

Unaudited Interim Condensed Consolidated Financial Statements of

# ONEnergy Inc.

As at and for the three months ended March 31, 2022

**Notice of No Audit or Review of Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim condensed consolidated financial statements of ONEnergy Inc. (the "Company") have been prepared by and are the responsibility of the Company's management and have been approved by the Company's Board of Directors. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# ONEnergy Inc.

## Interim Condensed Consolidated Statements of Financial Position (Unaudited, in thousands of Canadian dollars)

As at	Note	March 31, 2022	December 31, 2021
<b>Assets</b>			
Current assets			
Cash		\$ 51	\$ 33
Other receivables		7	6
Prepaid expenses and deposits		50	28
<b>Total assets</b>		<b>\$ 108</b>	<b>\$ 67</b>
<b>Liabilities and Shareholders' Deficiency</b>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 2,203	\$ 2,411
Advances from Cricket Energy Holdings Inc.	5	208	208
Promissory notes payable	6	5,641	5,290
Note payable to C Wave Power & Gas Inc.	7	937	947
		<b>8,989</b>	<b>8,856</b>
Non-current liabilities			
CEBA term loan	8	48	47
		<b>9,037</b>	<b>8,903</b>
Shareholders' deficiency			
Share capital	9	39,236	39,236
Contributed surplus		1,434	1,434
Deficit		(49,599)	(49,506)
		<b>(8,929)</b>	<b>(8,836)</b>
<b>Total liabilities and shareholders' deficiency</b>		<b>\$ 108</b>	<b>\$ 67</b>

*Commitments and contingencies (note 13)*

*Going concern (note 1)*

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Approved by the Board of Directors:

(Signed) – Stephen J.J. Letwin  
Director

(Signed) – Lawrence Silber  
Director

# ONEnergy Inc.

## Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(Unaudited, in thousands of Canadian dollars, except per share amounts)

Three month periods ended March 31	Note	2022	2021
Expenses			
General and administrative	10	194	286
		<b>194</b>	286
Loss before the undernoted		<b>(194)</b>	(286)
Other gains (expenses)			
Finance cost		<b>(123)</b>	(111)
Foreign exchange gain		15	13
Net gain on derecognition of assets and liabilities	4	209	-
		<b>101</b>	(98)
<b>Total loss and comprehensive loss</b>		<b>\$ (93)</b>	<b>\$ (384)</b>
<b>Total loss per share</b>			
Basic and diluted	9	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding</b>			
Basic and diluted (in thousands)	9	<b>23,975</b>	23,975

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

# ONEnergy Inc.

## Interim Condensed Consolidated Statements of Changes in Shareholders' Deficiency (Unaudited, in thousands of Canadian dollars)

	Share capital (note 9)		Deficit	Contributed surplus	Shareholders' deficiency
	Shares	Amount			
Balance as at January 1, 2021	23,975	\$ 39,236	\$ (48,045)	\$ 1,434	\$ (7,375)
Total loss for the period	-	-	(384)	-	(384)
<b>Balance as at March 31, 2021</b>	<b>23,975</b>	<b>\$ 39,236</b>	<b>\$ (48,429)</b>	<b>\$ 1,434</b>	<b>\$ (7,759)</b>
Balance as at January 1, 2022	23,975	\$ 39,236	\$ (49,506)	\$ 1,434	\$ (8,836)
Total loss for the period	-	-	(93)	-	(93)
<b>Balance as at March 31, 2022</b>	<b>23,975</b>	<b>\$ 39,236</b>	<b>\$ (49,599)</b>	<b>\$ 1,434</b>	<b>\$ (8,929)</b>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

# ONEnergy Inc.

## Interim Condensed Consolidated Statements of Cash Flows

(Unaudited, in thousands of Canadian dollars)

Three month periods ended March 31	Note	2022	2021
Cash flows from the following:			
<b>Operating activities</b>			
Total loss		\$ (93)	\$ (384)
Items not affecting cash			
Unrealized foreign exchange gain		(15)	(12)
Finance costs		123	111
Net gain on derecognition of assets and liabilities		(209)	-
Change in non-cash operating assets and liabilities	11	(22)	91
Cash used in operating activities		(216)	(194)
<b>Investing activities</b>			
Decrease in lease receivable		-	21
Cash provided by investing activities		-	21
<b>Financing activities</b>			
Finance costs paid		(1)	-
Proceeds from promissory notes payable		235	150
Repayment of lease liability		-	(29)
Cash provided by financing activities		234	121
Increase (decrease) in cash		18	(52)
Cash and cash equivalents, beginning of period		33	114
<b>Cash and cash equivalents, end of period</b>		<b>\$ 51</b>	<b>\$ 62</b>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

# ONEnergy Inc.

## Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2022

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### 1. Nature of operations

Look Communications Inc. ("Look") was formed on October 31, 1999 under the *Canada Business Corporations Act* ("CBCA"). On July 8, 2013, pursuant to articles of amendment, Look changed its name to ONEnergy Inc. ("ONEnergy"). On July 9, 2013, ONEnergy completed a change-of-business transaction and a concurrent private placement. On August 4, 2015, the Company continued under the *Business Corporations Act (Ontario)* ("OBCA") and discontinued under the CBCA.

The unaudited interim condensed consolidated financial statements are comprised of ONEnergy and its wholly owned subsidiaries which include:

- (a) Sunwave Gas & Power Inc. ("Gas & Power");
- (b) 0867893 B.C. Ltd. ("PVL");
- (c) ONEnergy USA Holdings Inc.;
- (d) 2594834 Ontario Inc.; and
- (e) 10927040 Canada Inc.

References to the Company and/or its various subsidiaries include ONEnergy, Gas & Power and PVL. The Company is domiciled in Canada and the address of its registered office is 401 Bay Street, Suite 2410, Toronto, Ontario, Canada M5H 2Y4.

The Company is currently pursuing potential business opportunities but has not entered into any agreements.

ONEnergy is a Canadian publicly listed company trading on the NEX Board ("NEX") of the TSX Venture Exchange (the "Exchange"), under the symbol OEG.H.

These unaudited interim condensed consolidated financial statements were approved for issue by the Board of Directors on May 27, 2022.

### **Basis of presentation and going concern**

The notes presented in these unaudited interim condensed consolidated financial statements include only significant events and transactions and do not include all required disclosures as required under IFRS as issued by the IASB. The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021.

The unaudited interim condensed consolidated financial statements are presented in Canadian dollars, the functional currency of the Company, and all values are rounded to the nearest thousand, except per share amounts.

The unaudited interim condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The unaudited interim condensed consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

As at March 31, 2022, the Company has an accumulated deficit of \$49,599 (December 31, 2021 - \$49,506), including a total loss of \$93 for the three months ended March 31, 2022 (total loss of \$384 for the three months ended March 31, 2021). ONEnergy will need to raise cash and/or monetize assets, and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments. Whether and when the Company can achieve the above is uncertain. As a result, there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There can be no assurance that the Company will have sufficient capital to fund its ongoing operations without future financing. If adequate funds are not available or the Company is unable to find and develop profitable business opportunities, the Company may have to substantially reduce or eliminate planned expenditures and seek additional financing from shareholders or lenders. If the Company is unable to obtain additional financing when and if required, the Company may be unable to continue operations.

# ONEnergy Inc.

## Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2022

### 2. Summary of significant accounting policies

#### Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. Unless otherwise disclosed, the accounting policies and methods of their application followed in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements for the year ended December 31, 2021.

#### Principles of consolidation

The unaudited interim condensed consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries for which it has the power to govern the financial and operating policies. All material inter-company balances and transactions are eliminated.

### 3. Significant accounting judgments, estimates and assumptions

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the audited consolidated financial statements for the year ended December 31, 2021.

### 4. Gas & Power bankruptcy

On February 23, 2022, Gas & Power filed an assignment into bankruptcy pursuant to the Bankruptcy and Insolvency Act ("BIA"). A. Farber & Partners Inc. ("Farber") was appointed trustee of the bankruptcy estate. On March 15, 2022, Farber held the first meeting of creditors and indicated the nominal assets in the bankruptcy estate would be applied against trustee fees leaving no amounts available for distribution to the creditors. There were no dissenting creditors at the meeting. On April 22, 2022, Gas & Power filed a petition under chapter 15 of title 11 of the United States Code to have the assignment into bankruptcy in Canada recognized in the United States. Accordingly, during the first quarter 2022, Gas & Power recognized a net gain of \$209 on the derecognition of its assets and liabilities, except for the note payable (the "C Wave Note") due to C Wave Power & Gas Inc. ("C Wave") (see note 7 for additional information).

### 5. Advances from Cricket Energy Holdings Inc.

The advances from Cricket Energy Holdings Inc. are unsecured, non-interest bearing and due on demand.

### 6. Promissory notes payable

As at	March 31, 2022	December 31, 2021
Principal	\$ 4,545	\$ 4,310
Accrued interest payable	1,096	980
	<b>\$ 5,641</b>	<b>\$ 5,290</b>

During 2018, the Company entered into agreements to issue \$1,402 of promissory notes (the "Promissory Notes"). The Promissory Notes are unsecured, bear interest at 10% or 12% per annum, matured on April 30, 2019 and are now due on demand. The principal and corresponding interest on \$30 of the Promissory Notes were repaid in August 2018. During 2019, the Company entered into agreements to issue an additional \$2,145 of Promissory Notes, including \$530 of due to related party restructured as promissory notes in October 2019. The Promissory Notes are unsecured, bear interest at 10% or 20% per annum, matured on May 31, 2019 or October 31, 2019 and are now due on demand. The principal and corresponding interest on \$150 of the Promissory Notes were repaid in October 2019. During 2020, the Company entered into agreements to issue an additional \$838 of Promissory Notes. The Promissory Notes are unsecured, bear interest at 10% per annum and matured in January 2021 or March 2021 and are now due on demand. The principal and corresponding interest on \$405 of the Promissory



# ONEnergy Inc.

## Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2022

Notes were repaid in September 2020. During 2021, the Company entered into agreements to issue an additional \$510 of Promissory Notes to Stephen J.J. Letwin, a shareholder and the Chairman of the Board of Directors (the "Chairman"). The Promissory Notes are unsecured, bear interest at 10% per annum and are due on demand. During the three months ended March 31, 2022, the Company entered into agreements to issue an additional \$235 of Promissory Notes to the Chairman. The Promissory Notes are unsecured, bear interest at 10% per annum and are due on demand. At March 31, 2022, Promissory Notes included \$3,321 (December 31, 2021 – \$3,086) advanced by the Chairman and \$1,000 (December 31, 2021 - \$1,000) advanced by a corporation controlled by Ivan Bos, a shareholder and a director of the Company.

### 7. Note payable to C Wave Power & Gas Inc.

As at	March 31, 2022	December 31, 2021
Principal	\$ 863	\$ 876
Accrued interest payable	74	71
	\$ 937	\$ 947

The C Wave Note was issued by Gas & Power on the sale of the U.S. Gas & Power business to C Wave in 2019. The C Wave Note is unsecured, bears interest at a rate equal to the Applicable Federal Rate, which was 2.72% per annum, matured on January 14, 2020 and is now due on demand. The Applicable Federal Rate is the Internal Revenue Service published rate under the Internal Revenue Code of the United States.

On March 2, 2022, C Wave filed a Motion for Summary Judgment in Lieu of Complaint (the "Motion") with the Supreme Court of the State of New York (the "NY Court") against Gas & Power and ONEnergy (collectively the "Defendants"). The Motion seeks a summary judgment against the Defendants for US\$747, being the principal and interest outstanding as of December 31, 2021, plus additional interest and reasonable costs until the judgment is paid. On April 22, 2022, Gas & Power filed a petition under chapter 15 of title 11 of the United States Code to have the assignment into bankruptcy in Canada recognized in the U.S. On May 10, 2022, the Defendants responded to the Motion with a Cross-Motion seeking dismissal of the Motion against ONEnergy and an opposition of the Motion against Gas & Power. C Wave has until May 27, 2022 to respond to the Defendants' Cross-Motion and opposition.

### 8. CEBA term loan

As at	March 31, 2022	December 31, 2021
Principal	\$ 60	\$ 60
Less: unamortized below-market interest benefit	(12)	(13)
	\$ 48	\$ 47

In May 2020, the Company applied for and received a \$40 term loan under the Canada Emergency Business Account (the "CEBA term loan"), which is one of the Canadian government's COVID-19 economic recovery measures. The CEBA term loan is non-interest bearing for the initial term ending on December 31, 2022 (the "Initial Term"). If 75% of the CEBA term loan is repaid by the end of the Initial Term, then the remaining 25% will be forgiven. If the CEBA term loan is not fully repaid by the end of the Initial Term, then the unpaid balance will bear interest at the rate of 5% per annum, payable monthly, and will mature on December 31, 2025. A below-market interest benefit on the CEBA term loan of \$13 was recognized as government assistance in May 2020. On December 4, 2020, the Canadian government increased the maximum amount available under the CEBA term loan to \$60 from \$40. The Company applied for and received the additional amount of \$20 on December 21, 2020. A below-market interest benefit on the additional CEBA term loan of \$6 was recognized as government assistance in December 2020. On January 12, 2022, the Canadian government extended the Initial Term to December 31, 2023.

# ONEnergy Inc.

## Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2022

### 9. Share capital

#### (a) Authorized

Unlimited Preference Shares – non-voting, issuable in series. The number of shares under each series, designation, privileges, restrictions and conditions attaching thereto to be determined by the Board of Directors prior to issue. No such shares are issued and outstanding.

Unlimited Common Shares - voting, entitled to one vote per share (except at separate meetings of holders of shares of any other class), subject to the rights of holders of any preference shares, entitled to dividends and to the receipt of any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company.

#### (b) Issued and outstanding

Shares (in thousands)	Common Shares	
<b>Balance, as at March 31, 2022 and December 31, 2021</b>	<b>23,975</b>	<b>\$ 39,236</b>

#### (c) Stock option plans

On July 9, 2013, the Board approved the 2013 Stock Option Plan ("2013 Plan"). Details of the stock options transactions are as follows:

	Weighted average remaining contractual life	Number of options (in thousands)	Weighted average exercise price
Outstanding as at January 1, 2022	1.76	611	\$ 1.26
Granted	-	-	-
Forfeited	-	-	-
<b>Outstanding as at March 31, 2022</b>	<b>1.52</b>	<b>611</b>	<b>\$ 1.26</b>
Exercisable as at December 31, 2021	1.76	611	1.26
<b>Exercisable as at March 31, 2022</b>	<b>1.52</b>	<b>611</b>	<b>\$ 1.26</b>

The Company uses the Black-Scholes option pricing model to estimate fair value of options granted. No options were granted during the three months ended March 31, 2022.

#### (d) Loss per share

Three month periods ended March 31	2022	2021
Total loss	\$ (93)	\$ (384)
Weighted average number of shares outstanding (in thousands)	23,975	23,975
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)

Basic loss per share is calculated by dividing the total loss by the weighted average number of shares outstanding during the period. Outstanding stock options, as at March 31, 2022, of 611 (March 31, 2021 – 626) and Deferred Share Units ("DSUs"), as at March 31, 2022, of 716 (March 31, 2021 – 716) have not been factored into the calculation as they are considered anti-dilutive.

#### (e) Deferred share unit plan

The Company awarded no DSUs during the three months ended March 31, 2022 (three months ended March 31, 2021 – NIL).

DSUs are settled at the option of the holder in (i) cash; (ii) Common Shares in the Company or (iii) a combination of cash and Common Shares in the Company.

# ONEnergy Inc.

## Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2022

	Deferred share unit (in thousands)	Weighted average grant price
Outstanding as at January 1, 2022	716	\$ 0.35
Granted	-	-
<b>Outstanding as at March 31, 2022</b>	<b>716</b>	<b>\$ 0.35</b>

During the three months ended March 31, 2022 the Company recorded a compensation expense recovery of \$36 (three months ended March 31, 2021 – \$NIL) related to the DSUs granted. As at March 31, 2022, a liability of \$36 (December 31, 2021 – \$72) related to the DSUs granted is included in accounts payable and accrued liabilities.

### 10. Expenses

Three month periods ended March 31	2022	2021
Selling cost	5	6
Personnel	64	98
Professional fees	101	165
Office and other expenses	24	17
Reported as general and administrative	\$ 194	\$ 286

Personnel expenses were reduced by government assistance received under the Canada Emergency Wage Subsidy (“CEWS”), which is one of the Canadian government’s COVID-19 economic recovery measures. During the three months ended March 31, 2022, the Company recognized \$NIL of government assistance received under the CEWS program (three months ended March 31, 2021 – \$4).

### 11. Supplemental cash flow information

Change in non-cash operating assets and liabilities consist of the following:

Three month periods ended March 31	2022	2021
Other receivables	\$ (1)	\$ 2
Prepaid expenses and deposits	(22)	(15)
Accounts payable and accrued liabilities	1	104
	\$ (22)	\$ 91

### 12. Related party transactions

#### (a) Compensation of key management personnel

The Company’s key management personnel are comprised of the Board of Directors and members of the executive team of the Company.

Three month periods ended March 31	2022	2021
Salaries, fees and short-term employee benefits	\$ 70	\$ 74

#### (b) Promissory notes payable

Included in the Promissory Notes is \$3,321 (December 31, 2021 – \$3,086) advanced by the Chairman and \$1,000 (December 31, 2021 - \$1,000) advanced by a corporation controlled by Ivan Bos, a director of the Company. See note 6 for additional information.

#### (c) Business development fees

During the three months ended March 31, 2022, the Company recognized \$10 (three months ended March 31, 2021 – \$61) of business development fees to Ivan Bos, a director of the Company, or his personal holding company. The business development fees were included in general and administrative expenses.

# ONEnergy Inc.

## Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2022

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Included in accounts payable and accrued liabilities is \$156 (December 31, 2021 – \$149) payable to the Chairman, or his personal holding company, for reimbursement of expenses incurred on the Company's behalf; and \$283 (December 31, 2021 – \$283) payable to Ivan Bos, or his personal holding company, for business development fees and reimbursement of travel expenses.

### 13. Commitments and contingencies

#### Contingencies

(i) Statement of Claim against Gerald McGoey:

On June 1, 2017, the Company was granted a judgment against the Company's former CEO Gerald McGoey and his personal service company Jolian Investments Limited (collectively the "McGoey Defendants") in the amount of \$5,766 plus legal costs and interest.

On November 14, 2017, the McGoey Defendants made a Proposal under the Bankruptcy and Insolvency Act (the "Proposal"). In connection with the Proposal, the Company filed a Proof of Claim in respect of the amounts owing.

On December 2, 2019, the Ontario Superior Court of Justice approved a settlement agreement between the McGoey Defendants and the bankruptcy trustee (the "Trustee"). On December 17, 2019, the Trustee distributed funds from the estate and the Company received \$490 as its share of proceeds. On July 20, 2020, the Trustee distributed additional funds from the estate and the Company received \$34 as its share of proceeds. On May 17, 2021, the Trustee distributed additional funds from the estate and the Company received \$34 as its share of proceeds. The Company expects notification from the Trustee on its share of the remaining proceeds, if any, in 2022.

(ii) In the normal course of its operations, the Company may be subject to other litigation and claims.

(iii) The Company indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.

### 14. Financial instruments and risk management

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies by the Company's management. Periodically throughout the year, the Board of Directors receives reports from the Company's management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash and other receivables.

Credit risk associated with cash is minimized by ensuring this financial asset is placed with financial institutions with high credit ratings.

Other receivables are comprised primarily of refundable taxes receivable from the Canada Revenue Agency ("CRA"). Refundable taxes are subject to review by the CRA, which may delay receipt. Management believes the risk of the CRA failing to deliver payment to the Company is minimal.

# ONEnergy Inc.

## Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2022

The Company's maximum assessed exposure to credit risk, as at March 31, 2022 and December 31, 2021, is the carrying value of its other receivables.

### Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or other financial assets. The Company's approach is to ensure it will have sufficient liquidity to meet operations, tax, capital, regulatory requirements and obligations, and debt repayments under both normal and stressed circumstances. Cash flow projections are prepared and reviewed by management to ensure a sufficient continuity of funding exists.

In the normal course of business, ONEnergy is obligated to make future payments under various non-cancellable contracts and other commitments.

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities, advances from Cricket Energy Holdings Inc., promissory notes payable, note payable to C Wave Power & Gas Inc. (see note 7) and CEBA term loan.

### Fair Values

IFRS 7, *Financial Instruments: Disclosures* requires disclosure of a three-level hierarchy ("FV hierarchy") that reflects the significance of the inputs used in making fair value measurements and disclosures. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include those whose valuations are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

The following tables illustrate the classification of financial assets / (liabilities) in the FV hierarchy.

As at March 31, 2022	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Cash	\$ 51	\$ -	\$ -	\$ 51
Other receivables	-	7	-	7
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	-	(2,203)	-	(2,203)
Advances from Cricket Energy Holdings Inc.	-	(208)	-	(208)
Promissory notes payable	-	(5,641)	-	(5,641)
Note payable to C Wave Power & Gas Inc.	-	(937)	-	(937)
CEBA term loan	-	(48)	-	(48)
	<b>\$ 51</b>	<b>\$ (9,030)</b>	<b>\$ -</b>	<b>\$ (8,979)</b>

As at December 31, 2021	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Cash	\$ 33	\$ -	\$ -	\$ 33
Other receivables	-	6	-	6
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	-	(2,411)	-	(2,411)
Advances from Cricket Energy Holdings Inc.	-	(208)	-	(208)
Promissory notes payable	-	(5,290)	-	(5,290)
Note payable to C Wave Power & Gas Inc.	-	(947)	-	(947)
CEBA term loan	-	(47)	-	(47)
	<b>\$ 33</b>	<b>\$ (8,897)</b>	<b>\$ -</b>	<b>\$ (8,864)</b>

# ONEnergy Inc.

## Notes to the interim condensed consolidated financial statements

(Unaudited, in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2022

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### Classification of financial assets and liabilities

As at March 31, 2022 and December 31, 2021 the carrying value of cash, other receivables, accounts payable and accrued liabilities, advances from Cricket Energy Holdings Inc., promissory notes payable and note payable to C Wave Power & Gas Inc. (see note 7) approximates their fair value due to their short-term nature. The carrying value of the CEBA term loan approximates its fair value as the interest payable on outstanding amounts approximates the Company's current cost of debt.

### Currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure primarily as a result of the Company's U.S. dollar denominated liabilities.

## 15. Subsequent Events

### Non-convertible debt financing

Between April 1, 2022 and May 27, 2022, the Company entered into the following financing transactions:

- \$40 of additional Promissory Notes were issued to the Chairman bearing interest at 10% per annum.

## 16. COVID-19

The outbreak of the novel strain of the coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. As a result, the Company's ability to source and transact on new business opportunities may be impacted by these emergency measures. Also, global equity markets have experienced significant volatility and weakness. Accordingly, it is not possible to reliably estimate the length and severity of these developments and its impact on the financial results and condition of the Company and its ability to finance its operations.