agreement. This is related to the claim by Market One Media Group Inc. for payment under a contract from 2019. Market One Media Group Inc. agreed to release us from all claims in consideration for the issuance of shares of the Company. The securities were subject to a 4 month and a day.

On June 28, 2021, our shares began trading on the OTC Markets under the symbol "ZAIRF".

During the year ended December 31, 2021, the Company granted 7,275,000 options, exercisable at \$0.62 per option, to directors, consultants and employees of the Company. The options expire on April 5, 2026 and vested immediately.

During the year ended December 31, 2021, the shareholders of the Company ratified approval of the Long-Term Incentive Plan (the "LTIP"). The LTIP is available to directors, key employees and consultants of the Company, as determined by the Board. The maximum number of Common Shares available for issuance under the LTIP in respect of awards, together with the number of Common Shares available for issuance in respect of options under the Company's Stock Option Plan, will be 10% of the issued and outstanding shares of the Company at any time (being the number of Common Shares issuable pursuant to the Stock Option Plan), less any shares required to be reserved with respect to options granted by the Company prior to the implementation of the Stock Option Plan.

Subsequent to Year Ended December 31, 2021

On January 18, 2022, we signed a host site agreement with Fresh Meadows Community Apartments in Queens, NY, to install a 100kW/1.5MWh ZESS for the purpose of demonstrating its long duration energy storage capability that included financial support by The New York State Energy Research and Development Authority. The ZESS will support and enhance the economics of a Combined Heat and Power plant which is currently under construction along with an existing solar system at the Fresh Meadows Apartments, a site that is owned by Cammeby Realty Corp.

On April 5, 2022, the Company granted 1,000,000 options to a director of the Company, the options vested immediately and expire on April 5, 2032.

On May 27, 2022, the Company granted 6,150,000 RSUs to directors of the Company. The RSUs vest 25% on the grant date, 25% on August 27, 2022, 25% on November 27, 2022 and 25% on February 27, 2023.

On July 8, 2022 the Company announced the support from US Senate Majority Leader Charles E. Schumer for the Company to establish a manufacturing facility in New York.

On August 17, 2022, the Company granted 850,000 RSUs. The RSUs vest 25% on August 16, 2022, 25% on August 27, 2022, 25% on November 27, 2022 and 25% on February 27, 2023. The Company also granted 436,718 deferred share units (each, a "DSU") to certain directors. The DSUs were issued in lieu of directors' fees payable up to June 30, 2022.

On September 1, 2022, the Company announced the Company's inaugural commercial production facility will be based in the US. Based upon comprehensive analysis done by the Company, the recently announced *Inflation Reduction Act of 2022, H.R. 5376 ("IRA")* and Section 45X the Advanced Manufacturing Tax Credit included in the IRA ("**Section 45X**") provide distinct and direct benefits to the Company its production plans in the US.

On September 9, 2022, the Company announced that over the prior few weeks the Company raised \$1,818,806 in gross proceeds from the exercise of 6,062,688 warrants. The warrants were issued on September 4, 2020 for a two year term. They were exercised into one common share at an exercise price of \$0.30 per Common Share.

Significant Acquisitions

During the year ended December 31, 2021, the Company did not complete any significant acquisition for which disclosure is required under Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations*.

DESCRIPTION OF THE BUSINESS

General

The Company focuses on the development and commercialization of a dependable, low cost, zinc-air battery. The Company believes that this mass storage system will offer both environmental and economic benefits.

The Company's Zinc-Air Energy Storage System (the "**Zinc-Air System**") technology has been developed around the utilization of zinc as the anode fuel, which is expected to offer numerous advantages over other forms of metals due to its unique attributes, which include high energy density, abundant availability, low cost, and ease of storage and handling. The regenerative system does not require fuel replacement and offers scalable energy capacity through the simple introduction of additional fuel tanks.

The Zinc8 ESS is a modular Energy Storage System designed to deliver power in the range 20kW - 50MW with capacity of 8 hours of storage duration or higher. With the advantage of rechargeable zinc-air flow battery technology, the system can be configured to support a wide range of long-duration applications for microgrids and utilities. The energy storage capacity of the system is determined by the size of the zinc storage tank, is cost-effective and scalable and provides as an alternative to the fixed power/energy ratio of the lithium-ion battery.



The Company's zinc-air technology consists of three major components: the fuel tank where zinc particles and a potassium hydroxide (KOH) electrolyte are stored; the cell stack where the fuel is converted to electrical power; and the regenerator unit where the electrical power is converted back to fuel. In operation, electrical energy from a source is used to convert zinc oxide to zinc metal in the regenerator unit. The zinc "fuel" thus created is stored in the fuel tank until required. When stored energy is to be released, the zinc fuel is pumped into the cell stack where it reacts with atmospheric oxygen to produce electricity.

The Zinc8 ESS is based upon unique patented zinc-air battery technology. Energy is stored in the form of zinc particles, similar in size to grains of sand. When the system is delivering power, the zinc particles are combined with oxygen drawn from the surrounding air. When the system is recharging, zinc particles are regenerated, and oxygen is returned to the surrounding air.

The flexibility of the Zinc8 ESS enables it to service a wide range of applications. Typical examples include:

- Smoothing energy derived from renewable sources such as wind and solar;
- Commercial/Industrial backup replacing diesel generators;
- Industrial and grid scale, on-demand power for peak shaving and standby reserves; and
- Grid-scale services such as alleviating grid congestion, deferring transmission/distribution upgrades, energy trading and arbitrage, and increasing renewable energy penetration.

The Zinc8 ESS is designed according to a modular architecture that enables a wide variety of system configurations to be created from a small number of common subsystems. Each subsystem implements a single element of the technology. The Zinc Regeneration Subsystem (ZRS) provides the recharging function, the Fuel Storage Subsystem (FSS) provides the energy storage function and the Power Generation Subsystem (PGS) provides the discharging function.

The 20kW/160kWh modules represent a four-times increase in both energy and power as compared to its current 5kW systems. The 20kW system is expected to retain all attributes of the Company's existing 5kW systems, while providing additional benefits, including lower costs and higher energy density along with adaptability for new applications beyond mass energy storage. The containerized system may be scaled to megawatt storage and output capacities. To date, Zinc8 has been awarded twelve patents covering its mass storage technology, and four patents under review.

The Company has not yet achieved commercial production of its products and has not yet generated revenue from sales. The Company currently projects to begin commercial production and sales by 2024. The Company plans to sell its products primarily in North America until 2027 and expand internationally after that date.

The Company plans to sell the Zinc-Air System under long-term sales agreements or to enter into joint ventures and other business relationships in order to generate revenue. Zinc8 believes that such

relationships will allow it to efficiently deploy working capital by minimizing the Company's carried product and inventory.

Production and Services

The Company's engineering office is located in Richmond, British Columbia. The research and development is located in Vancouver and the Company conducts its own research and development. The Company intends to produce and manufacture its products in the US and is assessing the viability of having a production facility located in New York State.

Specialized Skill and Knowledge

There is a specialized skill required for the development, operations, maintenance, sales and marketing of the Company's technology. The Company's current staff possesses the necessary skills and knowledge required for the Company's business. The current staff consists of highly skilled engineers and consultants with knowledge of government funding, grants and energy sector experience. Additional employees will be added to staff as needed.

As we expand operations and continue to grow, ensuring that all of our employees possess the necessary skills, educations, and appropriate licenses as required by regulatory agencies will be important in sustaining the Company's growth.

When appropriate, noncritical investigations may be performed by independent contractors or through the Company's contracts at certain universities.

Competitive Conditions

The Company's initial focus is to deploy the Zinc-Air System in North America, whether by long-term sales agreements, entering into joint ventures and other business relationships or otherwise. The target markets for the Zinc-Air System include remote communities and off-grid worksites, behind the meter commercial and industrial storage and utility-scale storage.

The battery industry is highly competitive. Zinc8 competes with a large number of market participants including pure-play battery providers, diversified technology and industrial vendors and strategic joint ventures. The Company's primary long duration energy storage competitors that have introduced products to the market include Redflow Ltd. (OTC: REFXF), EOS Energy Enterprises (NASDAQ: EOSE), ESS, Inc., Invinity Energy Systems, Largo Inc. (NASDAQ: LGO), Sumitomo Corporation and Enerox Batteries.

The Company believes that it occupies a unique position in the marketplace. Its ability to decouple the power and energy attributes of its energy storage system enables it to serve long duration applications for which conventional secondary cell batteries, such as lead-acid and lithium-ion, are not appropriate. Further, the low cost and wide availability of the Company's zinc-based storage medium is expected to provide a more economical solution than other flow battery chemistries such as vanadium redox. To compete successfully, Zinc8 plans to leverage the advantages offered by its technology.

New Products

All products once commercialized will be new to the market.

Components

Zinc8's energy storage systems use zinc and air for fuel. Zinc as an element is readily available. Parts for equipment and battery parts not consisting of zinc are sourced from reliable product manufacturers. There are a number of manufacturers in North America and overseas who can produce the parts we need for our batteries. We also purchase cathode materials, anode materials, anode foils, and electrochemically active materials, including solvents, additives, and electrolyte salts that contribute to the electrochemical processes necessary for energy storage.

Intangible Properties

At the core of the Company's brand positioning is the Company's vision statement, which is to provide a low-cost, long-duration energy storage solution to enable global energy sustainability. It is the Company's intention to approach opportunities in new markets by partnering with large regional or globally branded companies who have a pipeline of projects, investment capacity and manufacturing expertise in their regions. The Company intends to work with its partners to build and position the Company as a safe, resilient, durable, low cost, and long duration energy storage solution. The Company also intends to work with its partners to target specific applications, such as distribution-level grid infrastructure, behind-the-meter applications and remote community microgrids thus focusing the Company's brand positioning and creating the maximum deployment of the Zinc8 ESS in targeted global markets.

The following is a list of the material patents issued by the United States Patent and Trademark Office and owned by the Company:

Identification	Description
US 7,470,351	Discrete Particle Electrolyzer Cathode and Method of Making Same
US 7,276,309	Methods and Devices for Controlling Flow and Particle Fluidization in a Fuel Cell
US 7,273,537	Method of Production of Metal Particles Through Electrolysis
US 7,166,203	Controlled Concentration Electrolysis System
US 6,911,274	Fuel Cell System
US 6,873,157	Method of and System for Determining the Remaining Energy in a Metal Fuel Cell
US 6,841,276	Method of and System for Cooling a Backup Power System
US 6,787,260	Electrolyte-Particulate Fuel Cell Anode
US 6,764,785	Methods of Using Fuel Cell System Configured to One or More Loads
US 6,764,588	Method and System for Flushing One or More Cells in a Particle-Based Electrochemical Power Source in Standby Mode
US 6,746,790	Power System Including Heat Removal Unit for Providing Backup Power to One or More Loads
US 6,679,280	Manifold for Fuel Cell System

The Company has also made provisional filings in respect of the following new inventions related to its battery technology since 2015:

Identification	Description
PCT/CA2016/051080	Metal-Air Fuel Cell

PCT/CA2017/050468	Additives for Promotion of Dendrite Growth and Corrosion Suppression
PCT/CA2017/050895	Systems and Methods for Storing Electrical Energy
PCT/CA2017/051105	Apparatus, Systems and Methods for High Efficiency Metal Particle Regeneration

In addition to patents, Zinc8 may also use copyrights, trademarks, trade secrets and contractual arrangements from time to time in order to protect its intellectual property.

Cycles

The Company does not expect the market for its products to experience material cyclical or seasonal changes.

Economic Dependence

As of the date of this AIF, the Company's business is not substantially dependent on any contracts, such as contracts to sell major parts of the Company's products or services.

Changes to Contracts

The Company does not reasonably expect any material changes to existing contracts or business relationships in the current financial year.

Environmental Protection

Environmental laws and regulations may affect the operations of the Company. We are subject to numerous environmental and health and safety laws, including statutes, regulations, bylaws and other legal requirements. These laws relate to the generation, use, handling, storage, transportation and disposal of regulated substances, including hazardous substances (such as batteries), dangerous goods and waste, emissions or discharges into soil, water and air, including noise and odors (which could result in remediation obligations), and occupational health and safety matters, including indoor air quality. It is expected that the Company, or its subsidiaries, will be required to dispose of the various electronic waste. Failure to dispose of these in a manner compliant with local environmental regulation could expose the Company to penalties and clean-up costs. These legal requirements vary by location and can arise under federal, provincial, state or municipal laws. Any breach of such laws, regulations or requirements may negatively effect on our company and its operating results.

Employees

Our corporate office is located in Vancouver, British Columbia, Canada, where the research and development and the cathode production teams are also located. Zinc8's engineering office is located in Richmond, British Columbia. We have signed a letter of intent to assess the viability of having an production facility located in New York State.

The breakdown of full-time employees by main category of activity and geographic location, as at the date of this AIF is as follows:

Activity	Number of Full-Time Employees	Location
Engineering	27	Richmond
Cathode Production, Research &	8	Vancouver

Development		
Sales & Marketing	1	Vancouver
General & Administration	3	Vancouver
Executives	6	Vancouver

The Company also engages consultants from time to time to support various aspects of its business.

Foreign Operations

The Company does not have any foreign operations at this time. The Company intends to market and sell its products in North America in the future and establish a manufacturing facility in the United States. On September 1, 2022, the Company announced that the company's inaugural commercial production facility will be based in the United States. Based upon comprehensive analysis done by the company, the recently announced IRA's manufacturing production credits contained within Section 45X of the IRA provide distinct and direct benefits to Zinc8 and its production plans in the United States. Section 45X provides incentives to battery manufacturers as well as to critical mineral processing companies. Every eligible battery cell will receive a USD \$35 credit, scaling with the capacity of the battery, with incentives to last at their initial level until 2029, before phasing down from 2030 to a phase out stage beginning in 2032. There is also USD \$10 billion support available for construction of clean energy tech factories, or for retrofitting existing factories with tools and production lines to make clean energy equipment and components. The Company intends to apply for many of these incentives, although there is no assurance that the Company will receive them.

Lending

The Company's operations generally do not include any lending operations.

Bankruptcy and Similar Procedures

There were no bankruptcy, receivership or similar proceedings involving the Company or its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the Company or its subsidiaries, within the three most recently completed financial years, or during or proposed for the current financial year.

Reorganizations

On June 26, 2019, the Company completed the Arrangement. See *"Three Year History of the Business."*

Social or Environmental Policies

The flexibility of the Zinc8 ESS enables it to service a wide range of applications that will in particular permit wind and solar power to become more viable as alternative energy solutions, because wind and solar power generation is intermittent and therefore needs to be stored.

RISK FACTORS

There are various risk factors that could cause the Company's future results to differ materially from those described in this AIF. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually

occur or become material risks, our business, financial condition, results of operations and cash flows, and consequently the price of the Common Shares, could be materially and adversely affected. The risks discussed below also include Forward-Looking Statements and our actual results may differ substantially from those discussed in the Forward-Looking Statements. See “*Note Regarding Forward-Looking Statements*” in this AIF.

Risks Related to our Business and Industry

Limited Operating History

The Company is an alternative battery technology company, formed in 2011, with a limited operating history. Since its inception, the Company has devoted substantially all of its resources to the development of its zinc-air battery technology, the creation, licencing and protection of related intellectual property rights and the provision of general and administrative support for these operations. The Company has not yet obtained regulatory approval for any product candidates in any jurisdiction or generated any revenues from product sales. If any of the Company’s future product candidates fail in testing or development, or do not gain regulatory approval, or if any of the Company’s product candidates following regulatory approval, if any, do not achieve market acceptance, the Company may never become profitable or sustain profitability.

No History of Earnings

The Company has incurred net losses since its inception and the Company expects to continue to incur substantial losses for the next several years, and expects these losses to increase as the Company continues the development of, and the seeking of regulatory approval for, its current and future product candidates. In addition, if the Company receives regulatory approval to market any of its future product candidates, it will incur additional losses as it scales its manufacturing operations and builds an internal sales and marketing organization to commercialize any approved products. In addition, the Company expects its expenditures to increase as it adds infrastructure and personnel to support its operations as a public company and as it works towards commercialization of its products. The Company anticipates that its net losses and accumulated deficit for the next several years will be significant as the Company conducts its planned operations. As there are numerous risks and uncertainties associated with the development of zinc-air battery technology, the Company is unable to accurately predict the timing or amount of associated development expenses or when, or if, the Company will be able to achieve, or maintain, profitability. In addition, the Company’s expenses could increase if there are any delays in the testing and development of future product candidates. The amount of the Company’s future net losses will depend, in part, on the amount and timing of the Company’s expenses, its ability to generate revenue and its ability to raise additional capital. These net losses have had, and will continue to have, an adverse effect on the Company’s working capital and its shareholders’ equity.

Negative Cash Flow

The Company has negative cash flow from operating activities. The Company anticipates that it will continue to have negative cash flow until such time that commercial production is achieved with its products. To the extent that the Company has negative operating cash flows in future periods in excess of its available funds, it may need to deploy a portion of its existing working capital to fund such negative cash flow.

Ability to Raise Additional Funds

Developing zinc-air battery products, including conducting testing of such products, is expensive. The Company will require substantial additional capital in order to complete the development of its products,

create additional manufacturing capacity, commercialize its products and conduct research and development and regulatory activities necessary to bring its product candidates to market. If regulatory authorities require that the Company perform additional testing of its products at any point, or expand or extend the Company's current testing, the Company's expenses would further increase beyond what is currently expected, and the anticipated timing of any future development activities and potential regulatory approvals will likely be delayed. Raising funds in the then-current economic environment may be difficult and additional funding may not be available on acceptable terms, or at all. In addition, government grants, tax credits and other incentives may not be available when needed or the Company may not be granted such funding or credits.

Development Risks

The development, commercialization and marketing of zinc-air battery products are at an early stage, substantially research-oriented and financially speculative. In general, zinc-air battery products may be susceptible to various risks, including potentially prohibitive costs or other characteristics that may prevent or limit their approval or commercial use. Furthermore, the number of people who may use zinc-air battery products is difficult to forecast with accuracy. The Company's future success is dependent on the establishment of a large global market for zinc-air battery products and its ability to capture a share of this market with its product candidates.

The Company's development efforts with zinc-air battery products is susceptible to the same risks of failure inherent in the development and commercialization of product candidates based on new technologies. The novel nature of zinc-air battery products creates significant challenges in the areas of product development and optimization, manufacturing, government regulation, third-party reimbursement and market acceptance.

The ability of the Company to compete and expand will also be dependent on its access, at a reasonable cost, to equipment, parts and components, which are at least technologically equivalent to those utilized by competitors and to the development and acquisition of new competitive technologies. Failure by the Company to do so could have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

Operation and Supplier Risk

The Company outsources certain of its production activities to a series of contract manufacturers and there is a risk that one or more of these subcontractors will not perform its contractual obligations. There is also a risk that long lead times for critical components may affect production lead times. Where possible, the Company addresses these risks through contract frustration insurance. The Company also actively monitors critical component suppliers to the contract manufacturer and in some cases invests to secure longer lead time items. At this stage in the Company's development, the Company has greater exposure to financial loss due to a concentration of customers.

Dependence on Government Funding

The Company's business plan relies on government funding and tax credits from various governmental agencies and departments in the United States and Canada. Government funding arrangements generally require milestones and other objectives to be achieved prior to funding payments being made. Failure to meet certain conditions relating to such government funding may have a material adverse effect on the Company's business, financial condition and results of operations.

Results of Early Testing

Zinc-air battery product development has inherent risk. The Company, or any of its future development partners, will be required to demonstrate through adequate and well-controlled testing that its product candidates are effective, with a favorable risk-benefit profile, for their intended use before Zinc8 can seek regulatory approvals for their commercial sale. Zinc-air battery product development is a long, expensive and uncertain process, and delay or failure can occur at any stage of development, including after commencement of any testing. In addition, success in early testing does not mean that later testing will be successful because product candidates in later-stage testing may fail to demonstrate sufficient safety or efficacy despite having progressed through initial testing. Accordingly, Zinc8 cannot guarantee that it will be able to develop commercially viable products on the timetable that the Company anticipates, or at all.

Market Acceptance

Market acceptance of the Company's products is a significant factor in achieving the Company's strategic goals. A key risk in the minds of Zinc8's customers is the Company's financial stability and its continued ability to support its product offerings over a long period of time. The Company's success will also depend on its ability to enhance its existing technology and products, and its ability to introduce new products and features that meet customer requirements. There can be no assurance that Zinc8 will successfully market its technology to earn sufficient revenue to permit the level of research and development spending required to maintain a stream of new technological advances and product development. Further, there can be no assurance that Zinc8 will be successful in developing, manufacturing, marketing or enhancing its technology and products. Zinc8's business would be adversely affected if it incurs delays in developing its technology, products or enhancements, or if such technology, products or enhancements do not gain market acceptance.

Emerging Market

Alternative battery technology is an emerging market. In such emerging markets, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. The development of a mass market for Zinc8's products may be affected by many factors, some of which are beyond the Company's control, including the emergence of newer, more competitive technologies and products, the cost of fuels used by the Company's products, regulatory requirements, consumer perceptions of the safety of the Company's products and related fuels, and end-user reluctance to buy a new product. If a mass market fails to develop, or develops more slowly than the Company anticipates, Zinc8 may never achieve profitability. In addition, Zinc8 cannot guarantee that its products will continue to be developed, manufactured or marketed if sales levels do not support the continuation of the product.

Product Liability

The use of its future product candidates in testing and the sale of any products for which Zinc8 obtains marketing approval exposes Zinc8 to the risk of product liability claims. Product liability claims might be brought against Zinc8 by consumers, retailers or others selling or otherwise coming into contact with its product candidates and any products for which Zinc8 obtains marketing approval. There is a risk that Zinc8's product candidates may induce adverse events, and that such adverse events may not be detected for a long period of time. If Zinc8 cannot successfully defend against product liability claims, it could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims can result in: impairment of business reputation; increased costs due to related litigation; distraction of management's attention from Zinc8's primary business; substantial monetary awards to claimants; the inability to commercialize or develop product candidates; and decreased demand for Zinc8's product candidates, if approved for commercial sale.

Zinc8 intends to carry product liability insurance that it believes is sufficient in light of its current activities, however, Zinc8 may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect against losses due to liability. If and when Zinc8 obtains marketing approval for product candidates, it intends to expand the insurance coverage to include the sale of commercial products; however, Zinc8 may be unable to obtain product liability insurance on commercially reasonable terms or in adequate amounts. On occasion, large judgments have been awarded in lawsuits based on product liability claims. A successful product liability claim or series of claims brought against Zinc8 or any third-parties whom Zinc8 is required to indemnify could cause Zinc8's stock price to decline and, if judgments exceed Zinc8's insurance coverage, could adversely affect results of operations and Zinc8's business and financial position.

Dependence on Key Personnel

The Company's success is dependent on certain key management personnel, primarily its executives, which is key to the existence and continuity of the Company. Furthermore, competition for qualified employees among industrial technology companies is intense and the loss of key personnel or inability to attract and retain the additional highly skilled employees required for the expansion of activities could adversely affect the Company's business.

Competitive Market for the Company's Products and Services

The battery technology industry is highly competitive. Since Zinc8 is a first-mover in an emerging market, there is a higher than normal risk that the Company will face unexpected competition in the form of new technologies and new competitors. Overall, most of the Company's competitors in the industry are larger than the Company and might have greater financial, and other, resources, which could enable them to invest significant amounts of capital and other resources in their businesses, including expenditures for research and development. Further, many of the Company's competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater sales, marketing, technical and other resources than Zinc8. If one of its current or future competitors develops innovative proprietary products, some of the Company's products could be rendered obsolete.

Zinc8 operates within competitive markets and the Company believes that it has adopted a competitive business strategy. However, Zinc8's business, results, operations and financial condition could be materially adversely affected by the actions of its competitors (including their marketing and pricing strategies and product and services development). Zinc8 may be forced to change the nature of its business as a result of competitive factors and there is no assurance that Zinc8 will be able to compete successfully in the market place in which it seeks to operate.

Manufacturing Cost Targets

The Company's business model assumes that it will be able to achieve manufactured cost targets that will enable it to achieve industry standard margins. Delays in reaching adequate rates and efficiencies in production could impair the profitability of the Company. Zinc8's ability to manufacture products that are cost effective depends on reaching efficient production levels. The failure to reach adequate production levels and efficiencies could impair Zinc8's ability to profitably market its products and could have a material adverse effect on its business, results of operation and financial condition. Zinc8 cannot control the cost of required raw materials. Zinc8's principal raw materials are zinc, magnesium, nickel and various plastics. The prices for these raw materials are subject to market forces largely beyond the Company's control and have varied significantly and may vary significantly in the future. Zinc8 may not be able to adjust its product prices, especially in the short-term, to recover the cost of increases in these raw materials. Zinc8's future profitability may be adversely affected to the extent that the Company is unable to pass on higher raw material or reduce its costs to compensate for such changes.

Protection of Intellectual Property

The Company's success depends in part on its ability to obtain and maintain patent protection and trade secret protection for its product candidates, proprietary technologies and their uses, as well as its ability to operate without infringing upon the proprietary rights of others. The Company relies on patent, trade secret, trademark and copyright laws to protect its intellectual property. However, some of the Company's intellectual property is not covered by any patent or patent application, and the patents to which the Company currently has rights which expire between 2022 and 2042. Zinc8's recent filings and future-issued patents are aimed to continue to secure its technological leadership, and Zinc8 is committed to continuously growing the patent portfolio which has the result of protecting intellectual properties generated by the ongoing advanced developments of our unique energy storage technology. However, there can be no assurance that the Company's patent applications or those of its licensors, as applicable, will result in additional patents being issued or that issued patents will afford sufficient protection against competitors with similar technology, nor can there be any assurance that the patents issued will not be infringed, designed around or invalidated by third parties. Even issued patents may later be found unenforceable or may be modified or revoked in proceedings instituted by third parties before various patent offices or in courts. The degree of future protection afforded to the Company's proprietary rights is uncertain. Only limited protection may be available and may not adequately protect the Company's rights or permit the Company to gain or keep any competitive advantage. This failure to properly protect the intellectual property rights relating to these product candidates could have a material adverse effect on the Company's financial condition and results of operations.

Zinc8 also seeks to protect its proprietary intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements. Zinc8 can provide no assurance that these agreements will not be breached, that the Company will have adequate remedies for any breach, or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

Certain of Zinc8's intellectual property has been licenced to it on a non-exclusive basis from third-parties who may also licence such intellectual property to others, including Zinc8's competitors. If necessary or desirable, Zinc8 may seek further licences under the patents or other intellectual property rights of others. However, Zinc8 may not be able to obtain such licences or the terms of any offered licences may not be acceptable to the Company. The failure to obtain a licence from a third-party for intellectual property the Company uses could cause Zinc8 to incur substantial liabilities and to suspend the manufacture or shipment of products or its use of processes requiring the use of such intellectual property.

Zinc8 may become subject to lawsuits in which it is alleged that it has infringed the intellectual property rights of others or commence lawsuits against others who Zinc8 believes are infringing upon its rights. The Company's involvement in intellectual property litigation could result in significant expense, adversely affecting the development of sales of the challenged product or intellectual property and diverting the efforts of the Company's technical and management personnel, whether or not such litigation is resolved in favour of the Company.

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and the Company's intellectual property rights in some countries outside Canada can be less extensive than those in Canada. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as laws in Canada. Consequently, the Company may not be able to prevent third parties from practicing its inventions in all countries outside Canada, or from selling or importing products made using its inventions in all countries outside Canada or other jurisdictions. Competitors may use the Company's technologies in jurisdictions where the Company has not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where it does have patent protection, but enforcement is not

as strong as that in Canada. These products may compete with the Company's product candidates and the Company's patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Regulation

In both domestic and foreign markets, the design, manufacturing, packaging, labelling, handling, distribution, import, export, licencing, sale and storage of the Company's products are affected by a body of laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial or local levels in Canada and at all levels of government in foreign jurisdictions. There can be no assurance that the Company is in compliance with all of these laws, regulations and other constraints. Failure by the Company to comply with these laws, regulations and other constraints or new laws, regulations and other constraints could lead to the imposition of significant penalties or claims and could negatively impact the Company's business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements might result in significant compliance costs or lead the Company to discontinue product sales and could have an adverse effect, resulting in significant loss of sales.

Risks of Foreign Exchange Rate Fluctuation

The Company is exposed to fluctuations of the Canadian dollar against certain other currencies because it publishes its financial statements in Canadian dollars, while a portion of its liabilities, revenues and costs could be denominated in other currencies. Exchange rates for currencies of the countries in which the Company operates may fluctuate in relation to the Canadian dollar, and such fluctuations may have a material adverse effect on the Company's future earnings or assets when translating foreign currency into Canadian dollars. In general, the Company does not execute hedging transactions to reduce its exposure to foreign currency exchange rate risks. Accordingly, the Company may experience economic loss and a negative impact on earnings solely as a result of foreign exchange rate fluctuations, which include foreign currency devaluations against the Canadian dollar. The Company does not typically carry convertibility risk insurance.

Legal Proceedings

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to contractual disputes, employment matters and personal injuries, including resulting from exposure to hazardous substances, property damage, property tax, land and access rights, environmental issues, including claims relating to contamination or natural resource damages and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and as a result, could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations. Even if the Company prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse effect on the Company's financial condition.

The Company is named as a defendant in legal proceedings. See "*Legal Proceedings and Regulatory Actions*". While management of the Company does not believe that these actions will have a material effect on the business or financial condition of the Company, no assurance can be given as to the final outcome of this or any other legal proceedings or that the ultimate resolution of this or any other legal proceedings will not have a material adverse effect on the Company.

In the event that the actions would be determined in a manner adverse to the Company, it could have a material adverse effect on the Company's business, financial condition and results of operations.

Our company may be impacted by the COVID-19 Coronavirus Outbreak

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus, COVID-19 ("COVID-19"), which has had a significant impact on businesses through the restrictions put in place by the Canadian and US governments regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact that the COVID-19 outbreak may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of travel restrictions, business closures, and quarantine/isolation measures that are currently, or may be put, in place by Canada, US and other countries to fight the virus. The Company continues to monitor its impact of its operations and financing activities and assess the impact COVID-19 will have on its business activities. The extent of the effect of COVID-19 pandemic on the Company is uncertain and management does not expect the effect to be significant.

Risks Relating to Our Securities

Going Concern

Certain conditions may cast doubt upon the ability of Zinc8 to continue as a going concern: Zinc8 has a limited commercial operating history, and no recent significant revenues to provide ongoing operating capital; and until sufficient cash flows from operations are generated on a consistent basis, Zinc8 will be reliant on debt and equity financing to sustain operations.

Zinc8's ability to generate sufficient cash flows to maintain normal operations, if unsuccessful, will result in it not being able to continue as a going concern. Zinc8 has incurred significant losses to date and there is uncertainty about Zinc8's ability to continue as a going concern. Management has been able, thus far, to finance operations through debt and equity financings and will continue, as appropriate, to seek financing from these and other sources; however, there are no assurances that any such financings can be obtained on favourable terms, if at all. In view of these conditions, the ability of Zinc8 to continue as a going concern is dependent upon its continued ability to obtain financing, generate sufficient cash flows and, ultimately, achieve profitable operations.

Market for our Common Shares

A broad market for our Common Shares may not sustainably develop in the future. If a broad market for our Common Shares does not sustainably develop, Zinc8's shareholders may have difficulty selling their Common Shares and the market price for our Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Zinc8's control.

Dilution

The Company will need to raise additional funding in order to complete the development of, create additional manufacturing capacity for, and to commercialize its products and to conduct the research and development and regulatory activities necessary to bring its products to market. To the extent that the Company raises additional capital by issuing equity securities, the share ownership of existing stockholders will be diluted. Any future debt financing may involve covenants that restrict the Company's operations, including limitations on the Company's ability to incur liens or additional debt, pay dividends, redeem its stock, make certain investments and engage in certain merger, consolidation or

asset sale transactions. In addition, if the Company must seek funds through arrangements with collaborative partners, these arrangements may require the Company to relinquish rights to some of its technologies or product candidates or otherwise agree to terms that are unfavorable to the Company.

No Dividends

The Company has never paid cash dividends on any of its share capital, and the Company currently intends to retain future earnings, if any, to fund the development and growth of the business. Therefore, holders of Common Shares are not likely to receive any dividends on such shares for the foreseeable future or at all. Since the Company does not intend to pay dividends, any ability of a holder of Common Shares to receive a return on its investment will depend on any future appreciation in the market value of such shares. There is no guarantee that the Common Shares will appreciate or ever maintain the current price.

Effective Control

Certain shareholders may have the ability to influence the Company through their ownership position. These shareholders may be able to determine all matters requiring shareholder approval. For example, these shareholders may be able to control elections of directors, amendments of the Company's organizational documents or approval of any merger, sale of asset or other corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for Common Shares that holders of Common Shares may feel are in their best interest.

Volatility in Capital Markets

Under present market conditions, publicly traded securities in the industrial technology industry are subject to price volatility. The market for securities of industrial technology companies may be subject to market trends regardless of the success of Zinc8. A volatile capital market may impede the ability to undertake future financings, strategic alliances and acquisitions.

DIVIDENDS AND DISTRIBUTIONS

The Company does not currently intend to declare any dividends payable to the holders of the Common Shares. There is no dividend restriction; however, we have not declared any dividends since our inception and do not anticipate that we will do so in the foreseeable future. We currently intend to retain future earnings, if any, to finance the development of our business. Any future payment of dividends or distributions will be determined by the Board on the basis of our earnings, financial requirements and other relevant factors.

DESCRIPTION OF CAPITAL STRUCTURE

Our authorized capital consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value that are issuable in series.

Common Shares

Holders of our Common Shares are entitled to cast one vote for each share held at all meetings of our shareholders, to receive dividends as and when declared by the Board from time to time out of monies of the Company properly applicable to the payment of dividends and the amount per share of each such dividend shall be determined by the directors of the Company at the time of declaration. and, to receive the remaining property of our company upon dissolution after distributions to the holders of preferred shares. None of our Common Shares are subject to any call or assessment nor pre-emptive or conversion

rights. There are no provisions attached to our Common Shares for redemption, purchase for cancellation, surrender or sinking or purchase funds.

Preferred Shares

Our preferred shares, of which none are currently outstanding, may be issued in one or more series. The Board may determine by resolution the designation, rights and restrictions attaching to each series of preferred shares as well as the number to be issued. The terms determined by the Board include dividends and dividend payments, conversion features, redemption features, voting rights, retraction rights and transfer restrictions.

The holders of the preferred shares shall be entitled to receive dividends as and when declared by the Board from time to time out of monies of the Company properly applicable to the payment of dividends and the amount per share of each such dividend shall be determined by the directors of the Company at the time of declaration. Dividends may be declared and paid on the preferred shares to the exclusion of any other class or classes of shares entitled to dividends.

In the event of the liquidation, dissolution or winding up of the Company or other distribution of its assets among the shareholders by way of repayment capital, whether voluntary or involuntary, the holders of the preferred shares shall be entitled to receive, before any distribution of any assets of the Company among the holders of any other class of shares, an amount per share equal to the amount stated in the special rights and restrictions relating to the preferred shares to be the priority amount for such shares in the case of a liquidation, dissolution or winding up, together with all dividends declared thereon and unpaid.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on the CSE under the symbol "ZAIR". The following table sets out the high and low prices and aggregate volume of Shares traded through the CSE on a monthly basis for the year ended December 31, 2021, and to the date of this AIF:

Month	High	Low	Volume Traded
January 2021	0.87	0.435	17,110,477
February 2021	0.90	0.60	11,917,673
March 2021	0.74	0.52	8,188,291
April 2021	0.68	0.50	4,456,410
May 2021	0.61	0.35	4,867,047
June 2021	0.57	0.41	2,378,086
July 2021	0.42	0.28	4,376,977
August 2021	0.40	0.245	4,413,259
September 2021	0.36	0.25	3,148,424
October 2021	0.30	0.20	3,070,912
November 2021	0.31	0.25	5,749,310
December 2021	0.335	0.295	6,438,047

Month	High	Low	Volume Traded
January 2022	0.30	0.21	4,386,736
February 2022	0.265	0.205	5,447,671
March 2022	0.26	0.21	2,823,904
April 2022	0.305	0.21	5,690,782
May 2022	0.245	0.175	4,277,862
June 2022	0.205	0.135	3,349,167
July 2022	0.23	0.145	3,384,051
August 2022	0.365	0.19	20,678,190
September 2022	0.38	0.215	10,119,881
October 1, 2022 to October 3, 2022	0.255	0.225	79,785

Prior Sales

The following table summarizes the issuances of unlisted securities for the year ended December 31, 2021, and to the date of this AIF:

Date of Issuance	Securities	Number of Common Shares Issued/Issuable or Aggregate Amount	Exercise or Purchase Price
February 24, 2021	compensation warrants ⁽¹⁾	1,725,000	\$0.54
April 5, 2021	options ⁽²⁾	7,275,000	\$0.62
April 5, 2022	options ⁽³⁾	1,000,000	\$0.22
May 27, 2022	RSUs ⁽⁴⁾	6,150,000	-
June 30, 2022	DSUs ⁽⁵⁾	436,718	-
August 16, 2022	RSUs ⁽⁶⁾	850,000	-

Notes:

⁽¹⁾ The exercise price of these warrants is \$0.54 per warrant until February 24, 2023.

⁽²⁾ Each option is exercisable for a period of 5 years at a price of \$0.62 per Common Share.

⁽³⁾ Subject to approval by shareholders at the Company's next shareholders' meeting of an amendment to the Company's stock option plan to extend the maximum term of an option from 5 to 10 years, each option is exercisable for a period of 10 years at a price of \$0.22 per Common Share.

⁽⁴⁾ Subject to a deferral right, all of the RSUs vest as follows: (i) 25% on May 27, 2022 (1,212,500 Common Shares were issued on vesting, and the deferral right was exercised for 325,000 RSUs); (ii) 25% on August 27, 2022 (1,212,500 Common Shares were issued on vesting); (iii) 25% on November 27, 2022; and (iv) 25% on February 27, 2023.

⁽⁵⁾ The DSUs were issued in lieu of directors' fees payable up to June 30, 2022.

⁽⁶⁾ Subject to a deferral right, all of the RSUs vest as follows: (i) 25% on August 16, 2022 (212,500 Common Shares were issued on vesting); (ii) 25% on August 27, 2022 (212,500 Common Shares were issued on vesting); (iii) 25% on November 27, 2022; and (iv) 25% on February 27, 2023.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of this AIF, none of the securities of the Company are held in escrow or subject to contractual restrictions on transfer.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table sets out certain information regarding the directors and executive officers of the Company as at the date of this AIF. Each of the directors is elected to hold office until the next annual meeting of the shareholders of the Company or until a successor is duly elected or appointed. The last annual meeting of the shareholders was held on December 17, 2021.

Name Province/State Country of Residence	Principal Occupation Business or Employment for Last Five Years	Positions Held and Date Appointed	Number and Percentage of Common Shares Owned, or Controlled or Directed ⁽²⁾
Ronald MacDonald ⁽¹⁾ British Columbia, Canada	CEO of the Company since June, 2019. Mr. MacDonald has over 35 years of both public and private sector experience, ranging from international roles within the Parliament of Canada as an elected Member of Parliament from 1988 to 1997 to serving on the boards of numerous publicly listed resource companies, including Critical Elements, American Vanadium, and was President of NRStor Remote Communities and Mines.	CEO (September 19, 2019) President (September 19, 2019) Executive Chairman (August 2, 2019) Director ⁽¹⁾⁽²⁾ (June 13, 2019)	1,939,772 ⁽³⁾ 1.20%
Sorin Spinu British Columbia, Canada	Mr. Spinu has over 16 years experience in senior accounting and finance positions across diverse industries, including the retail and distribution sectors. Mr. Spinu joined Zinc8 in May 2018 as Treasurer, bringing a strong background in financial accounting, analysis and reporting, as well as financial analytics and controls. Mr. Spinu has also managed full-cycle accounting procedures, controls, and reporting cycles and increased accountability across departments within Zinc8. Mr. Spinu holds a Bachelor of Commerce from Concordia University.	CFO(December 1, 2020)	729,311 ⁽⁴⁾ 0.45%
Bernard Pinsky, K.C. British Columbia, Canada	Mr. Pinsky is the Chair of the board and a founding director of one of British Columbia's largest philanthropic foundations by assets. He had practiced law for over 34 years at Clark Wilson LLP and had advised a variety of public and private companies and securities brokerage firms on legal matters related to acquisitions, mergers, takeovers, initial public offerings, financings, cross-border transactions, public and private company regulatory compliance and stock exchange practice.	Director (April 5, 2022)	62,000 ⁽⁵⁾ 0.04%
David Hodge ⁽¹⁾ British Columbia, Canada	Mr. Hodge is a businessman. He is a director of the Company and holds the following positions: CEO and Director of Commerce Resources Corp; Director of Dimension Five Technologies Inc.; President, CEO and Director of Zimtu Capital Corp.	Director ⁽¹⁾⁽²⁾ (August 2, 2019)	3,686,846 ⁽⁶⁾ 2.29%

Name Province/State Country of Residence	Principal Occupation Business or Employment for Last Five Years	Positions Held and Date Appointed	Number and Percentage of Common Shares Owned, or Controlled or Directed ⁽²⁾
Gurcharn Deol ⁽¹⁾ British Columbia, Canada	Mr. Deol has over 35 years of experience in the financial markets. Mr. Deol currently serves on both private and public company boards as a director or in a management capacity. His past and present experiences include providing management and consulting services to companies, project analysis, investor relations, technical market analysis, and the financing of international projects. Director and CFO of West Island Brands (previously known as Matica Enterprises Inc.); Director of Saville Resources Inc.; Director of Green Battery Metals Inc.; Director of Ambari Brands Inc.; Director of Makara Mining Corp. until September 7, 2022; and Director of Cache Exploration Inc. until April 30, 2022;	Director (December 16, 2020)	271,300 ⁽⁷⁾ 0.17%
Storm Boswick Ontario, Canada	Mr. Boswick is an experienced Founder, Partner, Portfolio Manager (PM), and Sr Managing Director (MD) in Asset Management and Investment Banking. Also a Venture Capitalist, Long/Short PM, and skilled Investor and Advisor in Public & Private Equity and Public & Private Debt. As a Strategic Advisor he works on mandates including Governance & Corporate Advisory, Mergers & Acquisitions, Public-Private Partnerships, Capital Formation & Introduction, and Commercial Introductions. He's a business development professional with extensive experience as an investment/industry conference presenter, panelist, media contributor, and lecturer.	Director (June 7, 2022)	425,000 ⁽⁸⁾ 0.26%
TOTAL			7,114,229 4.41%

Notes:

- (1) Member of the Audit Committee.
- (2) Based on 161,267,398 Common Shares issued and outstanding as of the date of this AIF on an undiluted basis. Such amount does not include securities held by the directors and executives that are convertible or exercisable into Shares.
- (3) Does not include: (i) 680,406 options, each of which is exercisable into one Common Share at a price of \$0.21 per Common Share until September 30, 2024, (ii) 1,220,000 options, each of which is exercisable into one Common Share at a price of \$0.32 per Common Share until February 18, 2025, (iii) 1,779,950 options, each of which is exercisable into one Common Share at a price of \$0.62 per Common Share until April 5, 2026, and (iv) 1,500,000 RSUs.
- (4) Does not include: (i) 68,040 options, each of which is exercisable into one Common Share at a price of \$0.21 per Common Share until September 30, 2024, (ii) 33,565 options, each of which is exercisable into one Common Share at a price of \$0.32 per Common Share until February 18, 2025, and (iii) 250,000 options, each of which is exercisable into one Common Share at a price of \$0.62 per Common Share until April 5, 2026.
- (5) Does not include: (i) 1,000,000 options, each of which is exercisable into one Common Share at a price of \$0.22 per Common Share until April 5, 2032, subject to approval by shareholders of an amendment to the Company's stock option plan to extend the maximum expiry date from 5 to 10 years from the date of issuance, and (ii) 103,621 DSUs.
- (6) Does not include: (i) 612,365 options, each of which is exercisable into one Common Share at a price of \$0.21 per Common Share until September 30, 2024, (ii) 763 options, each of which is exercisable into one Common Share at a price of \$0.32 per Common Share until February 18, 2025, (iii) 495,150 options, each of which is exercisable into one Common Share at a price of \$0.62 per Common Share until April 5, 2026, (iv) 34,540 DSUs, and (v) 1,300,000 RSUs.
- (7) Does not include: (i) 250,000 options, each of which is exercisable into one Common Share at a price of \$0.62 per Common Share until April 5, 2026, (ii) 34,540 DSUs, and (iii) 250,000 RSUs.
- (8) Does not include: (i) 34,540 DSUs, and (ii) 425,000 RSUs.

As of the date of this AIF, the directors and and senior officers of Zinc8, as a group, beneficially own or control, directly or indirectly, 7,114,229 Common Shares or 4.41% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Corporate Cease Trade Orders

To the best of management's knowledge, no director or executive officer of the Company is, or within the ten years before the date of this AIF has been, a director, CEO or CFO of any company that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity of director, CEO or CFO; or
- (b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, CEO or CFO, and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Bankruptcies

Other than is disclosed herein, to the best of management's knowledge, no director or executive officer of the Company has: (i) within ten years before the date of this AIF, been a director or officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) within ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director or executive officer. Gurcharn Deol declared bankruptcy on September 17, 2012, and was discharged on June 8, 2013.

Penalties and Sanctions

To the best of management's knowledge, no director or executive officer of the Company has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with any securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a director or executive officer.

Conflicts of Interest

The Company may from time to time become involved in transactions which conflict with the interests of the directors and the officers of the Company or the interest of these persons could conflict with those of the Company. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the

approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interest of the Company.

PROMOTERS

No person is, or has acted as, our promoter during the two years immediately preceding the date of this Prospectus.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as set forth below, there are no legal proceedings material to the Company to which the Company is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Company to be contemplated. There are no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year, there are no other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decisions, and there are no settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

On September 5, 2019, Market One Media Group Inc. filed a claim against the Company in the British Columbia Supreme Court for unpaid invoices of \$208,950 relating to a media advertising and promotion services agreement. The parties reached a settlement agreement on June 1, 2021.

On January 11, 2021, Dig Media Inc. dba Investing News Network delivered a Notice to Arbitrate with respect to its claim for fees payable by Zinc8 under Dig Media's contract to provide marketing services. Dig Media claimed a total of \$60,900. The parties reached a settlement agreement on May 25, 2021.

On February 25, 2021, Miller Thomson LLP filed a Notice of Claim against the Company in the amount of \$69,719.18 in unpaid legal invoiced plus interest for a total claim of \$79,702.61. The parties reached a settlement agreement on September 23, 2021.

On March 25, 2021, Michael Andrew Reimann, a former director of the Company, filed a claim in small claims court for \$25,968.98 for breach of contract. The claim was withdrawn on January 6, 2022.

On June 10, 2022, OCI Inc. filed a claim against the Company for unpaid invoices of \$361,000 relating to a strategic advisory services agreement. As at June 30, 2022 the Company had \$135,600 in accounts payable and accrued liabilities owing to OCI Inc. The Company intends to defend the claim.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No: (a) director or executive officer of the Company; (b) person or company who beneficially owns, or controls or directs, directly or indirectly, Common Shares, more than 10% of the outstanding Common Shares; or (c) any associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company, other than an interest arising solely from the ownership of Common Shares where such person received no extra or special benefit or advantage not shared on a pro rata basis by all shareholders and other than the grant of incentive stock options, RSUs and DSUs to such persons.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc., located at 3rd floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9 office acts as the Company's transfer agent and registrar.

MATERIAL CONTRACTS

Other than those listed below, elsewhere in this AIF, and those entered into in the ordinary course of the Company's business, there are no material contracts of the Company which were entered into in the most recently completed financial year or which were entered into before the most recently completed financial year but are still in effect as of the date of this AIF:

- On February 24, 2021 the Company entered into an agency agreement with Raymond James Ltd., Haywood Securities Inc., Stifel Nicolaus Canada Inc. and Gravitass Securities Inc. in connection with a marketed private placement offering completed on February 24, 2021; and
- The Company's long term incentive plan approved on December 17, 2021 at the Company's annual general and special meeting.

INTERESTS OF EXPERTS

D&H Group LLP, Chartered Professional Accountants, audited the financial statements of the Company for the financial year ended December 31, 2021. D&H Group LLP, reports that it is independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia as at the date of their audit report.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for its most recent annual meeting of securityholders held on December 17, 2021 is also available under the Company's SEDAR profile. Additional financial information is provided in the Company's audited financial statements and MD&A for the financial year ended December 31, 2021, which are also available under the Company's SEDAR profile.