FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: _Aduro Clean Technologies Inc.___________ (the "Issuer").

Trading Symbol: ACT

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
(b) A description of the transaction(s), including those for which no amount has been recorded.
(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

Disclosure regarding the transactions with Related Persons has been disclosed in the notes to the Financial Statements for the three and nine-month period ended February 28, 2023.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

A summary of the securities issued and options granted has been disclosed in the Condensed Interim Statements and in the notes to the Financial Statements for the three and nine-month period ended February 28, 2023.

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

(b) number and recorded value for shares issued and outstanding,

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

(e)

A summary of the securities issued and options granted has been disclosed in the Interim Statements and in the notes to the Financial Statements for the three and nine-month period ended February 28, 2023.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name of Director and Officer	Position(s) Held
Chris Parr	Director
Ofer Vicus	Chief Executive Officer and Director
Mena Beshay	Chief Financial Officer and Secretary
Marcus William Trygstad	Chief Technology Officer and Director
Peter Kampian	Director
James Scott	Director
Gene Cammack	Chief Operating Officer

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

See the attached Management's Discussion & Analysis for the three and nine-month period ended February 28, 2023.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated May 1, 2023.

Mena Beshay
Name of Director or Senior Officer

"Mena Beshay"
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer **Aduro Clean Technologies Inc**	For Quarter Ended **February 28, 2023**	Date of Report YY/MM/D **2023/05/01**
Issuer Address **#104 - 1086 Modeland Road**		
City/Province/Postal Code **Sarnia, Ontario, N7S 6L2**	Issuer Fax No. **N/A**	Issuer Telephone No. **604-362-7011**
Contact Name **Ofer Vicus**	Contact Position **CEO**	Contact Telephone No. **604-362-7011**
Contact Email Address **ir@adurocleantech.com**	Web Site Address **www.adurocleantech.com**	

Aduro Clean Technologies Inc.

Interim Condensed Consolidated Financial Statements

For the three and nine months ended February 28, 2023
(Unaudited)

(Expressed in Canadian Dollars)

Aduro Clean Technologies Inc.
Consolidated Statements of Financial Position
Expressed in Canadian Dollars

	February 28, 2023	May 31, 2022
ASSETS		
Current		
Cash and cash equivalents	**$ 1,416,953**	$ 2,110,785
Deposits and Prepaid expenses (Note 4)	**273,805**	312,644
Other receivables (Note 5)	**309,915**	158,408
	2,000,673	2,581,837
Non-current		
Property and equipment (Note 6)	**1,650,536**	450,422
Right of use assets (Note 7)	**138,397**	184,198
Intangible assets (Note 8)	**2,049**	4,918
	1,790,982	639,538
Total Assets	**$ 3,791,655**	$ 3,221,375
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Trade payables and other current liabilities	**$ 376,248**	$ 585,104
Lease liability – current portion (Note 10)	**43,121**	46,126
Debt - current portion (Note 9)	**31,356**	30,935
	450,725	662,165
Non-current		
Lease liability – non-current portion (Note 10)	**102,148**	137,223
Debt – non-current portion (Note 9)	**3,884**	27,360
	106,032	164,583
Shareholders' equity (Note 11**)**		
Share capital	**10,518,264**	6,529,316
Warrant reserve	**2,518,088**	2,547,457
Contributed surplus	**4,059,643**	2,913,752
Accumulated deficit	**(13,861,097)**	(9,595,898)
	3,234,898	2,394,627
Total Liabilities and Shareholders' Equity	**$ 3,791,655**	$ 3,221,375

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors on May 1, 2023:

"Ofer Vicus", Director   "Peter Kampian", Director

The accompanying notes are an integral part of these financial statements.

Aduro Clean Technologies Inc.
Consolidated Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars

	Three months ended February 28, 2023	Three months ended February 28, 2022	Nine months ended February 28, 2023	Nine months ended February 28, 2022
Revenue (Note 14)	$ **58,290**	$ -	$ **58,290**	$ -
Expenses				
Depreciation and amortization	$ **41,645**	$ 14,768	$ **93,086**	$ 42,971
Finance costs (Note 15)	**4,264**	6,919	**13,788**	35,884
Foreign exchange	**17**	(1,274)	**3,166**	14,722
General and administrative (Note 16)	**545,077**	395,609	**1,502,482**	1,357,714
Share-based compensation expense (Note 18)	**877,182**	266,788	**1,477,164**	1,341,475
Research and development (Note 17)	**436,018**	299,053	**1,233,803**	708,189
	1,904,203	981,863	**4,323,489**	3,500,955
Loss before other items	**(1,845,913)**	(981,863)	**(4,265,199)**	(3,500,955)
Other items				
Loss on settlement of Debt (Note 9)	-	(256,724)	-	(245,313)
Loss and comprehensive loss	$ **(1,845,913)**	$ (1,238,587)	$ **(4,265,199)**	$ (3,746,268)
Basic and diluted loss per share	$ **(0.03)**	$ (0.05)	$ **(0.08)**	$ (0.19)
Weighted average number of common shares outstanding	**57,527,446**	24,255,636	**55,565,596**	20,184,006

The accompanying notes are an integral part of these financial statements.

Aduro Clean Technologies Inc.
Consolidated Statements of Changes in Equity
Expressed in Canadian Dollars

	Share Capital					
	Number of Shares	**Amount**	**Warrant Reserve**	**Contributed Surplus**	**Deficit**	**Total**
Balance, May 31, 2021	33,908,358	$ 3,483,304	$ 1,775,651	$ 1,075,164	$ (4,515,347)	$ 1,818,772
Shares issued on exercise of warrants (Note 11)	1,700,401	1,019,051	(168,850)	-	-	850,201
Shares issued on exercise of Class A Special Warrants	13,333,328	815,443	-	-	-	815,443
Share-based compensation expense (Note 18)	-	-	-	1,342,859	-	1,342,859
Net loss for the period	-	-	-	-	(3,746,268)	(3,746,268)
Balance, February 28, 2022	**48,942,087**	**5,317,798**	**1,606,801**	**2,418,023**	**(8,261,615)**	**1,081,007**
Balance, May 31, 2022	**52,303,039**	**6,529,316**	**2,547,457**	**2,913,752**	**(9,595,898)**	**2,394,627**
Shares and warrants issued – July 19, 2022	2,599,579	1,423,490	429,543	-	-	1,853,033
Share Issuance Cost	-	(6,140)	-	-	-	(6,140)
Shares issued on exercise of warrants (Note 11)	2,926,966	2,052,718	(458,912)	(7,393)	-	1,586,413
Shares issued on exercise of options (Note 11)	300,000	383,880	-	(188,880)	-	195,000
Shares issued on RSU vesting (Note 11)	150,000	135,000	-	(135,000)	-	-
Share-based compensation expense (Note 18)	-	-	-	1,477,164	-	1,477,164
Net loss for the period	-	-	-	-	(4,265,199)	(4,265,199)
Balance, February 28, 2023	**58,279,584**	**$ 10,518,264**	**$ 2,518,088**	**$ 4,059,643**	**$ (13,861,097)**	**$ 3,234,898**

Aduro Clean Technologies Inc.
Consolidated Statements of Cash Flows
Expressed in Canadian Dollars

		Nine months ended February 28, 2023		Nine months ended February 28, 2022
Operating Activities				
Net loss for the period	**$**	**(4,265,199)**	$	(3,746,268)
Items not affecting cash:				
Depreciation and amortization		**93,086**		42,971
Share-based compensation expense (Note 18)		**1,477,164**		1,342,859
Interest expense accrued		**10,540**		27,092
Loss on settlement of debt (Note 9)		**-**		245,313
Unrealized foreign exchange on debt		**-**		4,061
Changes in non-cash working capital (Note 21)		**(319,467)**		(186,696)
Cash used in operating activities		**(3,003,876)**		(2,270,668)
Financing Activities				
Issue of common shares, net of issuing costs		**3,628,306**		850,201
Finance lease repayments		**(46,729)**		(17,406)
Term and working capital loan repayments (Note 9)		**(23,002)**		(52,538)
Cash provided by financing activities		**3,558,575**		780,257
Investing activities				
Property and equipment acquired		**(1,248,531)**		(169,267)
Cash used by investing activities		**(1,248,531)**		(169,267)
Change in cash during the period		**(693,832)**		(1,659,678)
Cash and cash equivalents, start of period		**2,110,785**		2,860,016
Cash and cash equivalents, end of period	**$**	**1,416,953**	**$**	1,200,338

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Aduro Clean Technologies Inc. (the "Company") was incorporated in the Province of British Columbia on January 10, 2018, under the Business Corporations Act of British Columbia. On February 12, 2019, the Company's shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "DFT." On April, 23, 2021, the Company closed the transaction with Aduro Energy Inc. ("Aduro") and Aduro's security holders whereby the Aduro's security holders sold their shares to the Company such that all of the issued and outstanding common shares of Aduro are now wholly owned by the Company (the "**Transaction**") (Note 4). As part of the closing of the Transaction, the Company changed its name to "Aduro Clean Technologies Inc." from Dimension Five Technologies Inc. and the Company's shares were re-listed under the symbol ACT. On July 20, 2021, the Company's shares commenced trading on the OTCQB in the United States under the symbol "ACTHF" and on July 28, 2021, on the Frankfurt Exchange in Germany under the symbol "9D50".

The Transaction resulted in a reverse take-over with Aduro as the accounting acquirer as Aduro obtained control of the relevant activities as defined under *IFRS 10 Consolidated Financial Statements*. The Transaction was accounted for as a reverse acquisition under the acquisition method of accounting for business combinations with Aduro being the accounting acquirer.

The Company's primary business is the holding company of Aduro. Aduro is an early-stage business focusing on developing environmentally responsible technology for converting end-of-life plastics and tire rubber to specialty chemicals and fuels that replace petroleum, upgrading of heavy crude oils and the transformation of renewable oils into renewable fuels and specialty chemicals. The water base chemical recycling platform features three sector focus technologies, Hydrochemolytic Plastics Upgrading ("HPU"), Hydrochemolytic Renewables Upgrading ("HRU") and Hydrochemolytic Bitumen Upgrading ("HBU"). As at February 28, 2023, the Company has developed and owns eight patents, seven granted and one pending (see Note 8).

The registered and records office of the Company is located at Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, Canada V6C 2B5.

During the nine months ended February 28, 2023 and year ended May 31, 2022, the Company closed two non-brokered private placements (Note 11) that realized net proceeds of $4,052,863 which will be used for general working capital purposes to advance Aduro's scale-up and path to commercialization. As at February 28, 2023, the Company had a deficit of $13,861,097 since inception and incurred negative operating cash flows. As at February 28, 2023, the Company's working capital balance was $1,549,948 (May 31, 2022: $1,919,672) and available cash of $1,416,953 (May 31, 2022: $2,110,785). In addition, the Company closed in April 2023, a private placement that improves the Company's working capital and available cash position by $3,785,916 (Note 22). Therefore, management concludes that the Company has sufficient funds to fund its operations for the next twelve months. Ultimately the continuing operations of the Company are dependent upon generating profitable operations and obtaining funding, as required, to allow the Company to achieve its business objectives. While the Company's management believes that there are many financing opportunities available, there is no assurance that it will be able to successfully obtain additional financing as needed. These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due and do not reflect any adjustments that would be necessary if the going concern basis was not appropriate. If the going concern basis was not appropriate, significant adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the classifications used in the consolidated statements of financial position.

2. BASIS OF PREPARATION

a) Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared based on the principles of International Financial Reporting Standards (IFRS) and International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended May 31, 2022 and accompanying notes.

These financial statements were authorized for issue by the Board of Directors on May 1, 2023.

b) Basis of consolidation

The financial statements of all entities controlled by the Company are included in the financial statements from the date control commenced. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company's subsidiary has the same reporting date as the Company. Intra-group balances and transactions are eliminated on consolidation.

c) Basis of measurement

The financial statements have been prepared using the historical cost basis except as detailed in the Company's accounting policies in Note 3 to the consolidated financial statement for the year ended May 31, 2022.

d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company and it's subsidiary Aduro.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Certain of the Company's accounting policies and disclosures require key assumptions concerning the future and other estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or disclosures within the next fiscal year. Where applicable, further information about the assumptions made is disclosed in the notes specific to that asset or liability. The critical accounting estimates and judgments set out below have been applied consistently to all periods presented in these financial statements.

a) Ability to continue as a going concern

Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.

b) Property and equipment/intangible assets

Property and equipment/intangible assets are depreciated/amortized over the estimated useful life of the asset to the asset's estimated residual value as determined by management. Assessing the reasonableness of the estimated useful life, residual value and the appropriate depreciation/amortization methodology requires judgment and is based on management's experience and knowledge of the industry.

c) Impairment

An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Factors which could indicate impairment exists include: significant underperformance of an asset relative to historical or projected operating results, significant changes in the manner in which an asset is used or in the Company's overall business strategy, the carrying amount of the net assets of the Company being more than its market capitalization or significant negative industry or economic trends. In some cases, these events are clear. However, in many cases, a clearly identifiable event indicating possible impairment does not occur. Instead, a series of individually insignificant events occur over a period of time leading to an indication that an asset may be impaired. Events can occur in these situations that may not be known until a date subsequent to their occurrence. When there is an indicator of impairment, the recoverable amount of the asset is estimated to determine the amount of impairment, if any. If indicators conclude that the asset is no longer impaired, the Company will reverse impairment losses on assets only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Similar to determining if an impairment exists, judgment is required in assessing if a reversal of an impairment loss is required.

Expressed in Canadian Dollars

d) Share purchase warrants and stock options

Share purchase warrants and stock options are initially valued at fair value, based on the application of the Black-Scholes option pricing model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the volatility of the share price, expected dividend yield, expected term of the warrant or stock option and expected risk-free interest rate. The shares of the Company have limited trading history and therefore management used the volatility of the shares of four companies that management estimated were similar in nature to the Company's activities.

e) COVID-19

In March 2020, the World Health Organization declared coronavirus, also known as "COVID-19" a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

4. DEPOSITS AND PREPAID EXPENSES

	February 28, 2023 $	May 31, 2022 $
Prepaid Equipment	**140,359**	166,081
Prepaid Marketing and Events	**25,000**	96,239
Prepaid Advertising and Videos	**39,037**	-
Prepaid Consulting Fees	**9,616**	-
Prepaid Insurance	**12,532**	4,670
Prepaid Conferences	**3,346**	7,698
Deposits	**41,245**	36,245
Other	**2,670**	1,711
Total	**273,805**	312,644

5. OTHER RECEIVABLES

	February 28, 2023 $	May 31, 2022 $
HST receivable	**173,552**	96,351
Due from related party	**78,073**	62,057
Services Receivable	**58,290**	-
Total	**309,915**	158,408

The Company's exposure to credit risk related to trade and other receivables is disclosed in Note 19.

Expressed in Canadian Dollars

6. PROPERTY AND EQUIPMENT

The following table summarizes the Company's property and equipment as at February 28, 2023, May 31, 2022, and May 31, 2021:

	Motor Vehicle $	Furniture & Fixtures $	Leasehold Improvement $	Laboratory Equipment $	Computer Equipment $	Research Equipment $	Total $
Cost:							
Balance at May 31, 2021	38,151	5,051	-	-	9,617	16,865	69,684
Additions	-	928	25,232	347,497	37,340	-	410,997
Balance at May 31, 2022	38,151	5,979	25,232	347,497	46,957	16,865	480,681
Additions	-	71,499	287,468	875,421	6,099	8,044	1,248,531
Balance at February 28, 2023	**38,151**	**77,478**	**312,700**	**1,222,918**	**53,056**	**24,909**	**1,729,212**
Accumulated depreciation:							
Balance at May 31, 2021	2,384	4,800	-	-	4,927	1,748	13,859
Charge for the year	9,538	387	1,349	-	4,282	844	16,400
Balance at May 31, 2022	11,922	5,187	1,349	-	9,209	2,592	30,259
Charge for the period	7,153	5,070	28,153	-	7,207	834	48,417
Balance at February 28, 2023	**19,075**	**10,257**	**29,502**	**-**	**16,416**	**3,426**	**78,676**
Carrying amounts:							
At May 31, 2021	35,767	251	**-**	**-**	4,690	15,117	55,825
At May 31, 2022	26,229	792	23,883	347,497	37,748	14,273	450,422
At February 28, 2023	**19,076**	**67,221**	**283,198**	**1,222,918**	**36,640**	**21,483**	**1,650,536**

As at February 28, 2023, the Company had not identified any impairment indicators.

Expressed in Canadian Dollars

7. RIGHT OF USE ASSETS

The following table summarizes the Company's right of use assets as at February 28, 2023, May 31, 2022, and May 31, 2021:

	Property Leases $
Cost:	
Balance at May 31, 2021	57,592
Additions	192,648
Removed on expiry of lease	(57,592)
Balance at May 31, 2022	192,648
Additions	24,208
Removed on expiry of lease	(48,359)
Balance at February 28, 2023	**168,497**
Accumulated depreciation:	
Balance at May 31, 2021	42,578
Charge for year	27,919
Removed on expiry of lease	(62,047)
Balance at May 31, 2022	8,450
Charge for period	41,800
Removed on expiry of lease	(20,150)
Balance at February 28, 2023	**30,100**
Carrying amounts:	
At May 31, 2021	15,014
At May 31, 2022	184,198
At February 28, 2023	**138,397**

The property leases are for Aduro's research offices located at the Western Sarnia-Lambton Research Park in Sarnia, Ontario and Unit 542 Newbold Street, London, Ontario. Aduro's research equipment is located at the premises.

Expressed in Canadian Dollars

8. INTANGIBLE ASSETS

The following table summarizes the Company's intangible assets as at February 28, 2023, May 31, 2022, and May 31, 2021:

	Investor Relations Videos $	Patent $	Total $
Cost:			
Balance at May 31, 2021, 2022 and February 28, 2023	**45,255**	**76,858**	**122,113**
Accumulated amortization:			
Balance at May 31, 2021	33,628	67,253	100,881
Charge for year	6,709	9,605	16,314
Balance at May 31, 2022	40,337	76,858	117,195
Charge for period	2,869	-	2,869
Balance at February 28, 2023	**43,206**	**76,858**	**120,064**
Carrying amounts:			
At May 31, 2021	11,627	9,605	21,232
At May 31, 2022	4,918	-	4,918
At February 28, 2023	**2,049**	**-**	**2,049**

At February 28, 2023, the Company had not identified any impairment indicators.

Investor relations videos

The Company engaged two production companies with each producing a promotional 3D animation movie for the purpose of implementing a marketing strategy for communicating with, and increasing awareness of the Company's solutions by, investors, partners and customers.

Patents

On January 24, 2018, the Company entered into a patent purchase agreement (the "PPA") whereby the Company purchased the seller/assignor's entire right, title and interest (being 7/12 of the rights) in and to the transferred patents (as defined) for a purchase price comprised of the reimbursement of US$60,535 ($76,858) in patent costs incurred (*paid*) and the payment of the greater of 0.1% of purchaser revenues or 1% of purchaser net profit (both as defined) on a quarterly basis during the term "Purchase Price Payable". On August 14, 2020, the Company and the seller/assignor entered into an amendment to the PPA pursuant to which the Purchase Price Payable was settled by issuing 1,500 Class B shares (the "Settlement") to the seller/assignor. The Company determined the fair value of the Settlement was $2,265 and this amount was expensed as the Purchase Price Payable was not a contractual obligation under the PPA.

Development costs

On October 1, 2020, the Company entered into a commercialization services agreement (the "CSA") with Bioindustrial Innovation Canada ("BIC") whereby the Company and certain commercialization service providers will carry out a project titled, "*Development of a Hydrochemolytic Pilot Unit for Upgrading Asphaltene and Waste Plastics*" for the purpose of designing, commissioning and building a revenue generating, pilot-scale start-up unit to process potential customers' feedstock to demonstrate the Company's patented HPU technology. On March 15, 2022, the agreement was amended, and the term of the CSA was changed to January 31, 2023, from March 31, 2022. The total project cost is $1,826,888 (being $445,720 in cash and $1,381,168 in-kind) and Aduro's contribution is $1,396,888 (being $195,720 in cash and $1,201,168 in-kind). Aduro paid the required 100% of its contribution to BIC prior to the start of service. To date BIC has requested a payment of $30,000 which was paid in January 2021 and expensed to research and development. The CSA includes a commercialization rebate estimated to be approximately $250,000 net of taxes. The commercialization rebate accrued to date is $250,000, all of which has been used for payments made by BIC. For the purposes of the financial statements, the commercialization rebate accrued, and the expenses related to the payments made by the BIC have been offset as this treatment reflects the settlement arrangement under the CSA and that the expenses might not have been incurred unless the commercialization rebate was available.

Expressed in Canadian Dollars

Patents controlled by the Company not recognized as an intangible asset

The Company has control over various patents that were not recognized by the Company as an asset as it was not possible to determine whether the assets meet the recognition criteria of IAS 38 Intangible Assets.

The Company has recognized all expenses incurred in developing these patents under Research and development in the Statements of Loss and Comprehensive Loss.

As at February 28, 2023, the Company had incurred $652,837 (May 31, 2022: $556,927) in patent development costs.

9. DEBT

As at February 28, 2023 and May 31, 2022, the Company's debt instruments were as follows:

	February 28, 2023 $	May 31, 2022 $
Working capital loan – BDC	**23,864**	38,849
Accrued interest - working capital loan – BDC	**160**	213
Term loan	**11,216**	19,233
Total debt	**35,240**	58,295
Less current portion:		
Working capital loan – BDC	**19,980**	19,980
Accrued interest - working capital loan – BDC	**160**	213
Term loan	**11,216**	10,742
Total current portion	**31,356**	30,935
Total non-current portion	**3,884**	27,360

<u>Working capital loan – BDC</u>

On August 21, 2017, the Company entered into a loan agreement (the "LA") with the Business Development Bank of Canada (the "BDC") whereby the Company received a $100,000 working capital loan. The loan bears interest at the BDC's floating base rate (5.05% at inception) plus a variance (3.4% at inception). The original term of the loan is 60 months with the principal balance, interest and all other amounts owing under the loan being due and payable by the maturity date. The loan is secured by a personal guarantee from the president of the Company. The outstanding balance and all accrued interest may be repaid at any time without penalty. On September 8, 2020 and on March 17, 2021, the Company and the BDC amended the agreement (the "Amending Letter") which updated the amending and standstill agreement dated September 8, 2020. The Amending Letter outlined the new repayment amounts and repayment dates together with a new maturity date of May 8, 2024. The working capital loan will be repaid by 32 monthly principal payments of $1,665 with a final payment of $554 on May 8, 2024. As at February 28, 2023, the BDC's floating base rate was 8.80% (May 31, 2022 - 5.30%) and the all-in interest rate (floating base rate and variance) was 12.20% (May 31, 2022 - 8.70%).

<u>CEBA</u>

On April 20, 2020, the Company received, through TD Bank Canada Trust, a $40,000 loan ("Loan"). During the initial term expiring on December 31, 2022, the Company is not required to repay any portion of the Loan and no interest will be paid. The Loan can be repaid at any time without penalty. If the Company repays at least 75% of the Loan on or before December 31, 2022, the remaining balance of the Loan will be forgiven ("Early Repayment Forgiveness"). During the extended term starting January 1, 2023, and expiring on December 31, 2025, the Company will pay interest at the rate of 5% per annum on a monthly basis. On September 10, 2021, the Loan was fully redeemed for $30,000 with the balance of $10,000 forgiven under the Early Repayment Forgiveness. Up to the date that the Loan was fully redeemed, there was interest expense of $1,411 recognized but not payable due to the redemption. Included for the year ended May 31, 2022, under Loss on settlement of debt in the Consolidated Statements of Loss and Comprehensive Loss is the gain of $11,411 resulting from the redemption of the Loan.

Expressed in Canadian Dollars

Convertible notes

Between February 1, 2013, and August 30, 2015, the Company entered into seven note purchase agreements (the “NPAs”) with investors whereby the investors purchased convertible notes (the “CNs”) totaling US$60,797 from the Company. The CNs bear interest at 8.5% to 13% per annum and the principal balance and accrued interest are due and payable on or after maturity. Of this amount, US$4,200 was purchased by an officer of the Company (See Note 12).

Between June 17, 2017, and February 12, 2019, the Company entered into six NPAs with investors whereby the investors purchased CNs totaling $285,000 from the Company. The CNs bear interest at 8.5% per annum, compounded annually and the accrued interest is payable upon the earlier of the maturity date or an equity financing. A $100,000 CN sold on June 17, 2017 was secured on the Company’s expected entitlement to a Scientific Research and Experimental Development tax credit for the years ending November 30, 2017 to November 30, 2019.

On January 27, 2020, the Company entered into three NPAs with investors whereby the investors purchased CNs totaling $30,000 from the Company. The CNs bear interest at 8.5% per annum and the accrued interest is payable upon the earlier of the maturity date or a next equity financing.

In August and September 2020, all outstanding NPAs and CNs were amended (“Amendment”). Under the Amendment, the interest rate remained unchanged, but the maturity dates were extended to August 31, 2022 (the “Maturity Date”). In addition, if, prior to the Maturity Date, the First Milestone (“FM”) is achieved, then on the FM achievement date, each CN will automatically convert into the number of special warrants as determined under the Amendment by the specified formula based on the greater of i) 5 cents and ii) 65% of the 5 day VWAP prior to the FM achievement date. In the event that an ensuing automatic conversion has not already occurred, all accrued interest is due and payable at the Maturity Date. The Amendment included a restrictive covenant whereby the holders undertake not to: (i) take any action for enforcement of the CN; (ii) make a claim against the Company for default of any term of the CN prior to maturity; and (iii) demand any repayment of interest or principal prior to maturity and confirm that upon completion of the Transaction, their only right under the CN prior to maturity is the entitlement to receive special warrants upon achievement of the FM.

On January 18, 2022, the FM was achieved which resulted in the outstanding balance on the convertible notes being converted into common shares. The convertible notes holders received 1,032,207 common shares with a fair value of $815,443 in settlement of the $558,719 outstanding balance on the notes as of January 18, 2022 resulting in a non-cash loss on the redemption of the convertible notes of $256,724 recognized during the year ended May 31, 2022, and included under Loss on settlement of debt in the Consolidated Statements of Loss and Comprehensive Loss.

Term Loan

On February 17, 2021, the Company entered into a conditional sale contract (the “CS”) to purchase a motor vehicle. At the start date of the CS, the balance was $34,771 which is to be repaid by 36 monthly repayments of $966. The interest rate under the CS is fixed at 5.99%.

The Company’s exposure to foreign exchange and liquidity risk related to debt is disclosed in Note 19.

Scheduled principal and accrued interest payments

As at February 28, 2023, the scheduled principal and accrued interest until maturity were as follows:

	Working Capital Loan – BDC **$**	**Term loan** **$**	**Total** **$**
2023	20,140	11,216	31,356
2024	3,884	-	3,884

The scheduled payments in this table do not take into account any mandatory conversion of the convertible notes, exercise of the early termination options, and/or Early Repayment Forgiveness.

Expressed in Canadian Dollars

Debt continuity

The net change in debt during the nine months ended February 28, 2023 and the year ended May 31, 2022 was as follows:

	February 28, 2023 $	**May 31, 2022** $
Starting balance	**58,295**	656,312
Cash flows:		
Principal debt repayments – working capital loan - BDC	**(14,985)**	(19,980)
Principal repayment – CEBA	**-**	(30,000)
Principal repayment – term loan	**(8,017)**	(10,145)
Non-cash changes:		
Convertible notes extinguished with common shares	**-**	(558,719)
Gain on settlement of CEBA loan	**-**	(10,000)
Accrued interest – convertible notes	**-**	26,949
Accrued interest – working capital loan - BDC	**(53)**	(184)
Changes in foreign exchange rate	**-**	4,062
Ending balance	**35,240**	58,295

10. LEASE LIABILITY

The Company’s lease liability as at February 28, 2023, and May 31, 2022 was as follows:

	February 28, 2023 $	**May 31, 2022** $
Gross lease obligations	**170,687**	219,719
Deferred finance charges	**(25,418)**	(36,370)
Total lease liability	**145,269**	183,349
Less: Current portion	**43,121**	46,126
Non-current portion	**102,148**	137,223

Interest on lease liabilities included in finance costs (Note 15)	**10,594**	2,707
Incremental borrowing rate at Initial Application date	**8.45%**	8.45%
Total cash outflow for the lease liability	**46,729**	29,071

The Company’s exposure to liquidity risk related to lease liability is disclosed in Note 19.

11. SHARE CAPITAL

Common and Preferred Shares:

Authorized:

i. Unlimited common shares without par value
ii. Unlimited preferred shares without par value

Issued and outstanding:

As at February 28, 2023, the issued and outstanding common shares of the Company consisted of 58,279,584 common shares and nil preferred shares (May 31, 2022: 52,303,039 common shares and nil preferred shares).

On October 22, 2020, the Company entered into a securities exchange agreement ("SEA") with Aduro's security holders (the "TV"s) and Aduro. On the achievement of the FM on January 18, 2022, 13,333,328 common shares were issued for no additional consideration. The TVs received 12,301,121 common shares while the convertible notes holders received 1,032,207 common shares with a fair value of $815,443 in settlement of the $558,719 outstanding balance on the notes (See Note 9).

On April 8, 2022, the Company issued 2,226,036 units (the "**April 2022 Unit**") at a price of $0.70 per April 2022 Unit for aggregate gross proceeds of $1,558,225. On April 27, 2022, the Company issued 1,134,916 April 2022 Units for aggregate gross proceeds of $794,441. Including both tranches, the cumulative April 2022 Units issued were 3,360,952 for gross proceeds was $2,352,666. Each April 2022 Unit was comprised of one common share of the Company and one Common Share purchase warrant (each, a "**April 2022 Share Warrant**"). Each April 2022 Share Warrant entitles the holder to acquire one additional common share at a price of $1.00 per common share, for a period of two years from the closing date. The warrants are also subject to an acceleration right held by the Company if the shares have a closing price of $1.25 or greater per common share on the Canadian Securities Exchange (or such other exchange on which the Shares may be traded at such time) for a period of ten (10) consecutive trading days at any time from the date that is four months and one day after the closing date. The Company paid $109,784 in finder's fees, and $43,052 in legal fees recorded as share issuance cost, and issued 153,620 finder's warrants (the "**April 2022 Finder Warrants**") to certain finders in connection with the Offering. Each April 2022 Finder Warrant is exercisable into one share at a price of $1.00 per common share for a period of two years after the closing date.

On July 19, 2022, the Company completed a non-brokered private placement pursuant to which it has issued an aggregate of 2,599,579 units (each, a "**July 2022 Unit**"), at a price of $0.72 per July 2022 Unit for gross proceeds of $1,871,697. Each July 2022 Unit is comprised of one common share and one-half of one common share purchase warrant (the "**July 2022 Share Warrant**"). Each July 2022 Share Warrant entitles the holder to acquire one common share at an exercise price of $1.00 per common share for a period of two years from the closing date. The warrants are also subject to an acceleration right held by the Company if the shares have a closing price of $1.25 or greater per common share on the Canadian Securities Exchange (or such other exchange on which the common shares may be traded at such time) for a period of ten (10) consecutive trading days at any time from the date that is four months and one day after the closing date. The Company paid $18,664 in legal fees recorded as share issuance cost.

During the year ended May 31, 2022, 1,700,401 February 2021 Share Warrants were exercised at an exercise price of $0.50 resulting in the issue of 1,700,401 common shares and gross proceeds of $850,201.

During the nine month period ended February 28, 2023, 2,402,403 February 2021 Share Warrants were exercised at an exercise price of $0.50, 453,728 May 2021 Share Warrants were exercised at an exercise price of $0.80, 68,875 February 2021 Finder Warrants were exercised at an exercise price of $0.30, 1,960 May 2021 Finder Warrants were exercised at an exercise price of $0.80, 300,000 options were exercised at an exercise price of $0.65, and 150,000 granted Restricted Share Units vested, resulting in the issue of 3,376,966 common shares and gross proceeds of $1,781,413.

As at February 28, 2023, 9,885,194 (May 31, 2022: 13,180,258) common shares were being held in escrow.

Special Warrants

On the closing of the Transaction, the Company issued 26,666,656 special warrants (the "SWs"), consisting of 13,333,328 Class A special warrants (the "ASWs") and 13,333,328 Class B special warrants (the "BSWs") at a deemed price equal to the Company's discounted share price (as defined), to Aduro's special warrant trustee to be held in trust until distributed on the FM achievement date. The SWs are convertible for no additional consideration into the Company's Shares on a one-for-one basis upon the later of the achievement of the FM in the case of the ASWs or the achievement of the second milestone ("SM") in the case of the BSWs, as applicable, and the distribution of the SWs by the trustee. The FM was achieved on January 18, 2022, resulting in the 13,333,328 ASWs distributed and automatically converted on a one-for-one basis into common shares of the Company for no additional consideration. The convertible notes holders received 1,032,207 common shares in settlement of the $558,719 outstanding balance on the notes and the TVs received 12,301,121 common shares. The 13,333,328 BSWs special warrants were issued to the TVs in accordance with the terms of the SEA and were outstanding as at February 28, 2023.

Expressed in Canadian Dollars

Stock Options:

On June 18, 2021, 50,000 options were granted to an adviser at an exercise price of $0.80 for a term of two years. On February 7, 2022, 300,000 options were granted to an investor relations consultant at an exercise price of $0.75 for a term of two years. On February 22, 2022, the Company granted 1,325,000 options to directors, officers, employees and an adviser at an exercise price of $0.72 for a term of ten years. On June 20, 2022, the Company granted 400,000 stock options to an officer at an exercise price of $0.70 for a term of ten years and 150,000 stock options to a consultant at an exercise price of $0.70 for a term of two years. On December 29, 2022, the Company granted 2,075,000 options to directors, officers, employees and an adviser at an exercise price of $1.00 for a term of five years.

A continuity schedule of the incentive stock options is as follows:

	February 28, 2023			**May 31, 2022**		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding and exercisable, beginning of period/year	5,424,999	$	0.6781	3,749,999	$	0.6559
Granted	2,625,000		0.9371	1,675,000		0.7278
Exercised	(300,000)		0.6500	-		-
Cancelled	(425,000)		0.7371	-		-
Outstanding, end of period/year	**7,324,999**	**$**	**0.7686**	**5,424,999**	**$**	**0.6781**
Exercisable, end of period/year	**4,740,326**	**$**	**0.7009**	**3,761,857**	**$**	**0.6649**
Weighted average life (years)	**7.06**			**8.35**		

The fair value of the stock options granted were estimated using the Black-Scholes option pricing model based on the following assumption ranges:

Risk-free interest rate	from 0.33% to 3.41%
Expected life	from 2 to 10 years
Expected volatility	from 100% to 211.86%
Dividend rate	Nil

For the three and nine months ended February 28, 2023, an expense of $742,182 and $1,342,164 (2022: $266,788 and $1,341,475) respectively was recognized for services provided based on vesting conditions of stock options. The amount recognized reflected the vesting duration of the options.

Expressed in Canadian Dollars

Share Purchase Warrants:

As at February 28, 2023, the following table details the share purchase warrants issued by the Company:

Description	Issue Date	Issued	Outstanding at February 28, 2023	Fair value at February 28, 2023	Exercise price	Term (years)
2020 Finder Warrants	September 2, 2020	18,000	-	$ -	$ 0.21	2
February 2021 Share Warrants	February 4, 2021	5,632,715	1,529,911	$ 151,921	$ 0.50	4
February 2021 Finder Warrants	February 4, 2021	75,945	-	$ -	$ 0.30	2
April 2021 Share Warrants	April 23, 2021	2,813,357	2,813,357	$ 289,494	$ 0.50	4
May 2021 Share Warrants	May 14, 2021	1,908,433	1,454,705	$ 706,474	$ 0.80	2
May 2021 Finder Warrants	May 14, 2021	126,681	124,721	$ 65,940	$ 0.80	2
April 2022 Share Warrant	April 8, 2022	2,226,036	2,226,036	$ 645,582	$ 1.00	2
April 2022 Finder Warrants	April 8, 2022	114,720	114,720	$ 36,710	$ 1.00	2
April 2022 Share Warrant	April 27, 2022	1,134,916	1,134,916	$ 295,074	$ 1.00	2
April 2022 Finder Warrants	April 27, 2022	38,900	38,900	$ 10,946	$ 1.00	2
July 2022 Share Warrant	July 19, 2022	1,299,788	1,299,788	$ 429,542	$ 1.00	2
		15,389,491	**10,737,054**	**$ 2,631,683**		
Weighted average exercise price and remaining term (in years)					**$ 0.7683**	**1.40**

A continuity schedule of the number of share purchase warrants and their carrying amounts is as follows:

	Total
Outstanding and exercisable, May 31, 2021	**10,557,131**
Issued	3,514,572
Cancelled/Expired/Exercised	(1,700,401)
Outstanding and exercisable, May 31, 2022	**12,371,302**
Issued	1,299,788
Cancelled/Expired/Exercised	(2,934,036)
Outstanding and exercisable, February 28, 2023	**10,737,054**
Carrying amount, May 31, 2022	$ 2,668,445
Carrying amount, February 28, 2023	**$ 2,631,683**

The carrying amounts of the February 2021 Finder Warrants, May 2021 Finder Warrants and April 2022 Finder Warrants are recognized as part of contributed surplus while the carrying amount of the other share purchase warrants are included in warrant reserve.

During the year ended May 31, 2022, 1,700,401 February 2021 Share Warrants were exercised at an exercise price of $0.50 resulting in the issue of 1,700,401 common shares and $168,850 reduction in the carrying value of share purchase warrants.

Expressed in Canadian Dollars

During the nine month period ended February 28, 2023, 2,402,403 February 2021 Share Warrants were exercised at an exercise price of $0.50, 453,728 May 2021 Share Warrants were exercised at an exercise price of $0.80, 68,875 February 2021 Finder Warrants were exercised at an exercise price of $0.30, 1,960 May 2021 Finder Warrants were exercised at an exercise price of $0.80, and 7,070 February 2021 Finder Warrants expired unexercised, resulting in the issue of 2,926,966 common shares and $466,305 reduction in the carrying value of share purchase warrants.

The fair value of the warrants issued were estimated using the Black-Scholes option pricing model based on the following assumption ranges:

Risk-free interest rate	from 0.19% to 3.30%
Expected life	from 2 to 4 years
Expected volatility	from 84.92% to 148.58%
Dividend rate	Nil

As at February 28, 2023, 1,083,853 (May 31, 2022: 1,445,137) April 2021 Share Warrants were being held in escrow.

12. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include all the directors and officers of the Company.

During the three and nine months ended February 28, 2023, and 2022, compensation of key management personnel was as follows:

	Three months ended February 28, 2023 $	**Three months ended February 28, 2022 $**	**Nine months ended February 28, 2023 $**	**Nine months ended February 28, 2022 $**
Salary and related costs	**114,974**	39,545	**328,617**	86,918
Professional fees	**123,410**	66,333	**368,534**	205,985
Share-based compensation expense (Note 18)	**394,434**	75,981	**685,771**	591,397
	632,818	181,859	**1,382,922**	884,300

As at February 28, 2023 and May 31, 2022, the outstanding balances for related parties was comprised of the following:

	February 28, 2023 $	**May 31, 2022 $**
Due to key management personnel	**44,448**	44,579
Due from key management personnel	**78,073**	62,057

These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

On January 18, 2022, there was a CN with a principal balance of US$4,200 and interest payable of US$4,896 outstanding to one of the key management personnel that was extinguished following the achievement of the FM by the Company issuing 21,054 common shares with a fair value of $16,633. Accrued interest recognized as an expense on this CN for the year ended May 31, 2022 was $435.

Expressed in Canadian Dollars

13. CONTRACTUAL OBLIGATIONS

National Capital Markets

In May 2021, the Company appointed National Capital Markets to provide public relations and investor relations services. The Company will pay a monthly fee of $11,000 for ongoing services and the agreement will continue until either party terminates after providing 30 days' notice. The agreement was amended whereby starting in January 2022 the fee will be based on work carried out rather than a monthly fee.

Investor Cubed Inc.

On February 8, 2022, the Company engaged Investor Cubed Inc. ("Investor Cubed") to provide financial consulting and investor relations services in Canada. The consulting agreement (the "IC Agreement") provides for a fee of $7,500 per month and the granting of 300,000 options on February 7, 2022, vesting quarterly, in equal installments. The IC Agreement will continue monthly for twelve months. Thereafter either party may terminate the IC Agreement, by providing 30 days written notice on or before each three-month period end. The agreement was amended on September 1, 2022, whereby the term of the agreement was amended to nine months ending on May 31, 2023. Starting in October 2022, no monthly fees will be charged. 75,000 options granted on February 7, 2022 and originally vesting on February 7 2023 were cancelled.

Investing Publishing LLC

On June 29, 2022, the Company entered into an investor relations agreement with Investment Publishing LLC ("Investment Publishing") to provide investor relations services. The consulting agreement (the "IP Agreement") provides for a fee of $8,000 per month. The IP Agreement will continue on a monthly basis for twelve months and either party may terminate the IP Agreement by providing 30 days written notice. On June 20, 2022, 150,000 Options were granted to the principal of Investment Publishing in his capacity as a consultant of the Company.

14. REVENUE

The Company entered into a collaboration agreement with a confidential publicly traded organisation for execution of a proof of concept and evaluation of the Company's HPU technology. Revenue in the amount of $58,290, recognized in the Statements of Loss and Comprehensive Loss, resulted from services completed during the three month period ending February 28, 2023 pursuant to the collaboration agreement.

15. FINANCE COSTS

Finance costs recognized in the Statements of Loss and Comprehensive Loss are comprised of the following:

	Three months ended February 28, 2023 $	**Three months ended February 28, 2022 $**	**Nine months ended February 28, 2023 $**	**Nine months ended February 28, 2022 $**
Lease finance charges	**3,311**	32	**10,594**	745
Interest on debt:				
Working capital loan – BDC	**769**	901	**2,501**	2,939
Convertible notes	**-**	5,647	**-**	26,949
CEBA	**-**	-	**-**	264
Term loan	**184**	339	**676**	1,140
Other finance costs	**-**	-	**17**	3,847
Total Finance Costs	**4,264**	6,919	**13,788**	35,884

Expressed in Canadian Dollars

16. GENERAL AND ADMINISTRATIVE

General and administrative expenses recognized in the Statements of Loss and Comprehensive Loss are comprised of the following:

	Three months ended February 28, 2023 $	Three months ended February 28, 2022 $	Nine months ended February 28, 2023 $	Nine months ended February 28, 2022 $
Investor relations and communication costs	**82,019**	157,431	**263,043**	625,896
Conferences	**22,700**	3,000	**48,798**	16,705
Automobile	**1,103**	1,923	**3,562**	13,170
Bank charges	**2,019**	1,640	**5,266**	5,652
Office and general	**61,191**	18,588	**126,566**	52,492
Professional fees	**151,570**	135,141	**381,048**	415,524
Salary and related costs	**153,785**	26,361	**423,618**	55,115
Transfer agent and filing costs	**27,872**	25,040	**72,849**	100,603
Travel	**32,096**	20,270	**152,439**	57,227
Other	**10,722**	6,215	**25,293**	15,330
Total General and Administrative	**545,077**	395,609	**1,502,482**	1,357,714

17. RESEARCH AND DEVELOPMENT

Research and development expenses recognized in the Statements of Loss and Comprehensive Loss are comprised of the following:

	Three months ended February 28, 2023 $	Three months ended February 28, 2022 $	Nine months ended February 28, 2023 $	Nine months ended February 28, 2022 $
Project related expenses	**195,940**	169,403	**560,659**	323,011
Salary costs allocated	**202,354**	102,255	**544,734**	258,664
Payments to research partner	**7,500**	-	**32,500**	49,526
Professional fees – patent development costs	**30,224**	27,395	**95,910**	75,604
Consultant fees paid by share based payment (Note 18)	**-**	-	**-**	1,384
Total research and development	**436,018**	299,053	**1,233,803**	708,189

Expressed in Canadian Dollars

18. SHARE-BASED COMPENSATION EXPENSE

Share-based compensation expenses recognized in the Statements of Loss and Comprehensive Loss are comprised of the following:

	Three months ended February 28, 2023 $	Three months ended February 28, 2022 $	Nine months ended February 28, 2023 $	Nine months ended February 28, 2022 $
Expense recognized for services provided based on vesting conditions of stock options (Note 11)	**742,182**	266,788	**1,342,164**	1,341,475
Expense recognized for services provided based on vesting conditions of restricted share units (Note 11)	**135,000**	-	**135,000**	-
Consultant fees for research and development (Note 17)	**-**	-	**-**	1,384
Total share-based compensation expense	**877,182**	266,788	**1,477,164**	1,342,859

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Interest rate risk

The Company is exposed to interest rate risk on its working capital loan to the extent that BDC's floating base rate and variance change. A one percent change in the interest rate would have had an immaterial impact on finance costs for the nine months ended February 28, 2023 and 2022. The remaining debt and lease liability have fixed cost of funds rate until maturity though subject to interest rate fluctuations if refinanced.

Foreign exchange risk

The Company is primarily exposed to foreign currency fluctuations in relation to its US dollar trade payables. U.S. dollar financial instruments subject to foreign exchange risk are summarized below. The Company has assessed the risk and decided not to hedge the risk.

(US$)	February 28, 2023 $	May 31, 2022 $
Cash and cash equivalents	**200**	245
Trade payables	**14,199**	82,976
Net US dollar exposure	**14,399**	83,221

As at February 28, 2023, with other variables unchanged, a $0.10 change in the Canadian dollar against the US dollar would result in a $1,440 pre-tax loss (May 31, 2022: $8,322) from the Company's financial instruments.

Credit risk

Credit risk arises from cash and cash equivalents held with a bank as well as credit exposure to customers in the form of outstanding trade and other receivables but excluding balances receivable from government entities. The maximum exposure to credit risk is equal to the carrying value of the Company's cash which reflects management's assessment of the credit risk which at February 28, 2023 was $1,416,953 (May 31, 2022: $2,110,785).

Impairment losses

The allowance for doubtful accounts in respect of trade and other receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible. At that point the amounts are considered unrecoverable and are written off against the financial asset directly. The Company did not record any impairment for the nine months ended February 28, 2023 and the year ended May 31, 2022.

Expressed in Canadian Dollars

Liquidity risk

Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they become due. The Company manages liquidity risk through management of its cash and cash equivalents and working capital balances which is made up of trade payables, other current liabilities, project contributions payable, working capital loans and other debt.

The table below provides an analysis of the expected maturities of the Company's outstanding obligations as at February 28, 2023 and May 31, 2022:

			Due prior to		
	Amount	**2023**	**2024**	**2025**	**2026+**
	$	**$**	**$**	**$**	**$**
Trade payables and other current liabilities	376,248	376,248	-	-	-
Debt (Note 9)	35,240	31,356	3,884	-	-
Lease liability (Note 10)	145,269	43,121	26,936	30,953	44,259
Total expected maturities	556,757	450,725	30,820	30,953	44,259

			Due prior to		
	Amount	**2023**	**2024**	**2025**	**2026+**
	$	**$**	**$**	**$**	**$**
Trade payables and other current liabilities	585,104	585,104	-	-	-
Debt (Note 9)	58,295	30,935	27,360	-	-
Lease liability (Note 10)	183,349	46,126	41,490	27,851	67,882
Total expected maturities	826,748	662,165	68,850	27,851	67,882

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income (loss) or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

Capital management

Management is focused on several objectives while managing the capital structure of the Company, specifically:

- Ensuring the Company has the financing capacity to execute its business plan and meet its strategic objectives while capitalizing on opportunities that add value for the Company's shareholders;
- Maintaining a strong capital base; and
- Safeguarding the Company's ability to continue as a going concern, such that it provides returns for shareholders and benefits for other stakeholders.

20. OPERATING SEGMENTS

Reportable Segments

The business is in early stage focusing on developing environmentally responsible technology for converting end-of-life plastics and tire rubber to specialty chemicals and fuels that replace petroleum, upgrading of heavy crude oils and the transformation of renewable oils into renewable fuels and specialty chemicals. For management purposes, the Company activities are managed and monitored by senior management as one operating segment. The financial statements included are the same financial statements that management uses to monitor the performance of the Company and for the allocation of resources.

Expressed in Canadian Dollars

Entity Wide Disclosures

As at, and for the period and year ended February 28, 2023 and May 31, 2022, the Company's operations and assets were in Canada. As an early-stage development company, the Company was not yet generating sustainable revenues from its development activities.

The revenues of $58,290 for the three and nine months ended February 28, 2023 related to revenue earned following the completion of services pursuant to a collaboration agreement with a confidential publicly traded organisation for execution of a proof of concept and evaluation of the Company's HPU technology (Note 14).

21. SUPPLEMENTAL CASH FLOW INFORMATION

For the nine months ended February 28, 2023 and 2022, the net change in non-cash working capital balances consists of the following:

	February 28, 2023 $	February 28, 2022 $
Trade and other receivables	**(151,507)**	(93,849)
Prepaid expenses	**38,838**	(107,360)
Trade payables and other current liabilities	**(207,262)**	26,651
Project contributions payable	**464**	(12,138)
Net change in non-cash working capital balances	**(319,467)**	(186,696)

22. SUBSEQUENT EVENTS

Private Placement

On April 3, 2023, the Company completed a non-brokered private placement pursuant to which it has issued an aggregate of 4,222,056 units (each, a "April 2023 Unit"), at a price of $0.93 per April 2023 Unit for gross proceeds of $3,926,512. Each April 2023 Unit is comprised of one common share and one-half of one common share purchase warrant (the "April 2023 Share Warrant"). Each April 2023 Share Warrant entitles the holder to acquire one common share at an exercise price of $1.30 per common share for a period of two years from the closing date. The warrants are also subject to an acceleration right held by the Company if the shares have a closing price of $1.60 or greater per common share on the Canadian Securities Exchange (or such other exchange on which the common shares may be traded at such time) for a period of ten (10) consecutive trading days at any time from the date that is four months and one day after the closing date. The Company paid cash finder's fee of $119,615, paid $20,981 in legal fees recorded as share issuance cost, and issued 128,617 finder's warrants (the "April 2023 Finder Warrants") to certain finders in connection with the Offering. Each April 2023 Finder Warrant is exercisable into one share at a price of $1.30 per common share for a period of two years after the closing date.

Exercise of warrants

Subsequent to February 28, 2023, 469,090 share purchase warrants were exercised at an exercise price of $0.80 for total proceeds of $375,272.

ADURO CLEAN TECHNOLOGIES INC.

Management Discussion & Analysis

For the three and nine months ended February 28, 2023 and 2022

(Expressed in Canadian Dollars)

Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended February 28, 2023

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Aduro Clean Technologies Inc. (the "Company") should be read in conjunction with the Company's interim condensed consolidated financial statements and notes thereto for the three and nine months ended February 28, 2023 (the "Financial Statements") and the audited financial statements for the year ended May 31, 2022 and the accompanying notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A has been prepared as of May 1, 2023, pursuant to the disclosure requirements under National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102") of the Canadian Securities Administrators ("CSA").

All dollar amounts are expressed in Canadian dollars. This MD&A contains forward-looking information within the meaning of Canadian securities laws, and the use of non-IFRS measures (the "Non-IFRS Measures"). Refer to "Cautionary Statement Regarding Forward-Looking Statements" and "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" included within this MD&A. This MD&A and the Company's annual audited financial statements and other disclosure documents required to be filed by applicable securities laws have been filed in Canada on SEDAR at www.sedar.com. Additional information can also be found on the Company's website at https://adurocleantech.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" that reflect the Company's current expectations and projections about its future results. Forward-looking statements are statements that are not historical facts, and include, but are not limited to: estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, capital raising initiatives, the impact of industry and macroeconomic factors on the Company's operations, and market opportunities; and statements regarding future performance. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements, including those identified by the expressions "considers", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved", or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "will", "intends", and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

The global pandemic related to an outbreak of the novel coronavirus disease ("COVID-19") has cast uncertainty on each of the underlying assumptions. There can be no assurance that they continue to be valid. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on the Company's business remain unknown at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, and potential future decreases in revenue or profitability of the Company's ongoing operations.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties, and other factors, most of which are difficult to predict and are generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to, those set forth under "Risks and Uncertainties" below. Forward looking statements in this MD&A include, but are not limited to, the plans of the Company to implement a business model of licensing, royalties and research and development ("R&D"); the intention of the Company to achieve monetization of its clean energy platform by implementation of its business model, thereby reducing its need for cash while enabling an expedient path to commercialization; the Company's plan to develop commercial partnerships by means of demonstration projects; the Company's plans to capitalize on significant growth potential in the clean energy technology sector through the advancement and commercialization of the Company's proprietary technology; the Company's plans to continue to raise equity financing in order to execute its business plan, maintain a strong capital base and safeguard the Company's ability to continue as a going concern such that it can provide future returns for shareholders and benefits for other stakeholders; the Company's plan to engage potential partners and customers through demonstration projects; and the Company's plan to develop, build and supply a pre-commercial pilot plant as a necessary step in it's commercialisation program.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations and projections. In particular, risk that could change or prevent these statements from coming to fruition include, but are not limited to, that the Company may be unable to implement its business model as anticipated or at all due to a variety of reasons, including lack of future financing and capital, changes in technology or due to competition; the Company may be unable to achieve commercialization of its technology for various reasons; the Company may fail to develop significant commercial partnerships and competitors may offer more attractive products or alternatives; the Company may be unable to engage any potential partners or customers through demonstration projects; the Company may be unable to develop, build and supply a pre-commercial pilot plant; the clean energy technology sector may not develop as anticipated or the Company's technology may otherwise become obsolete; and the Company may be unable to raise additional financing in order to advance its business or continue operations until it can generate significant revenues.

The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities law.

The forward-looking statements contained herein are based on information available as of May 1, 2023.

Cautionary Statement Regarding Non-IFRS Performance Measures

This MD&A makes reference to certain Non-IFRS financial measures that are used by management to evaluate the Company's performance which are commonly used by financial analysts in evaluating the financial performance of companies, including companies in the medical and technology industry. Accordingly, we believe that the Non-IFRS Financial Measures may be useful metrics for evaluating the Company's financial performance, as they are measures that we use internally to assess the Company's performance, in addition to IFRS measures. Readers are cautioned that the Non-IFRS Financial Measures do not have a standardized meaning and should not be used in isolation or as a substitute for net (loss) income, cash flows from operating activities or other income or cash flow statement data prepared in accordance with IFRS.

ACHIEVEMENT OF FIRST MILESTONE

On January 18, 2022, Aduro Energy Inc. ("Aduro"), the Company's wholly owned subsidiary, achieved the first milestone defined in the securities exchange agreement dated October 22, 2021, as amended (the "**SEA**") (the "**First Milestone**"). It occurred upon receipt of a report covering Aduro's patented chemical conversion technology, issued by Dr. Paul Charpentier, an expert in chemistry and alternative energy applications. Developed and already proven using lab-scale batch reactors, the objective of the First Milestone was to demonstrate that Aduro Hydrochemolytic™ Technology **("HCT")** also works in a continuous-flow lab reactor operating as envisioned for commercial systems. In the demonstration, Alberta bitumen with an "API gravity" (density) of 14.6 ºAPI was upgraded to lighter petroleum with a density of 19.5 ºAPI, the higher ºAPI corresponding to lower density and higher market value.

The successful operation of HCT in continuous-flow mode provides the foundation for current engineering activities directed towards process scaleup to larger pilot reactors, pre-commercial demonstration systems, and full-scale commercial operations. Additionally, results from the First Milestone efforts are also being applied to expanding the HCT platform to make higher-value products from post-consumer plastics in a continuous-flow mode, which also has been proven in lab batch reactors. Together, these advances further validate the Aduro strategy of engaging potential partners and customers through demonstration projects.

OPERATIONS PROGRESS AND OUTLOOK

The information in this section is forward-looking and should be read in conjunction with the sections entitled "Cautionary statement regarding forward-looking statements" and "Risk Factors".

Aduro's operations plan for calendar year 2022 was to enable a significant uplift for its Hydrochemolytic™ technology development by moving the technology from lab-scale batch reactors into bench-scale, continuous-flow processing units. These new units support the Company's commercialisation program and provide the necessary tools to accelerate stakeholder engagement and the building of a commercial pipeline.

To accommodate its growth, the Company also commenced an expansion of its laboratory facilities. The expanded lab space will increase the Company's pilot space, accelerate its research and scale-up capabilities, host the new continuous flow units, and increase its capacity to host potential customer trials and demonstrations.

As of the date of this MD&A, the status of the continuous flow units and supporting equipment is as follows:

- Continuous-flow unit for processing end-of-life plastics: Design, procurement, fabrication, and assembly are complete, and the unit is ready to be commissioned.
- The bitumen Flash Drum unit, a vapor-liquid separator and a necessary pre-processing component for the continuous-flow bitumen upgrading unit to enable a higher degree of variation in product samples accepted from potential customers: Design, procurement, fabrication, and assembly are complete, and the unit is ready to be commissioned.
- Continuous-flow unit for upgrading bitumen: Design, procurement, and fabrication are complete, with the mechanical assembly of the unit expected to be completed in June 2023.

With the above key building blocks in place, the Company is well positioned with the necessary tools to accomplish its calendar year 2023 plans with a focus on expanding stakeholder engagement while advancing the Company's commercialisation interests.

The Company's outlook and main goals for calendar year 2023 are as follows:

- Continue to progress the existing discussions and projects currently ongoing.
- Accelerate and expand its stakeholder engagement by providing demonstration, analysis, and customer trials.
- Complete the design, procurement, and fabrication of the Company's planned continuous-flow, tons-per-day pilot for end-of-life plastic, with assembly and commissioning expected in calendar year 2024. The development phase for this unit has already started with preliminary design and materials and component scoping for the unit now completed.

BUSINESS PARTNERS AND AGREEMENTS

As part of its strategic planning, the Company has set stakeholder engagement, through technology demonstration, customer trials, and research projects, as one of its key goals to support and advance its commercialisation program.

As of the date of this MD&A, the ongoing stakeholder engagements were as follows:

On February 2, 2021, the Company announced that it has entered into discussions with Brightlands Chemelot Campus ("Brightlands"), an international shared innovation community located in Limburg, the Netherlands, to partner and develop the Hydrochemolytic™ technology for the chemical recycling of waste plastic.

The partnership's likely objective will be to initiate a project to complete an installation that applies the HCT to demonstrate, on a tons-per-day scale, the conversion of polyethylene ("PE") waste to useful feedstock for chemical processes. Interest in this project by Brightlands is a result of its comprehensive review of Aduro HCT, which concluded that HCT seems to offer distinct advantages over traditional pyrolysis for bringing PE into the circular economy through chemical recycling that generates valuable, high-purity products, such as value-added chemicals or feedstock for the production of new virgin PE.

Aduro and Brightlands continue to engage in discussions and Aduro is providing regular updates on its operational progress. Both organisations continue to evaluate the optimal strategy and timeline for the potential partnership and related project based on the stage in the development by Aduro of its pilot plant plans.

On March 29, 2022, the Company announced that it has entered a letter of intent with Switch Energy Corp. ("Switch") with the purpose of developing, building, and supplying a pre-commercial pilot plant to convert waste agricultural polyethylene into high-value products. Switch is a recycler and operator participating in Canada's agricultural and industrial film recycling program by owning and operating the largest collection program for agricultural waste in the province of Ontario.

The project is a stage-gated plan with three main phases. Phase one, includes the design and development of a pre-treatment process and unit to handle agricultural waste plastics, test runs, and process optimization, and the provision of the feedstock required. Phase two includes the design, building, and commissioning of the pilot plant. Phase three will detail the framework for expanding the pilot project into a post-pilot commercial phase. Aduro has successfully conducted the necessary laboratory testing on polyethylene and the project is now moving into the continuous flow testing phase on the Company's continuous flow plastic upcycling unit.

On September 13, 2022, the Company announced that it has entered into a Letter of Intent ("LOI") with Prospera Energy Inc. ("Prospera") to collaborate on a pilot plant for the partial upgrading of bitumen. Prospera is a Canadian heavy oil operator active in the exploration, development, and production of crude oil and natural gas in Western Canada.

The LOI outlines an 18-month plan with three phases. Phase one, includes the testing of bitumen feedstocks and the evaluation of the economics. Phase two includes preliminary engineering, identification of the pilot plant site, and reviewing of licenses and permits, as well as detailed budgeting and agreement to proceed with construction. Phase three includes the procurement, fabrication, construction, commissioning, and operation of a 50 bbl./day pilot plant. After completion of phase three, Aduro and Prospera will define a roadmap to commissioning a 3,000 bbl./day commercial facility. In consideration for the services provided in phase one, Prospera will pay Aduro a monthly fee of $25,000 CAD, with the total fees for the completion and delivery of phase one scope capped at $125,000 plus applicable taxes.

On October 27, 2022, the Company announced that its joint research project in partnership with the University of Western Ontario (“Western”) has been awarded $1.15 million in non-repayable funds by the National Sciences and Engineering Research Council ("NSERC") Alliance and Mitacs Accelerate Grants Program (“Mitacs”). Additionally, over the duration of the project, Aduro will contribute an additional amount of $382,500, for a total project budget of $1.53 million.

The objective of this research project is to evaluate the effects of intrinsic and extrinsic contaminants present in plastic feedstocks including food, organic waste, plasticizers, and fillers, under varying conditions to maximize output, quality, and yield. The project also aims to improve pre-and post-processing techniques. The commercial goal is to be able to develop optimal strategies that will minimize the need for expensive sorting and separation systems for pre-processing treatment. The project is expected to advance and further augment the implementation of Hydrochemolytic technology for chemical recycling of mixed post-consumer industrial and consumer plastics. All intellectual property generated from the project will be owned by Aduro and the project will employ 18 talented individuals all dedicated to Aduro’s commercialisation program with Aduro communicating on a bi-weekly basis with the Western University team.

On November 3, 2022, the Company announced its successful selection and acceptance into the Shell GameChanger Program to apply Aduro Hydrochemolytic technology for producing sustainable naphtha cracker feedstock from polyethylene, polypropylene, and polystyrene, individually or on a mixed-feed basis. Shell GameChanger is an accelerator program designed to partner with businesses to deliver innovative solutions that have the potential to drastically impact the future of energy and the transition to net-zero emissions.

To support the project, Shell will contribute non-dilutive funding with the contribution payments being spread over nine project phases, each phase and associated payment is contingent on meeting the objectives set for the previous phase. In addition, Shell will provide technical expertise to help Aduro develop reliable process designs and optimize the Hydrochemolytic technology for commercial implementation. Shell GameChanger will also mentor Aduro in developing its commercial strategy and market position.

On March 2, 2023, the Company announced that it entered a partnership with Chemelot Innovation and Learning Labs (CHILL) to execute an experimentation program at the Brightlands Chemelot Campus in Geleen, the Netherlands, with the aim to optimize its next-generation chemical recycling platform and to accelerate the company's path to commercialization. The Company is providing financial support to CHILL through a Platinum Partnership and in return receiving access to skilled researchers, specialized equipment for testing and analysis of data, and additional services including access to CHILL partner events and public relations campaigns.

On April 10, 2023, the Company engaged Common Cents Media, Social Purpose Corporation of Gig Harbor, WA (“Common Cents Media”), to provide marketing services through social media channels and online media distribution for an initial term of six months. The consulting agreement (the “CCM Agreement”) provides for a fee of USD $15,000 for the initial six-month term.

PRIVATE PLACEMENT

On July 19, 2022, the Company closed a non-brokered private placement offering of units. The Company issued 2,599,579 units at a price of $0.72 per unit for aggregate gross proceeds of $1,871,697. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one common share at a price of $1.00 per share, for a period of two years from the date the units are issued. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a closing price of $1.25 per share for ten (10) consecutive trading days, the Company may accelerate the expiry time of the Warrants by giving written notice to warrant holders by dissemination of a news release that the Warrants will expire 28 days from the date of providing such notice. No finders' fees were paid in connection with the closing. The proceeds of the Offering will be used for general working capital purposes.

BUSINESS OVERVIEW AND DESCRIPTION

The Company was incorporated in the Province of British Columbia on January 10, 2018, under the *Business Corporations Act* (British Columbia). On February 12, 2019, the Company's shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "DFT". On April 27, 2021, in connection with the Transaction (as defined below), the Company's shares were re-listed on the CSE under the symbol "ACT". On July 20, 2021, the Company's shares commenced trading on the OTCQB in the United States under the symbol "ACTHF" and on July 28, 2021, on the Frankfurt Exchange in Germany under the symbol "9D50". On April 23, 2021, the Company closed the transaction with Aduro and Aduro's security holders whereby the Aduro's security holders sold their shares to the Company such that all of the issued and outstanding common shares of Aduro are now wholly owned by the Company (the "**Transaction**"). As part of the closing of the Transaction, the Company changed its name to "Aduro Clean Technologies Inc." from Dimension Five Technologies Inc. From April 23, 2021, the Company's only activity was as a holding company and its only holding is the investment in Aduro. For additional information on the Transaction, please see the section of this MD&A entitled "Reverse Takeover" below.

Aduro is an early-stage, Ontario-based clean technology company that has developed a highly flexible chemical recycling platform featuring three water-based technologies: Hydrochemolytic™ Plastics Upcycling ("HPU"), Hydrochemolytic™ Bitumen Upgrading ("HBU"), and Hydrochemolytic™ Renewables Upgrading ("HRU"). As of today, the Company owns through acquisition and development, eight patents, seven granted and one pending.

Aduro's future business model is based principally on licensing, royalties, and research and development. However, the Company is still investigating different business models that may be a better fit to its operations. Monetization of the Aduro Clean Technologies platform through licensing model reduces the Company's need for capital while enabling a pathway to commercialization that management of the Company believes is relatively straightforward, timely, and capital efficient.

Aduro is developing commercial partnerships by means of demonstration projects. Management believes the effectiveness of this strategy has been demonstrated to be very effective for building a pipeline of customer interests and agreements. Among the intended business benefits are developing long term customer and partner relationships, a better understanding of geographical territories behaviors and characteristics and the potential impact of the technology from an environmental, social, and governance (ESG) criteria. Additional benefits are in gaining direct marketing information and guidelines that helps the Company shape its value proposition and tailor its offering to be most competitive in the market.

In addition to commercial partnerships, partnering with organisations such as research partners enable significant leveraging of the dollar value shareholders are committing into Aduro while advancing the Company's commercialisation interests.

For the founders of Aduro, Ofer Vicus, Chief Executive Officer ("CEO"), and Marcus Trygstad, Chief Technology Officer, the impetus for the formation of Aduro was the vision to develop hydrothermal upgrading technology ("HTU") for upgrading heavy oils. But through scientific research & development efforts, Aduro's management found that HTU also could be applied beneficially in the seemingly unrelated fields of plastic and tire rubber upcycling and renewable oil upgrading. Moreover, discoveries made while pursuing those new applications provided management with deeper insights into fundamental chemistry, including operating in connection with the original work on heavy oil. From this work, developed the current, versatile Aduro HCT platform, which is protected by eight patents (seven granted and one pending) (the "Intellectual Property").

Aduro directs its commercialization and technology development efforts toward these three principal application areas. Aduro technology transforms lower-value feedstocks into useful, higher-value chemical feedstocks and fuels. Although Aduro technology can be implemented in stand-alone operations, management believes its greatest economic relevance and impact is achieved through integration into thermal operation infrastructure at existing plants. Accordingly, Aduro aims to create strategic partnerships to demonstrate and implement the technology through licensing arrangements.

A key to this approach is the technology's versatility that may confer both economic and operational flexibility to minimize implementation risks and costs, while maximizing implementation speed. The following are examples of specific applications, under consideration or being pursued, which illustrate the technology's adaptability:

1) Plastics Upcycling. This application converts waste plastics into feedstocks for producing new plastics or hydrocarbon fuels. Possible implementations may include at (a) existing oil refineries for mass processing of waste plastic and tire rubber into petroleum streams; and (b) small and large waste disposal sites for direct production of fuels and high-value chemical feedstocks, thereby avoiding the negative impact of transportation emissions and reducing the footprint of the landfill in an advanced material processing ecosystem.

2) Bitumen Upgrading. Principally directed toward upstream bitumen production operations in Alberta but also may be applied in the 128 petroleum refineries in North America (or the 280 refineries globally) to enhance yields from the bottom-of-the-barrel bitumen output from vacuum distillation units.

3) Upgrading of Corn Distillers Oil. A byproduct from ethanol production, this oil may be converted to renewable diesel by a special configuration of HCT. Besides integration into the backend of ethanol plants, the HRU process may also be applied to renewable oils from crushed oil seed operations, beef and poultry processing plants, and existing biodiesel plants to produce renewable diesel and other renewable specialty chemicals.

Aduro is now working to establish a larger laboratory facility in London, Ontario. The new 4000 sq. ft. site will be used to support R&D, the Company's customer engagement program, the demonstration of the technology to potential customers, and the advancement of the Company's commercialization programs.

TECHNOLOGY DESCRIPTION

The Aduro mission is to develop and commercialize applications based on its novel, patent-protected Hydrochemolytic platform that enables the transformation of lower-value feedstocks into higher-value chemicals and fuels. In doing so, the Company believes it addresses important and pressing issues faced by the global community. Originally conceived to radically enhance aspects of petroleum processing, the patent protected technology is based on leveraging unique properties of water to achieve two important outcomes. First is the transformation of intractable post-consumer plastics and tire rubber, as well as renewable oils and bitumen, into manageable liquid intermediates. Then follows their stabilization by the generation of a latent form of hydrogen derived from cheap, non-petroleum sources such as biomass ("H-source"). This second step performs the function of decades-old processes that rely on fossil-fuel-derived molecular hydrogen applied at elevated temperatures and pressure in the presence of expensive catalysts. By contrast, HCT activates the renewable H-source under significantly milder conditions without the requirement for such catalysts.

In contrast with traditional approaches designed to process petroleum feedstocks, the Aduro HCT is highly efficient, operating at relatively low temperatures. This makes it significantly more environment-friendly than established alternatives like energy-intensive pyrolysis or gasification. It is also highly configurable, supporting stand-alone, distributed deployment on smaller scales in remote locations or integration with existing operations, from biodiesel and ethanol plants to facilities for waste collection and recycling, to petrochemical plants. Although the conversion of non-petroleum feedstocks could reduce the demand for oil, Aduro technology also offers the possibility for crude oil upgrading that is greener and cleaner. Instead of being a single-purpose technology, Aduro Hydrochemolytic chemical recycling platform solutions can be applied in multiple ways that have a reduced operational and environmental footprint, compared with traditional approaches. Equally important, it also reduces the environmental impact associated with petroleum production and processing, landfilling, waste incineration and gasification, and unscrupulous dumping in the oceans.

The core Hydrochemolytic technology developed by the Company's team of experienced scientists and engineers is highly versatile. Through their ingenuity and knowledge, they have enhanced and tuned it to address problems in three important techno-commercial sectors.

1. Hydrochemolytic Plastics Upcycling (HPU). This important application of HCT represents a new and powerful capability for transforming waste plastics, foam, and tire rubber into resources in the circular economy. This arena is vast and complex, but Aduro scientists are taking aim at a particular category of plastic resins representing 70% of plastic waste, which is highly resistant to chemical recycling (CR). Other CR technologies are constrained in terms of particular resins they can handle, and some have significant limitations in terms of product yields and quality. Not only does HPU relieve the feedstock constraint, but it generates liquid products of high purity in high yield for use in production of new plastics and foams, paints and coatings, and detergents or, when appropriate, fuels.
2. Hydrochemolytic Bitumen Upgrading (HBU). This is a completely new approach that transforms heavy crude oil and bitumen into lighter crude. A key differentiator from traditional upgrading approaches is co-processing of the heavy oil/bitumen with an H-source such as biobased cellulose, glycerol, or ethanol, as well as other materials including methanol or components from a recycled plastic resin. Compared with traditional, decades-old methods, HBU employs lower temperatures and offers the possibility to reduce blending costs and increase value of the crude oil. It also improves the ease and economics of transport by minimizing the requirement for blending with expensive light hydrocarbon diluent from distant reaches in North America, e.g., the U.S. Gulf Coast, and lends to down-scaling and down-scoping to support distributed deployment at/near the wellhead.
3. Hydrochemolytic Renewables Upgrading (HRU). Covered by a patent separate from that for HPU and HBU, the HRU technology is a platform for transforming renewable oils into renewable motor fuels, bio-jet fuel (or sustainable aviation fuel, SAF), and specialty chemicals at relatively low temperatures without requirement for molecular hydrogen from external sources.

These applications are directed at solving real-world problems by delivering superior performance in respect of economic and environmental considerations.

SELECTED FINANCIAL INFORMATION

The Company prepares its financial statements in accordance with IFRS and the fiscal year end of the Company is May 31.

The financial information and key performance indicators referenced below are used by the Company's management and directors in evaluating the performance of the Company and assessing the business. These indicators, IFRS and the Non-IFRS Financial Measures are typically used by similar companies operating in this technology industry.

FINANCIAL POSITION AND OPERATIONS

The following should be read in conjunction with the Company's interim condensed consolidated financial statements for the three and nine months ended February 28, 2023, for a comprehensive overview and understanding of the financial position and operations of the Company.

The following table presents selected financial information of operations for the three and nine months ended February 28, 2023, and 2022.

	Three months ended February 28, 2023	Three months ended February 28, 2022	Nine months ended February 28, 2023	Nine months ended February 28, 2022
Revenue	$ 58,290	$ -	$ 58,290	$ -
Research and development	436,018	299,053	1,233,803	708,189
Other Operating Expenses	591,003	416,022	1,612,522	1,451,291
Share-based compensation expense	877,182	266,788	1,477,164	1,341,475
Other items – loss	-	256,724	-	245,313
Net loss and comprehensive loss	(1,845,913)	(1,238,587)	(4,265,199)	(3,746,268)

As the Company is an early-stage business, it has a limited history of operations and as expected has not generated significant revenue. The revenues of $58,290 for the three and nine months ended February 28, 2023, related to revenue earned following the completion of services pursuant to a collaboration agreement with a confidential publicly traded organisation for execution of a proof of concept and evaluation of the Company's HPU technology. The Company's ability to generate future revenue depends on the ability to attract and retain adopters and users of its technology. The Company's current financial position is reflective of an early-stage business in the process of raising capital for product research and development, business development, advisory, promotions, and operations.

The Company has granted options and Restricted Share Units ("RSUs") to purchase common shares of the Company to various employees, officers, directors and advisors of the Company. An expense of $877,182 and $1,477,164 for the three- and nine-month periods ended February 28, 2023, respectively, were recognized to reflect the vesting schedule of these options and RSUs.

The Company has incurred general operating expenses that are reflective of an early-stage company. For the three-month period ended February 28, 2023, the Company's operating expenses were $1,027,021 of which $436,018 was for research and development, $41,645 for depreciation and amortization, $4,264 for finance and interest costs, $545,077 for general and administrative expenses, and $17 for foreign exchange expense. For the three-month period ended February 28, 2022, the Company's operating expenses were $715,075 of which $299,053 was for research and development, $14,768 for depreciation and amortization, $6,919 for finance and interest costs, $395,609 for general and administrative expenses, and $1,274 for foreign exchange gains.

Depreciation and amortization was $41,645 for the three-month period ended February 28, 2023 compared to $14,768 for the for the three-month period ended February 28, 2022, with the increase due to an increase in property and equipment. Finance costs were $4,264 for the three-month period ended February 28, 2023, compared to $6,919 for the three-month period ended February 28, 2022, with the decrease due to lower interest resulting from the redemption of the convertible notes following the achievement of the First Milestone on January 18, 2022.

General and administrative expenses were $545,077 for the three-month period ended February 28, 2023, compared to $395,609 for the three-month period ended February 28, 2022. Included in general and administrative expenses were investor relation and communication costs that have decreased from $157,431 in the three-month period ended February 28, 2022, to $82,019 for the three-month period ended February 28, 2023. Offsetting this decrease in investor relations and communication costs, was an increase of $127,424 in salary and related costs, an increase of $42,603 in office and general, an increase of $11,826 in travel expenses, an increase of $19,700 in conference cost, and an increase of $16,429 in professional fees.

Research and development expenses were $436,018 for the three-month period ended February 28, 2023, compared to $299,053 for the three-month period ended February 28, 2022, with the increase due to higher project related costs of $26,537, salary and related costs of $100,099, payments to research partner of $7,500, and legal fees related to patent development costs of $2,829, all of which reflect the increased activity in research and development projects.

For the nine-month period ended February 28, 2023, the Company's operating expenses were $2,846,325 of which $1,233,803 was for research and development, $93,086 for depreciation and amortization, $13,788 for finance and interest costs, $1,502,482 for general and administrative expenses, and $3,166 for foreign exchange expense. For the nine-month period ended February 28, 2022, the Company's operating expenses were $2,159,480 of which $708,189 was for research and development, $42,971 for depreciation and amortization, $35,884 for finance and interest costs, $1,357,714 for general and administrative expenses, and $14,722 for foreign exchange expense.

Depreciation and amortization was $93,086 for the nine-month period ended February 28, 2023 compared to $42,971 for the for the nine-month period ended February 28, 2022, with the increase due an increase in property and equipment. Finance costs were $13,788 for the nine-month period ended February 28, 2023, compared to $35,884 for the nine-month period ended February 28, 2022, with the decrease due to lower interest resulting from the redemption of the convertible notes following the achievement of the First Milestone on January 18, 2022.

General and administrative expenses were $1,502,482 for the nine-month period ended February 28, 2023, compared to $1,357,714 for the nine-month period ended February 28, 2022. Included in general and administrative expenses were investor relation and communication costs that have decreased from $625,896 in the nine-month period ended February 28, 2022, to $263,043 for the nine-month period ended February 28, 2023 and professional fees that have decreased from $415,524 in the nine-month period ended February 28, 2022, to $381,048 for the nine-month period ended February 28, 2023. Offsetting these decreases in investor relations, communication and professional fees, was an increase of $368,503 in salary and related costs, an increase of $74,074 in office and general, an increase of $95,212 in travel expenses, and an increase of $32,093 in conference cost.

Research and development expenses were $1,233,803 for the nine-month period ended February 28, 2023, compared to $708,189 for the nine-month period ended February 28, 2022, with the increase due to higher project related costs of $237,648, salary and related costs of $286,070 and legal fees related to patent development costs of $20,306, all of which reflect the increased activity in research and development projects.

The summary of the quarterly financial results for the available periods are included in the table below.

	February 28, 2023 **$**	**November 30, 2022** **$**	**August 31, 2022** **$**	**May 31, 2022** **$**	**February 28, 2022** **$**	**November 30, 2021** **$**	**August 31, 2021** **$**	**May 31, 2021** **$**
Revenues	58,290	-	-	-	-	-	-	-
Loss attributable to owners	(1,845,913)	(1,185,424)	(1,233,862)	(1,334,394)	(1,238,587)	(1,254,296)	(1,253,274)	(2,738,295)
Loss per share basis	(0.03)	(0.02)	(0.02)	(0.03)	(0.05)	(0.07)	(0.07)	(0.20)

The quarterly results are reflective of an early-stage business in the process of raising capital for product research and development, business development, advisory, promotions, and operations. Included in the loss for the three-month period ended May 31, 2021, was an expense of $1,453,593 representing the difference between the fair value of the net assets acquired and the consideration paid in the Transaction and therefore was a non-cash item.

LIQUIDITY AND CAPITAL RESOURCES

As at February 28, 2023, the Company's capital resources were $3,234,898 made up as follows;

Share capital	$ 10,518,264
Warrant reserve	2,518,088
Contributed surplus	4,059,643
Accumulated deficit	(13,861,097)
Total capital resources	**3,234,898**

During the nine-month period ended February 28, 2023, the Company generated cash of $1,781,413 from capital raised from the exercise of 2,402,403 share purchase warrants at $0.50, the exercise of 453,728 share purchase warrants at $0.80, the exercise of 68,875 finder warrants at $0.30, the exercise of 1,960 finder warrants at $0.80, and the exercise of 300,000 options at $0.65. The non-brokered private placement completed in July 2022, resulted in the issue of 2,599,579 units (common shares and warrants) at a price of $0.72 per unit for gross proceeds of $1,871,697.

During the year ended May 31, 2022, the Company generated cash of $850,201 from capital raised from the exercise of 1,700,401 share purchase warrants at $0.50. The non-brokered private placement completed in April 2022, resulted in the issue of 3,360,952 units (common shares and warrants) at a price of $0.70 per unit for gross proceeds of $2,352,666.

Subsequent to February 28, 2023, 469,090 share purchase warrants were exercised at an exercise price of $0.80 for total proceeds of $375,272. Cash generated from the exercise of warrants and options will be an important ongoing source of capital for the Company.

The continuing operations of the Company are dependent upon generating profitable operations and obtaining funding, as required, to allow the Company to achieve its business objectives. The Company intends to continue to raise equity financing in order to execute its business plan, maintain a strong capital base; and safeguard the Company's ability to continue as a going concern, such that it can in the future provide returns for shareholders and benefits for other stakeholders.

WORKING CAPITAL

The following table presents selected financial information of the Company's working capital as at February 28, 2023 and May 31, 2022:

	February 28, 2023	**May 31, 2022**
Cash and cash equivalents	$ 1,416,953	$ 2,110,785
Deposits and prepaid expenses	273,805	312,644
Trade and other receivables	309,915	158,408
Trade payable and other current liabilities	(376,248)	(585,104)
Lease liability – current portion	(43,121)	(46,126)
Current portion of debt	(31,356)	(30,935)
Working Capital	**1,549,948**	**1,919,672**

The Company defines working capital as current assets less current liabilities and the working capital balance as at February 28, 2023 was $1,549,948 compared to $1,919,672 as at May 31, 2022. Working capital has decreased by $369,724 due to $3,628,306 of cash generated by the issue of common shares from a private placement closed in July 2022 net of issuance costs and the exercise of warrants and options, offset by $3,003,876 of cash used in operating activities and $1,248,531 used in the acquisition of new equipment during the nine-month period ended February 28, 2023.

As at February 28, 2023, the maturity of the Company's obligations are as follows:

			Due prior to		
	Amount **$**	**2023** **$**	**2024** **$**	**2025** **$**	**2026+** **$**
Trade payables and other current liabilities	376,248	376,248	-	-	-
Debt	35,240	31,356	3,884	-	-
Lease liability	145,269	43,121	26,936	30,953	44,259
Total expected maturities	556,757	450,725	30,820	30,953	44,259

The Company does not expect to generate positive cash flow from operations for the foreseeable future due to additional R&D expenses and operating expenses associated with supporting these activities. It is expected that negative cash flow from operations will continue until such time, if ever, that the Company achieve the necessary conditions for regulatory approval and as a result commercialize any of its products under development and/or obtains revenue from any such products or services that exceeds the Company's expenses.

Subsequent to February 28, 2023, the Company completed a non-brokered private placement pursuant to which it has issued an aggregate of 4,222,056 units (each, a "April 2023 Unit"), at a price of $0.93 per April 2023 Unit for net proceeds of $3,785,916. Additionally, 469,090 share purchase warrants were exercised at an exercise price of $0.80 for total proceeds of $375,272.

Based upon the available cash and cash equivalents balance of $1,416,953 as at February 28, 2023, and the net proceeds of $4,161,188 from the issuance of shares, the Company believes it has sufficient working capital to meet its obligations for the next twelve months.

SUMMARY OF OUTSTANDING SHARE DATA

As at the date of the MD&A, the following table shows the number of issued and outstanding common shares and exercisable securities:

	Exercise price	Expiry date	Number of securities
Common shares			62,970,730
Share purchase warrants	$0.50	February 4, 2025	1,529,911
Share purchase warrants	$0.80	May 14, 2023	985,615
Share purchase warrants	$0.50	April 23, 2025	2,813,357
Share purchase warrants	$0.30	February 4, 2023	-
Share purchase warrants	$0.80	May 14, 2023	124,721
Share purchase warrants	$1.00	April 8, 2024	2,226,036
Share purchase warrants	$1.00	April 27, 2024	1,134,916
Share purchase warrants	$1.00	April 8, 2024	114,720
Share purchase warrants	$1.00	April 27, 2024	38,900
Share purchase warrants	$1.00	July 19, 2024	1,299,788
Share purchase warrants	$1.30	April 3, 2025	2,111,026
Class B special warrants	No additional consideration	April 23, 2025	13,333,328
Stock options	Average exercise price of $0.78	Various dates up to June 20, 2032.	7,324,999
Total outstanding			**96,008,047**

Following the achievement of the First Milestone on January 18, 2022, the 13,333,328 Class B special warrants that were previously held by the special warrants trustee were distributed under the terms of the SEA and are convertible when the second milestone under the SEA is achieved for no additional consideration into the Company's common shares on a one-for-one basis.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not currently have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future adverse effect on its financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

SUBSEQUENT EVENTS

Private Placement

On April 3, 2023, the Company completed a non-brokered private placement pursuant to which it has issued an aggregate of 4,222,056 units (each, a "April 2023 Unit"), at a price of $0.93 per April 2023 Unit for gross proceeds of $3,926,512. Each April 2023 Unit is comprised of one common share and one-half of one common share purchase warrant (the "April 2023 Share Warrant"). Each April 2023 Share Warrant entitles the holder to acquire one common share at an exercise price of $1.30 per common share for a period of two years from the closing date. The warrants are also subject to an acceleration right held by the Company if the shares have a closing price of $1.60 or greater per common share on the Canadian Securities Exchange (or such other exchange on which the common shares may be traded at such time) for a period of ten (10) consecutive trading days at any time from the date that is four months and one day after the closing date. The Company paid cash finders' fee of $119,615, paid $20,981 in legal fees recorded as share issuance cost, and issued 128,617 finder's warrants (the "April 2023 Finder Warrants") to certain finders in connection with the Offering. Each April 2023 Finder Warrant is exercisable into one share at a price of $1.30 per common share for a period of two years after the closing date.

Exercise of warrants

Subsequent to February 28, 2023, 469,090 share purchase warrants were exercised at an exercise price of $0.80 for total proceeds of $375,272.

TRANSACTIONS BETWEEN RELATED PARTIES

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include all the directors and officers of the Company.

During the three and nine months ended February 28, 2023, and 2022, compensation of key management personnel was as follows:

	Three months ended February 28, 2023 $	**Three months ended February 28, 2022 $**	**Nine months ended February 28, 2023 $**	**Nine months ended February 28, 2022 $**
Salary and related costs	**114,974**	39,545	**328,617**	86,918
Professional fees	**123,410**	66,333	**368,534**	205,985
Share-based compensation expense	**394,434**	75,981	**685,771**	591,397
	632,818	181,859	**1,382,922**	884,300

As at February 28, 2023 and May 31, 2022, due to related parties was comprised of the following:

	February 28, 2023 $	**May 31, 2022 $**
Due to key management personnel	**44,448**	44,579
Due from key management personnel	**78,073**	62,057

These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

On January 18, 2022, there was a convertible note with a US$4,200 and interest payable of US$4,896 outstanding to one of the key management personnel that was extinguished following the achievement of the first milestone by the Company issuing 21,054 common shares with a fair value of $16,633. Accrued interest recognized as an expense on this convertible note for the year ended May 31, 2022, was $435.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments are exposed to a variety of financial risks, which periodically include credit risk, liquidity risk, foreign exchange risk and interest rate risk which could impact the results of operations and financial position. The financial instruments and the financial risk management of these financial instruments of the Company are described in Note 19 of the interim condensed consolidated financial statements for the three and nine months ended February 28, 2023.

The Company has exposure to credit risk, liquidity risk, market risk, foreign exchange rate risk, interest rate risk, and inflation risk. The board of directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed. The significant financial risk management policies of the Company are described in the interim condensed consolidated financial statements for the three and nine months ended February 28, 2023.

CRITICAL ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS

The preparation of financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates used by the Company are described in Note 3 in the interim condensed consolidated financial statements for the three and nine months ended February 28, 2023. These critical judgments, estimates and assumptions in applying the Company's accounting policies could result in a material effect on actual results and in the next financial year on carrying amounts of assets and liabilities.

NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS ADOPTED AND UNADOPTED

A number of interpretations are not yet effective and have not been applied by the Company. The following new interpretations and amendments have been issued but are not yet effective until financial years beginning on or after January 1, 2023, and may impact the Company in the future:

IAS 1 – Presentation of Financial Statements; IAS 1 has been amended to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period. An entity is required to apply this amendment for annual reporting periods beginning on or after January 1, 2023.

RISKS FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and could cause the Company's operating and financial performance to differ materially from the estimates described in the forward-looking statements relating to the Company. These include widespread risks associated with any form of business and specific risks associated with the Company's business and its involvement in the clean energy technology industry. Management of the Company considers the following risks to be most significant for potential investors in the Company, but such risks do not necessarily comprise all those associated with an investment in the Company.

This section describes risk factors identified as being potentially significant to the Company. Additional risk factors may be included in other documents previously disclosed by the Company.

In addition, other risks and uncertainties not discussed to date or not known to management could have material and adverse effects on the valuation of the Company's securities, existing business activities, financial condition, results of operations, plans and prospects. An investment in securities of the Company involves significant risks, which should be carefully considered by prospective investors before purchasing such securities.

In addition to the other information set forth elsewhere in this MD&A, the following risk factors should be carefully considered when considering risks related to Aduro's business.

The Company Is an Early-Stage Technology Business

The Company's strategy is to focus on developing its clean energy technology platform. The Company's technology platform is an early-stage technology platform developed to upgrade renewable oils as well as waste plastics, rubber, and Bitumen into higher value products. The Company has invested and continues to invest a significant portion of its resources into this segment and will need to raise additional financing to pursue its business strategy. As with other comparable early-stage technology businesses, the Company faces the risks of product and technology failure, unforeseen research and development delays, weak market acceptance, possible change in government regulatory and competition from new entrants. Realization of any of these risks could have a significant negative impact on the Company's anticipated future cash flows and its growth strategy.

Limited operating history and no assurance of profitability

The Company is a start-up business with a limited operating history and no established brand recognition. The Company will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risks that it will not establish a market for its services, achieve its growth objectives or become profitable. The Company anticipates that it may take several years to achieve cash flow from operations. There can be no assurance that there will be demand for the Company's products or services or that the Company will ever become profitable.

Liquidity concerns and future financing requirements

The Company is in the development phase and has not generated any substantial revenue. It will likely operate at a loss until its business becomes established and will require additional financing to fund future development of its technology and operations. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to it. If additional financing is raised by issuing common shares from treasury, control of the Company may change, and shareholders will suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating.

Operational risks

The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: pandemics such as COVID-19; catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labor disputes; natural phenomena such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's premises, personal injury or death, environmental damage, resulting in adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Technology risk

The Company's products and services are dependent upon advanced developments in its technologies which are susceptible to the impact of rapid technological change. There can be no assurance that the Company's products and services will not be seriously affected by, or become obsolete as a result of, such technological changes. Further, some of the Company's services are currently under development and there can be no assurance that these development efforts will result in a viable product or service as conceived by the Company or at all.

Competition

The clean energy technology industry is highly competitive, and the Company competes with a substantial number of companies that have greater financial, technical and marketing resources. As such, the Company is exposed to competition which could lead to loss of contracts or reduced margins and could have an adverse effect on the Company's business.

The Company's competitors may offer better solutions or value to the Company's prospective customers or substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Company. There can be no assurance that the Company will be able to compete successfully against current or future competitors or that competitive pressures faced by the Company in the markets in which it operates will not have a material adverse effect on the Company's business. If the Company's competitors are successful in offering better pricing, service or products than the Company, this could render the Company's product and services offerings less desirable to merchant customers, resulting in the loss of merchant customers or a reduction in the price it could earn for its offerings.

Dependence on personnel

The Company's future success depends substantially on the continued services of its executive officers and its key development personnel. If one or more of its executive officers or key development personnel were unable to or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members.

Commodity Prices

The potential profitability of the Company's operations will be significantly affected by changes in the market price of various renewable fuels and other commodity prices. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in renewable fuel and other commodity prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of diesel fuel has fluctuated widely in recent years, and future significant price declines could cause continued commercial production to be impracticable. Depending on the price of diesel fuels, potential cash flow from future operations may not be sufficient. Market fluctuations and the price of renewable fuels may render refining uneconomical. Short-term operating factors relating to the production of renewable fuels, such as the increased feed stock costs or drop in renewable fuel prices, could cause a proposed refining operation to be unprofitable in any particular period.

Volatility of common share price

The Company's common shares are listed for trading on the CSE. As such, factors such as announcements of quarterly variations in operating results, revenues, costs and market conditions in the clean energy technology industry may have a significant impact on the market price of the Company's common shares. Global stock markets, including the CSE, have from time-to-time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. The same applies to companies in the technology and marketing sectors. There can be no assurance that an active or liquid market will develop or be sustained for the Company's common shares.

Dividends

The Company has not paid dividends to its shareholders in the past and does not anticipate paying dividends in the foreseeable future. The Company expects to retain its earnings, if any, to finance growth.

Failure to Develop or Market Products or Services

Given the highly competitive and rapidly evolving alternative energy technology environment the Company operates in, where the Company's products and services are subject to rapid technological change and evolving industry standards, it is important for the Company to constantly enhance its existing product offerings, as well as develop new product offerings to meet strategic opportunities as they evolve. The Company's ability to enhance its technologies, products, and services and to develop and introduce new innovative products and services to keep pace with technological developments and industry standards and the increasingly sophisticated needs of its clients and their customers will significantly affect its future success.

The Company's future success depends on its commercialization of the Company's technology, including ability to design and produce new products and services, deliver enhancements to its existing products and services, accurately predict and anticipate evolving technology and respond to technological advances in its industry, and respond to its customer's shifting needs. While the Company anticipates that its research and development experience will allow it to explore additional business opportunities, there is no guarantee that those business opportunities will be realized. If the Company is unable to respond to technological changes, fails to or is delayed in developing products and services in a timely and cost-effective manner, the Company's products and services may become obsolete, which would negatively impact potential sales, profitability and the continued viability of the business.

Since developing new products and services in the alternative energy sector is very expensive, the Company may encounter delays when developing new technology solutions and services, and the investment in technology development may involve a long payback cycle. The Company's future plans include significant investment in technology solutions, research and development and related product opportunities. The failure to properly manage the expanding offering of products and services as well as the failure to develop and successfully market new products and services at favourable margins could have an adverse effect on the Company's business.

The reliability of the Company's technology will be critical to the success of the Company

The Company's reputation and ability to attract, retain and serve its customers are also dependent upon the reliable performance of its technology, products and services. The Company's technology is new, and as such it has no history on which the Company to build or rely. The Company may experience interruptions, outages and other performance problems related to its technology, products or services. Such disruptions may be due to a variety of factors, including infrastructure changes, human or software errors, capacity constraints and inadequate design. A future rapid expansion of the Company's business could increase the risk of such disruptions. In some instances, the Company may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Any errors, defects or security vulnerabilities discovered in the Company's offerings could result in loss of revenue or delay in revenue recognition, loss of customers and increased service and warranty cost, any of which could adversely affect the business, results of operations and financial condition of the Company.

If the Company is unable to protect its intellectual property rights, the Company's competitive position could be harmed, or the Company could be required to incur significant expenses to enforce its rights

The Company's ability to protect its intellectual property affects the success of the Company's business. The Company relies on trade secret, patent, copyright and trademark laws and confidentiality agreements with employees and third parties, all of which offer only limited protection. The steps the Company has taken to protect its proprietary rights may not be adequate to preclude misappropriation of the Company's proprietary information or infringement of its intellectual property rights, and the Company's ability to police such misappropriation or infringement is uncertain. The intellectual property rights granted to the Company, if any, may not provide it with proprietary protection or competitive advantages, and, as with any technology, competitors may be able to develop similar or superior technologies to the Company, whether now or in the future. There is no guarantee that such parties will abide by the terms of such agreements or that the Company will be able to adequately enforce its rights.

Conflicts of Interest

Certain directors and officers of the Company also serve, or may serve in the future, as directors and/or officers of other companies, or have significant shareholdings in other technology companies, and consequently conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies. There can be no assurance such conflicts of interests will be resolved to the benefit of the Company. However, any decision made by any of these directors and officers involving the Company must be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which these directors may have a conflict of interest in accordance with, and subject to such other procedures and remedies as applicable, under the BCBCA and other applicable laws.

PROPOSED TRANSACTIONS

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements and non-binding agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and/or development of potential business relationships.

APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A on May 1, 2023.

INTERNAL CONTROLS OVER FINANCING REPORTING

The Company's Chief Executive Officer and Chief Financial Officer, in accordance with National Instrument 52-109 ("NI 52-109"), have both certified that they have reviewed the financial report and this MD&A (the "Filings") and that, based on their knowledge having exercised reasonable diligence, (a) the Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the filings; and (b) the financial report together with the other financial information included in the Filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the Filings. The Company's internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining adequate ICFR for the Company.

Management, including the CEO and CFO, does not expect that the Company's ICFR will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that the control objectives will be met with respect to financial statement preparation and presentation.

CSA National Instrument 52-109 requires the CEO and CFO to certify that they are responsible for establishing and maintaining ICFR for the Company and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The CEO and CFO are also responsible for disclosing any changes to the Company's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

OTHER REQUIREMENTS

Additional disclosure of the Company's material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com.