

Management's Discussion and Analysis of Financial Condition and
Results of Operations of

ONEnergy Inc.

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

May 27, 2022

ONEnergy Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS of the Financial Condition and Results of Operations

(In thousands of Canadian dollars, except per share amounts)

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

May 27, 2022

1. **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This management's discussion and analysis of financial condition and results of operations ("MD&A") includes forward-looking statements and information concerning expected future events, the future performance of ONEnergy Inc. ("ONEnergy" or the "Company"), its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to our objectives and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements and information are based on current expectations.

The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions, or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or the effect that they may have on the Company.

Certain statements in this MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. This may include, without limitation, statements based on current expectations involving a number of risks and uncertainties. These risks and uncertainties include, but are not restricted to: (i) tax-related matters, (ii) human resources developments including competition for, and the availability of, qualified employees and contractors, (iii) business integrations and internal reorganizations, (iv) business process risks including the use of, and reliance on, external vendors and contractors, (v) the outcome of litigation and legal matters, (vi) any prospective acquisitions or divestitures, (vii) other risk factors related to the Company's historic business, (viii) risk factors related to the Company's future operations, and (ix) changes to and compliance with applicable laws and regulations. For a more detailed discussion of factors that may affect actual results or cause actual results to differ materially from any conclusion, forecast or projection in these forward-looking statements and information, see *Section 5 Corporate Strategy* and *Section 15 Operating Risks and Uncertainties*.

Therefore, future events and results may vary significantly from what the Company currently foresees. Readers are cautioned that the forward-looking statements and information made by the Company in this MD&A are stated as of the date of this MD&A, are subject to change after that date, are provided for the purposes of this MD&A and may not be appropriate for other purposes. We are under no obligation to update or alter the forward-looking statements whether as a result of new information, future events, or otherwise, except as required by National Instrument 51-102, and we expressly disclaim any other such obligation.

All financial information in this MD&A is expressed in thousands of Canadian dollars, unless otherwise noted. All references to the "Company" or "ONEnergy" refer to ONEnergy Inc., including its predecessor and successor companies, and its consolidated subsidiaries, unless the context requires otherwise. All information is as at May 27, 2022, unless otherwise indicated. Certain totals, subtotals and percentages may not reconcile due to rounding.

2. **INTRODUCTION**

The information provided in this MD&A is intended to help the reader understand ONEnergy's operations, financial performance and present and future business environment. This MD&A is supplementary to, and should be read

in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2022. The following MD&A, dated May 27, 2022, has been prepared with all information available up to and including May 27, 2022. ONEnergy's unaudited interim condensed consolidated financial statements and other disclosure documents are available on www.sedar.com and on ONEnergy's website at www.onenergyinc.com.

The unaudited interim condensed consolidated financial statements of ONEnergy are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). The audited consolidated financial statements for the year ended December 31, 2021 of ONEnergy have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The unaudited interim condensed consolidated financial statements and audited consolidated financial statements of ONEnergy are presented in thousands of Canadian dollars.

3. THE COMPANY

ONEnergy is a corporation continued under the *Business Corporations Act* (Ontario). The names "ONEnergy" and the "Company" all refer to the same legal entity and the use of each are dependent upon the context of the topic covered in this MD&A.

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. ONEnergy's head office is located in Toronto, Ontario, Canada.

The Company is comprised of ONEnergy, and its wholly-owned subsidiaries including:

- (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.

In this MD&A, the terms "we", "us", "our", and "Company" refer to ONEnergy, Gas & Power and PVL.

4. SIGNIFICANT EVENTS

(a) 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. 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"). 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.

(b) 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.

(c) 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 Stephen J.J. Letwin, a shareholder and the Chairman of the Board of Directors (the "Chairman"), bearing interest at 10% per annum.

(d) Canada Emergency Wage Subsidy

The Company applied for and received benefits 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).

(e) CEBA term loan

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.

5. CORPORATE STRATEGY

(a) Corporate Strategy

ONEnergy divested or exited its operating businesses in 2018 and 2019. The Company is currently pursuing potential business opportunities but has not entered into any agreements.

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.

6. RESULTS OF OPERATIONS

Selected financial information

Three month periods ended March 31	2022	2021
Loss and comprehensive loss		
General and administrative	\$ 194	\$ 286
Finance cost	(123)	(111)
Foreign exchange gain	15	13
Net gain on derecognition of assets and liabilities	209	-
Total loss	(93)	(384)
Total loss per share – basic and diluted	(0.01)	(0.02)

As at	March 31, 2022	December 31, 2021
Financial position		
Current assets	\$ 108	\$ 67
Current liabilities	8,989	8,856
Non-current liabilities	48	47
Shareholders' deficiency	(8,929)	(8,836)

General and administrative

General and administrative expenses include personnel costs, professional fees, information technology, and other administrative overheads for the Company. A summary of the key components of general and administrative expenses is set out below:

Three month periods ended March 31	2022	2021
Personnel	\$ 64	\$ 98
Professional fees	101	165
Other expenses	29	23
Total general and administrative expenses	\$ 194	\$ 286

Personnel

Personnel costs include wages, salaries, benefits, separation payments and share-based payments. Personnel costs decreased by \$34 for the three months ended March 31, 2022 compared to the same period in 2021, primarily due to an expense recovery of \$36 related to the revaluation of the DSU liability.

Personnel expenses were reduced by government assistance received under the CEWS program. 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). See *Section 4 Significant Events* for additional information.

Professional fees

Professional fees are comprised of legal, accounting, audit and consulting fees. Professional fees decreased by \$64 for the three months ended March 31, 2022 compared to the same period in 2021, primarily due to a greater proportion of business development activities performed internally instead of by external consultants.

Other expenses

Other expenses include public company costs, insurance costs and other general & administrative costs. Other expenses increased by \$6 for the three months ended March 31, 2022 compared to the same period in 2021 primarily due to increased travel and entertainment costs associated with business development activities performed internally in 2022.

Finance costs

Finance costs were \$123 for the three months ended March 31, 2022 compared to \$111 for the same period in 2021, due to an increase in promissory notes payable.

Total loss

Total loss amounted to \$93 or \$0.01 per basic and diluted share for the three months ended March 31, 2022. Total loss amounted to \$384 or \$0.02 per basic and diluted share for the three months ended March 31, 2021.

7. ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (“ADJUSTED EBITDA”)

Management views Adjusted EBITDA as an important measure of operating performance of the Company. However, since Adjusted EBITDA does not have any standardized meaning prescribed by IFRS, it may not be considered in isolation of IFRS measures such as (1) net loss, as an indicator of operating performance, or (2) cash flows from operating, investing and financing activities, as a measure of liquidity. We believe, however, that it is an important measure as it allows us to assess our ongoing business without the impact of depreciation or amortization expenses as well as non-operating factors. It is intended to indicate our ability to incur or service debt and invest in capital assets while allowing us to compare our business to our peers and competitors. This measure is not a defined term under IFRS and might not be comparable to similar measures presented by other issuers.

The following table reconciles Adjusted EBITDA to total loss for the respective periods as determined under IFRS:

Three month periods ended March 31	2022	2021
Total loss	\$ (93)	\$ (384)
Add/(subtract)		
Finance costs	123	111
Foreign exchange gain	(15)	(13)
Net gain on derecognition of assets and liabilities	(209)	-
Adjusted EBITDA	\$ (194)	\$ (286)

8. QUARTERLY FINANCIAL RESULTS

The table below sets out financial information from continuing operations for the past eight quarters:

	2022	2021				2020		
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
Cost of sales	-	-	-	-	-	-	-	-
Gross margin	-	-	-	-	-	-	-	1
Operating expenses before the undernoted	194	301	215	235	286	256	188	194
Adjusted EBITDA	(194)	(301)	(215)	(235)	(286)	(256)	(188)	(193)
Finance income	-	-	-	-	-	-	1	1
Finance costs	(123)	(120)	(117)	(114)	(111)	(104)	(118)	(113)
Foreign exchange gain (loss)	15	5	(30)	16	13	51	24	47
Legal settlement	-	-	-	34	-	-	34	-
Net gain on derecognition of assets and liabilities	209	-	-	-	-	-	-	-
Total loss	\$ (93)	\$ (416)	\$ (362)	\$ (299)	\$ (384)	\$ (309)	\$ (247)	\$ (258)
Total loss per share								
Basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.01)

9. LIQUIDITY AND CAPITAL RESOURCES

The following sources of funding for future expenditures are expected by management to be available: (i) existing cash and working capital; (ii) internally generated cash flow from operations; (iii) financing provided by related parties; (iv) external debt financing; and (v) new equity capital through the issuance of additional shares.

The Company's total cash liquidity is \$51 as at March 31, 2022 (December 31, 2021 – \$33). The Company divested or exited its operating businesses and is unable to generate sufficient amounts of cash, both in the short term and long term. As a result, the Company receives periodic cash advances from the Chairman to support working capital needs and to fund development activities as they arise. During the three months ended March 31, 2022, the Company received \$235 of cash advances from the Chairman. See *Section 13 Related Party Transactions* for additional information.

The change in cash is summarized as follows:

Three month periods ended March 31	2022	2021
Cash used in operating activities	\$ (216)	\$ (194)
Cash provided by investing activities	-	21
Cash provided by financing activities	234	121
Increase (decrease) in cash	\$ 18	\$ (52)

Cash used in operating activities for the three months ended March 31, 2022 was \$216 compared to cash used in operating activities of \$194 for the same period in 2021, an increase of \$22. The increase was primarily a result of non-cash operating assets and liabilities decreasing by \$113 and net gain on derecognition of assets and increasing by \$209 offset by total loss decreasing by \$291.

Cash provided by investing activities for the three months ended March 31, 2022 was \$NIL compared to cash provided by investing activities of \$21 for the same period in 2021. The provision of cash in 2021 was comprised of a decrease in lease receivable.

Cash provided by financing activities for the three months ended March 31, 2022 was \$234 compared to cash provided by financing activities of \$121 for the same period in 2021, an increase of \$113. The provision of cash for the three months ended March 31, 2022 was comprised of proceeds from promissory notes payable of \$235 offset by finance costs paid of \$1. The provision of cash for the three months ended March 31, 2021 was comprised of proceeds from promissory notes payable of \$150 offset by repayments of lease liability of \$29.

10. **SHARE CAPITAL**

As at March 31, 2022 there were 23,975 Common Shares issued and outstanding (December 31, 2021 – 23,975).

In determining diluted loss per share for the three months ended March 31, 2022 and 2021, the weighted average number of shares outstanding was not increased for stock options outstanding as they are considered anti-dilutive.

11. **STOCK BASED COMPENSATION**

Stock option plans

Stock option costs are recognized as selling expenses and general and administrative expenses and recorded in contributed surplus.

The Company did not grant any options to purchase Common Shares of the Company during the three months ended March 31, 2022 and March 31, 2021.

Deferred share units

Deferred share units (“DSUs”) are recognized as general and administrative expenses and recorded as current liabilities.

The Company did not grant DSUs during the three months ended March 31, 2022 and March 31, 2021.

12. **TAX LOSSES**

The Company’s tax attributes may be utilized by the Company in its future operations, or may be utilized by a potential acquirer to offset income, provided certain tests are satisfied including those related to a change in control of the Company.

Deferred taxes, in respect of the Company’s loss carry-forwards, are recognized to the extent that it is probable that they can be utilized. The Company has the following Federal non-capital income tax losses, which may be carried forward to reduce future years’ taxable income. These losses will expire in the taxation years ending December 31 as follows:

Year	Amount
2028	\$ 5,555
2029	115,579
2030	5,748
2031	19,992
2032	3,457
2033	3,702
2034	2,981
2035	3,295
2036	84
2037	3,640
2038	1,191
2039	773
2040	1,210
2041	1,661
2042	310
	\$ 169,178

13. 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

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 Notes were repaid in September 2020. During 2021, the Company entered into agreements to issue an additional \$510 of Promissory Notes to 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.

(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.

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.

14. FORMER OFFICER AND DIRECTOR LITIGATION

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.

15. OPERATING RISKS AND UNCERTAINTIES

Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: credit risk, liquidity risk and foreign currency risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee and the Risk Management Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

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.

All of the Company's cash is held with major financial institutions in Canada, and management believes the exposure to credit risk with these institutions is not significant. 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.

Contractual Obligations

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 *Section 4(a) Significant Events – Gas & Power bankruptcy*), lease liability and CEBA term loan. The payments due by period are set out in the following table:

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
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	-	60	-	60
	\$ 8,989	\$ 60	\$ -	\$ 9,049

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.

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 fair values of short-term financial assets and liabilities, including 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 *Section 4(a) Significant Events – Gas & Power bankruptcy*), as presented in the consolidated statements of financial position, approximate their carrying amounts due to the short period to maturity of these financial instruments. The fair value of the CEBA term loan approximates its carrying value as the interest payable on outstanding amounts approximates the Company's current cost of debt.

16. OTHER RISK FACTORS

In addition to operating risks described in *Section 15 Operating Risks and Uncertainties* are other risk and uncertainties that ONEnergy can foresee. The information presented in *Section 19 Other Risk Factors* in our MD&A for the year ended December 31, 2021 has not changed materially since December 31, 2021.

17. COMMITMENTS AND CONTINGENCIES

Contingencies

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

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.

18. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's discussion and analysis of financial condition and results of operations are made with reference to the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2022 which have been prepared in accordance with IAS 34. The Company's significant accounting policies are summarized in detail in Note 2 of the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2022 and in Note 2 of the Company's audited consolidated financial statements for year ended December 31, 2021.

19. ADDITIONAL INFORMATION

Additional information regarding the Company's financial statements and corporate documents is available on SEDAR at www.sedar.com and on the Company's website at www.onenergyinc.com.

ONEnergy Inc.

SHAREHOLDER INFORMATION

Board of Directors

Chairman of the Board

Stephen J.J. Letwin
President & CEO, Mancal Corporation

Directors

Lawrence Silber
Partner, Kelly Santini LLP

Dr. Ivan Bos
President, Bos Veterinary Professional Corp.

Officers

Stephen J.J. Letwin
Chairman

Ray de Ocampo
Chief Financial Officer

Auditors

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222 Bay Street, Suite 2200, P.O. Box 131
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(416) 865-0200

Transfer Agent and Registrar

Computershare Investor Services Inc.
100 University Street, 8th Floor
Toronto, ON M5J 2Y1
(416) 885 9858

Shareholder enquiries

ONEnergy Inc. Investor Relations
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Toronto, ON M3C 1S7
(416) 444-4848
irinfo@onenergyinc.com

Stock exchange listing

ONEnergy's shares are listed on NEX Board of the
TSX Venture Exchange under the symbol OEG.H