EXRO TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

The following is a discussion of the financial condition and results of operations of Exro Technologies Inc. ("Exro", the "Company", "we", "our") during the year ended December 31, 2019, and to the date of this report. The following management discussion and analysis ("MD&A") should be read in conjunction with the Company's consolidated financial statements for year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A complements and supplements, but does not form part of, the Company's consolidated financial statements.

This MD&A contains forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on page 14. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise indicated. This MD&A has been prepared as of April 29, 2020.

BUSINESS OVERVIEW

Variable energy sources including solar, wind and wave have had a limited impact on overall power generation until this decade. Hydroelectric power generation aside, technologies used to capture energy from clean renewable sources have found it difficult to compete with the fossil fuel industry without subsidies and other forms of support.

Exro facilitates the transition to clean energy by providing products and services to manufacturers to increase the efficiency and reliability of power systems, including electric motors, generators and batteries. Exro's patented technology enhances energy systems by dynamically sensing and adapting variable inputs and optimally matching them to desired outputs, creating measurable performance gains and extended lifespan. The widespread applications of the technology apply to optimizing the performance of electric vehicles, UAVs, and ship drives, as well as pumps, industrial motors, and energy capture from wind and tides.

Exro's patented technology works on both input and output in electric motors and generators, dynamically sensing and adapting variable inputs and optimally matching them to desired outputs, which results in specific and measurable performance gains. The applications of the technology can apply to both capturing the energy from wind and tides and optimizing the performance of electric cars, UAVs, pumps, ship drives, industrial motors, vacuums and anything else powered by an electric motor or generator. By isolating individual coils, Exro's technology also offers electrical system redundancy, which can prevent catastrophic failures for mission critical applications such as flight.

Exro's first product derived from its technology is the "Electric Gearbox". The Electric Gearbox allows a variable motor to switch coil configurations to permit increased torque or increased speed, negating the need for a separate gear box. This product could have utility in many applications, particularly in transportation sectors.

Exro is also now utilizing artificial intelligence capabilities to develop a new battery management software ("BMS") technology called the "intelligent battery management system" ("IEMS"). Exro expects the IEMS to provide an improvement over existing BMS applications. For example, the new IEMS when fully commercialized, will allow for constant monitoring and manipulation of energy inflows and outflows, at rates of up to 100k manipulations per second. The goal is total control of the flow of energy; allowing better, more balanced storage of energy, especially under changing conditions, while also making battery banks of any size inherently electrically safe. In June 2018 the Company signed a collaboration with LithiumWerks B.V. to develop its IEMS for lithium ion batteries.

Exro's business model is to develop strategic partnerships with companies that are established in their respective markets, specifically those that welcome innovation in their product lines and have adequate internal engineering capacity, growing sales and an existing customer base. In particular, companies that manufacture power systems such as batteries and/or companies that manufacture generator or motors make ideal partners, as Exro's technology and engineering skillset act as the "intelligence" to enhance performance characteristics of overall power systems. Exro's partnerships with Potencia, a motor/generator manufacturer and LithiumWerks B.V. are a case in point.

It is Exro's intent to either license its technology if applicable, or where commercial electronics manufacturing is required, outsource this activity to third parties. This business model is scalable, requiring much lower capital investment than building a manufacturing business. This approach offers the opportunity to address several market segments concurrently, incrementally and in rapid succession by building on earlier success.

TECHNOLOGY

The Exro technology is a control system that integrates wiring of the rotating machine coils into the power electronics. This gives the power electronics control of the machine coil wiring configuration in real time, providing a range of options in place of a fixed machine configuration.

The control system will select the best configuration for a given operating condition using an application-specific algorithm. Exro's breakthrough approach to generator and motor design and control improves efficiency across highly variable input and output applications. Until today electric machine coils have been wired in a single configuration and the designer had to select the configuration that was the best compromise over the range of operating conditions. The technology senses input energy and load, and seamlessly switches coil wiring in any combination from full parallel to full series. The technology is intended to make electric motors and generators used in variable settings "intelligent", leading to more efficient operation.

In essence, the technology provides voltage control with multiple performance curves corresponding to the coil configurations in the electric machine. Exro's technology is designed and built into our partner's electric machine and power electronics for the application. Exro's technology may be fully integrated with the power electronics design; no separate hardware package is required.

Exro is also developing software with artificial intelligence capabilities for BMS products as described above.

Exro has built an intellectual property base and intends to protect and commercialize new innovations. By licensing its technology, Exro will focus on its core competency in a field dominated by large players and allow its partners to do what they do best in manufacturing and commercializing products. Exro will work closely with development partners and customers to integrate its technology into their products and develop new intellectual property for Exro.

Exro's technology and intellectual property is wholly-owned in seven patent families providing or seeking global protection in strategically important countries. There are twenty two issued patents, one allowed patent but not yet issued, and eight pending applications. Exro also uses trade secrets to protect proprietary software and algorithms.

OUTLOOK

Exro's goal is to become profitable as quickly as possible without stunting growth. This will take place primarily through revenue generated from strategic partnerships which may include: licensing the Company's technology, hardware/software sales and service revenue.

Exro's future will be focused on securing and processing strategic partnership arrangements. It is the Company's goal to evolve every collaboration into a commercial licensing arrangement. The central purpose of a collaboration will be to determine the economic benefits when the Company's technology is integrated into an electric motor and/or a generator for a particular application. This process will become more systematized as third-party commercial case studies demonstrate efficiencies in target applications.

Exro currently has four key projects ongoing:

1) Motorino Electric Bike - Exro delivered the first proof of concept in December, 2019 with outstanding results exceeding speed and torque by 25%. This was an important project for Exro as it was the first demonstration of the potential of our technology. The patented coil switching algorithms are entirely scalable, so the Company can take this proof of concept and apply it to cars, trucks, and larger equipment.

2) Potencia – this project is a multi-stage delivery that started with the Exro motor driver. This driver is currently delayed due to parts from China; however the Company now anticipates delivery in June, 2020. In the meantime, Exro, with the agreement of our customer, has moved ahead to stage 2, which utilizes the coil switching module. Now, both stages will deliver together in June, giving Exro its first proof of concept in an electric vehicle.

3) Templar Marine – this project is to optimize the powertrain in an electric water taxi. The initial development time is approximately four months, and the Company expects only a small delay. Exro is working with Templar on how to most effectively optimize the system, and while the coronavirus has slowed communications with European suppliers, it has not stopped. Exro is continuing the development and expects to have results in Q3.

4) Aurora Powertrains – which has several opportunities to both integrate our technology into the Aurora powertrain and work with electric motor suppliers in their supply chain. Exro will start with a 100 volts driver and look to deliver in the third quarter at their request. This project remains on time.

These four key partnerships demonstrate the scalability and versatility of the Exro technology. Exro is now working with bikes, cars, boats, and snowmobiles. Further, there are ongoing discussions with customers small and large in a variety of mobility applications. The Company continues to evaluate customer provided data, which helps us to determine the best fit for Exro and our partners.

Exro remains focused on the commercialization of its Patented Coil Switching Technology but also continues to innovate. Below are some highlights from the Company's technology roadmap:

- EPM – Electric Program Module (previously ETR). This is a module that integrates the coil switching technology, allowing Exro to broaden the potential customer base and offer a proof of concept much more rapidly. The first proof of concept is expected to deliver in June to Potencia.
- Integrated Coil Switching Drive – This is a generic integrated driver which incorporates the Company's proprietary algorithms. This built-in coil switching drive will provide a 400 Volt, 150 KW inverter with Exro's technology already integrated inside. This proof of concept is expected to be ready in November, 2020.
- Battery Management – the Company has had promising results with its AI system and is excited about the future. The team continues with the development, and Exro has engaged an industry expert to help the technology to align with the market opportunities.
- Generators – utilizing Exro's coil switching technology in generators will bring efficiency gains to a new group of prospective partners, including the wind industry. Exro is in discussions with potential partners to bring a proof of concept to market by the end of this year.
- Exro also continues the buildout of its Calgary Innovation Center along with the transition of the Victoria lab, which will continue to operate until the fall of 2020 - enabling the Company to execute on our current and upcoming projects while preparing for the growth ahead.

Covid-19

The outbreak of the coronavirus ("COVID-19") pandemic may impact Exro's plans and activities. The Company may face disruption to operations, supply chain delays, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a health-care challenge for the Company. There can be no assurance that Exro's personnel will not be impacted by these pandemic diseases and ultimately that the Company would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. Additional cybersecurity risks exist due to personnel working remotely. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that that Exro will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets, may reduce share prices and financial liquidity and thereby that may severely limit the financing capital available.

FISCAL 2019 HIGHLIGHTS

On March 22, 2019, the Company completed a private placement of 8,180,500 shares at a price of $0.25 per share for proceeds of $2,045,125. The Company paid finders fees of $143,159 and issued 572,635 broker warrants with an exercise price of $0.35 per share with a twelve-month expiry.

On August 21, 2019, Sue Ozdemir joined Exro as the Company's new Chief Executive Officer ("CEO"). Ozdemir is recognized as an accomplished executive and industry expert as she has more than two decades of accomplishments in the electric motor industry, including eight years at General Electric Company ("GE").

On September 9, 2019, Exro announced it had signed its first Licensing Agreement with Motorino Electric, marking a major advancement in electric motor performance coming to market. Motorino is a pioneer in the Canadian electric transportation industry starting over 17 years ago with its first product launch, and now having dozens of products across the electric bicycle, electric scooter and electric motorcycle categories. Exro's engineered technology provides a torque increase of greater than 25 per cent for the Motorino e-bike resulting in a corresponding increase in acceleration of greater than 25 per cent.

On September 13, 2019, Exro announced that it had granted incentive stock options to directors, officers and consultants to purchase an aggregate of 3,225,000 shares in the capital of the Company at a price of $0.25 per share, pursuant to the terms of its stock option plan. All of the options are subject to vesting provisions, and any shares issued upon exercise of an option will be subject to a hold period of four months and one day from the date of grant.

On September 18, 2019, the Company announced its first production order for Motor Drivers from Potencia Industrial, S.A. DE C.V. ("Potencia").

On October 21, 2019, the Completed a private placement of 6,023,110 shares at a price of $0.27 per share for proceeds of $1,626,240. The Company paid finders fees of $67,559 issued 250,368 broker warrants with an exercise price of $$0.40 per share with a twelve-month expiry. The fair value of the broker warrants was estimated to be $55,458.

On November 5, 2019, Exro announced the appointment of Darryl Wilson as Chairman of Business Advisory Board. Mr. Wilson's 26-year career with General Electric Company (GE) took him around the world. He was President and CEO of GE Consumer and Industrial in Budapest, Hungary then President and CEO of Consumer and Industrial Asia Pacific in Shanghai City, China. Returning to the United States in 2008, Mr. Wilson took on the role of President and CEO of GE Aero Energy in Houston, Texas amongst other roles before retiring as Vice President of Commercial GE Power in 2018.

On November 5, 2019, the Company completed a private placement of 700,000 shares at a price of $0.27 per share for proceeds of $198,000.

On November 12, 2019, Exro announced that Josh Sobil joined the Company in the role of Chief Commercial Officer and will be responsible for leading Exro's sales and marketing strategies globally. Mr. Sobil will manage all commercial partnerships and opportunities as Exro expands its product offerings targeting increased efficiencies and better performance in the electric motor industry as well as power conversion in various aspects of the electrification evolution.

On November 20, 2019, Exro announced a partnership with the Canadian company Templar Marine Group Ltd. ("Templar") to optimize the performance of electrical engines in the multi-billion-dollar e-Boat market. Templar will integrate Exro's system into Templar Marine's water taxis as a pilot project, where the company expects to see a significant increase in motor performance for both the boat's top speed, as well as improving range through increased system efficiency. Exro's validated technology has already proven it can increase motor speed by more than 30%, which Templar Marine believes will be a major breakthrough in the e-Boat sector.

On December 18, 2019, the Company announced that it had delivered the first Exro-powered e-Bike to Motorino Electric. Exro demonstrated significant gains in performance when the Exro system is integrated into an e-Bike's existing electric drivetrain. By expanding the operating parameters of the motor, Exro's engineered technology

provided a torque increase of greater than 25 per cent for the Motorino e-bike resulting in a corresponding increase in acceleration of greater than 25 per cent.

RESULTS OF OPERATIONS AND SELECTED FINANCIAL DATA

Selected quarterly financial data

	Quarter ended	Revenue $	Net loss and comprehensive loss $	Basic and diluted loss per common share $	Weighted average number of common shares
Q4/19	December 31, 2019	-	(1,508,039)	(0.02)	64,618,523
Q3/19	September 30, 2019	-	(1,131,431)	(0.02)	63,124,910
Q2/19	June 30, 2019	-	(1,000,865)	(0.02)	62,913,714
Q1/19	March 31, 2019	-	(1,024,696)	(0.02)	55,440,192
Q4/18	December 31, 2018	-	(913,634)	(0.02)	54,601,594
Q3/18	September 30, 2018	-	(824,557)	(0.02)	52,213,421
Q2/18	June 30, 2018	-	(686,659)	(0.01)	46,200,344
Q1/18	March 31, 2018	-	(702,495)	(0.02)	46,131,577
Q4/17	December 31, 2017	-	(660,973)	(0.01)	46,095,105

For the three months ended December 31, 2019, compared to the three months ended December 31, 2018

During the three months ended December 31, 2019, the Company incurred a comprehensive loss of $1,508,039 (2018 – $913,634).

Professional fees increased from $72,138 to $190,321 during the three months ended December 31, 2019, an increase of $118,183. These fees are incurred in relation patent related work and various agreements the company has entered into.

Share based payments expense was $300,119 for the three months ended December 31, 2019 (2018 – $102,964). This relates to the grant of stock options during the current period as well as amortization of unvested options issued during the year ended December 31, 2018.

Investor relations expense of $58,074 (2018 – $9,058) and regulatory fees of $22,328 (2018 – $23,903) were incurred during the quarter ended December 31, 2019. The increase is due to Exro now having regular expenditures as a public company as it began trading on the CSE on August 29, 2017.

Payroll and consulting fees increased by $158,186 from $446,800 to $604,986. The increase was a result of increased engineering and business development work. A significant portion of this amount relates to remuneration paid to key management.

Research and development of $94,866 (2018 - $133,265) was incurred during the period which represents mainly materials used for development of its technology. The increase is due to additional expenditures incurred as the Company continues to improve its technology in order to achieve its goals for commercialization.

Marketing expense of $33,650 (2018 - $32,500) increased and travel expense of $61,877 (2018 – $46,541) increased as the Company focuses on the agreements related to implementation of its technology.

For the year ended December 31, 2019, compared to the year ended December 31, 2018

During the year ended December 31, 2019, the Company incurred a comprehensive loss of $4,665,031 (2018 – $3,127,345).

Professional fees increased to $406,121 during the year ended December 31, 2019 compared to $272,240 during the corresponding period in 2018. The $133,881 increase relates to legal fees incurred related to negotiations of various contracts as well as patents related to the Company's and operations.

Share based payments expense was $625,467 for the year ended December 31, 2019 (2018 – $348,066). This relates options granted during the year as well as amortization of unvested options issued during the year ended December 31, 2018.

Investor relations expense of $90,525 (2018 – $27,585) and regulatory fees of $100,519 (2018 – $91,097) were incurred during the year ended December 31, 2019 as the Company, now having regular expenditures as a public company, began trading on the CSE on August 29, 2017.

Payroll and consulting fees increased by $507,507 from $1,993,888 to $1,486,381. The increase was a result of increased engineering and business development work. A significant portion of this amount relates to remuneration paid to key management.

Research and development of $536,269 (2018 - $308,841) was incurred during the period which represents mainly materials used for development of its technology. The increase is due to additional expenditures incurred as the Company continues to improve its technology in order to achieve its goals for commercialization.

Marketing expense of $215,610 (2018 - $259,916) decreased and travel expense of $222,144 (2018 – $147,838) increased as the Company focuses on the agreements related to implementation of its technology.

OUTSTANDING SHARE DATA

As of April 29, 2020, there were 82,880,249 Common Shares issued and outstanding, and other securities convertible into Common Shares as summarized in the following table:

	Number Outstanding as of April 29, 2020[1]	Number Outstanding as of December 31, 2019
Common Shares issued and outstanding	82,880,249	69,876,744
Options	9,432,500	9,056,317
Warrants	650,000	715,000
Broker Warrants	1,125,006	823,003

[1] As at December 31, 2019 and April 29 2020, 2,272,967 common shares are held in escrow.

SOURCES AND USES OF CASH

	Year ended December 31,	
	2019	2018
	$	$
Cash used in operating activities	(3,936,448)	(2,554,260)
Cash used in investing activities	(11,050)	(91,578)
Cash provided by financing activities	3,692,206	1,971,575
Net increase in cash and cash equivalents	(255,292)	(674,263)
Ending cash balance	496,636	751,928

Cash used in operating activities is comprised of net loss, add-back of non-cash expenses, and net change in non-cash working capital items. Cash used in operating activities increased to $3,936,448 for the year ended December 31, 2019 compared to $2,554,260 during the same period in 2018. This increase of $1,382,188 is primarily due to an operating loss for the period ended December 31, 2019 compared to a smaller loss in 2018 and a significant out flow related to accounts payable.

Cash used in investing activities during for the year ended December 31, 2019 was primarily related to purchase of equipment for $11,050, (2018 - $91,493) acquisition of patents 15,190 while $71,012 was spent in the corresponding period in the acquisition of equipment.

Cash provided by financing activities for the year ended December 31, 2019 increased to $3,692,206 compared to $1,971,575 for the same period of fiscal 2018. During the year ended December 31, 2019 the Company received funds as a result of a private placement financing of $3,860,364 with related costs of issuing shares of $210,758, the exercise of options for total proceeds of $60,000 and exercise of warrants for $14,308. Additionally, as a result of adopting IFRS 16, the Company now includes payments related to the principal portion of its lease liability as a use of cash. This lease liability is the result of Company's capitalizing its lease on a Vancouver office. During the same period in 2018, received funds as a result of a private placement financing of $2,077,500 with related costs of issuing shares of $131,176 received $25,250 on exercise of options and warrants.

SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the Company issued 12,284,545 common shares at a price of $0.35 for total proceeds of $4,299,590. The company paid finders fees consisting of 7% cash and issued compensation warrants equal to 7% of the number of shares issued. Each finder's warrant is exercisable to acquire one common share for a period of 12 months from the closing at an exercise price of $0.42 per share.

Subsequent to December 31, 2019 the company granted incentive stock options to directors, officers and employees and consultants to purchase 735,000 shares at an exercise price of $0.375 per share.

Subsequent to December 31, 2019 the company issued 127,500 shares on exercise of options for total proceeds of $25,500.

Subsequent to December 31, 2019 the company issued 591,460 shares on exercise of warrants for total proceeds of $184,261.

Subsequent to December 31, 2019, announced that Werner Kitz, an industry leader in electric motors and drives, had joined the Exro Business Advisory Board ("Advisory Board").

Subsequent to December 31, 2019, Exro appointed software and data innovator Steven Moon as Chief Product Officer, to lead further utilization of Exro's electric-motor-enhancing technology by the global marketplace.

Subsequent to December 31, 2019, announced a partnership with Finland's Aurora Powertrains Oy ("Aurora"), which in 2019 released an all-electric production snowmobile: the "eSled". The two companies will work to both increase motor performance while decreasing cost for future production. The partnership will see Exro's technology being added to the Aurora electric powertrain, a further move to global commercialization of Exro technology. According to the International Snow Machine Manufacturing Association, the snowmobile sector has a global imprint. In 2018 there were 124,786 snowmobiles sold worldwide. ISMMA estimates the economic annual economic impact of snowmobiling to be $26 billion in the US, $8 billion in Canada and $5 billion in Europe and Asia.

Subsequent to December 31, 2019, the Company announced plans to open a 6,500 sq. ft. innovation center in Calgary, Alberta, to demonstrate how Exro dramatically improves the performance of the world's electric motors. The Exro Innovation Center (EIC) will also increase the Company's laboratory space, to expand its service capabilities to customers and showcase where Exro's technology can be applied to key sectors of the economy. The EIC will also host collaborative events to explore advances in energy consumption and electric motor innovations, with participants from Calgary, across Canada and around the world.

Subsequent to December 31, 2019, the Company announced that Viorel Nica, an industry pioneer in maximizing the benefits of electric motors and control systems, has joined the Exro Business Advisory Board ("Advisory Board").

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2019, the Company had cash of $496,636, accounts payable and accrued liabilities of $214,192, and a related party payable of $60,519. All accounts payable and accrued liabilities are due within 90 days. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties cast doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements for the year ended December 31, 2019.

CRITICAL ACCOUNTING ESTIMATES

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. The Company has not recorded any deferred tax assets.

ii. Management uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and brokers' warrants, which requires the input of subjective assumptions including expected price volatility, risk-free interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's results of operations and equity reserves.

iii. The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

iv. Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is calculated using management's best estimate on the useful life of the intangible assets. Determination of impairment loss is subject to management's assessment if there is any indication of a possible write-down; and if so, the determination of recoverable value based on discounted future cash flows of the intangible assets. The carrying amount of nil for intangible does not necessarily reflect present or future value and the ultimate amount recoverable will be dependent upon the successful commercialization of products based on these underlying technologies. The Company has not recorded a value for its intangible asset as this value cannot be reliably measured.

PROPOSED TRANSACTIONS

There are no proposed transactions.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the Financial Statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

APPROVAL

The Company's Board of Directors has approved the Company's financial statements for the year ended December 31, 2019. The Company's Board of Directors has also approved the disclosures contained in this MD&A.

RELATED PARTY TRANSACTIONS

Key management compensation

Key management consists of the Officers and Directors who are responsible for planning, directing and controlling the activities of the Company. During the year ended December 31, 2019 and 2018, the following expenses were incurred to the Company's key management:

	December 31, 2019	December 31, 2018
Management and consulting fees	$ 1,152,574	$ 649,357
Share based compensation	329,668	127,443
	$ 1,482,242	$ 776,800

As at December 31, 2019, the Company was indebted to the CEO of the Company in the amount of $19,733 (December 31, 2018 – $nil). During the year ended December 31, 2019, the Company incurred $99,615 (2018 - $nil) in expense from the CEO. This expense is included in the payroll expense on the Statement of Comprehensive Loss.

As at December 31, 2019, the Company was indebted to the former CEO of the Company for management services in the amount of $10,500 (December 31, 2018 – $1,222). During the year ended December 31, 2019, the Company incurred $165,000 (2018 - $180,000) consulting expense from a company controlled by the CEO. This expense is included in the payroll and consulting fees expense on the Statement of Comprehensive Loss.

As at December 31, 2019, the Company was indebted to Novatron Enterprises Inc., a company controlled by the Company's founder and director and to him personally, for consulting services provided in the amount of $10,500 (December 31, 2018 - $9,450). During the year ended December 31, 2019, the Company incurred $116,000 (2018 - $110,000) in consulting expense to Novatron.

As at December 31, 2019, the Company was indebted to Integratio Consulting Inc., a company controlled by the Vice President, Engineering of the Company for services provided and expense reimbursements in the amount of $3,605 (December 31, 2018 - $nil). During the year ended December 31, 2019, the Company incurred $20,024 in consulting expenses to Integratio and wages of $180,000. This expense is included in the payroll and consulting fees expense on the Statement of Comprehensive Loss.

As at December 31, 2019, the Company was indebted to the CFO of the Company for services provided and expense reimbursements in the amount of $9,036 (December 31, 2018 - $8,360). During the year ended December 31, 2019, the Company incurred $180,000 (2018 - $98,000) in consulting expense from the CFO. This expense is included in the payroll and consulting fees expense on the Statement of Comprehensive Loss.

As at December 31, 2019, the Company was indebted to The Ain Group Holdings Ltd., a company controlled by a director of the Company, for consulting services provided in the amount of $nil (December 31, 2018 - $nil). For the year ended December 31, 2019, The Company incurred $60,000 (2018 - $60,000) in consulting expenses from Ain. This expense is included in the payroll and consulting fees expense on the Statement of Comprehensive Loss.

All due to related party payable amounts are unsecured, non-interest bearing, and due on demand.

RISKS AND UNCERTAINTIES

Current and prospective shareholders should specifically consider various risk factors, including, but not limited to, the risks outlined below and particularly under the heading "*Risk Factors*" in the Company's 2017 non-offering prospectus filed on SEDAR (www.sedar.com) dated July 28, 2017. Should one or more of these risks or uncertainties, including the risks listed below, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein.

Limited Operating History
The Company has changed its business focus from Biotechnology to machine technology. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Reliance on Management
The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Reliance on Partners
The Company assumes that the collaborating partners will perform and deliver on development targets as agreed and planned, although there is a risk that they won't, and the corporation operates under the constraint that the partner is not under its control.

Reliance on Suppliers
The Company faces a third-party risk, should suppliers for the alternator and power electronics not deliver on one or more dimensions of scope, time and cost. The Company will reduce the probability of occurrence by ensuring that the suppliers have clear statements of work, and comprehensive design specifications to work to that are documented, reviewed and approved with participation of the supplier as well as the partner.

Management of Growth
The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Unexpected challenges during product development are inherent in new technology, in that an early stage technology could present unexpected challenges that exceed the allocated resources. The Company will reduce the probability of occurrence by careful project management.

The Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company does not achieve revenues to offset these expected operating expenses, the Company will never be profitable which would limit the Company to grow.

Technology cannot be validated
There is a risk that the technology will not work as expected and therefore, will never be commercialized. This means that the Company may never receive revenues or return on its technology development.

Technical Risks
Technical risks are inherent in the development process, in that an immature technology could present unexpected challenges that exceed the planned time or money to overcome. There can be no guarantee that the Company will be able to overcome technical risks associated with the development of its technologies.

Additional Financing
In order to execute the anticipated growth strategy, the Company may require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect on the development of the technology and upon future profitability.

Ability to Protect Proprietary Rights
Our success will depend in part on our ability and that of our corporate collaborators to obtain and enforce and protect patents and maintain trade secrets, in Canada, the United States and in other countries. There is a risk that the Company may not be able to obtain and enforce patents and maintain its trade secrets.

Patent law relating to the scope and enforceability of claims in the fields in which we operate is still evolving. There can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or our corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours, duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties or require us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

Conflict of Interest
Certain of the Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on Company's results of operations and financial condition.

Covid-19
The outbreak of the coronavirus ("COVID-19") pandemic may impact Exro's plans and activities. The Company may face disruption to operations, supply chain delays, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a health-care challenge for the Company.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

FINANCIAL INSTRUMENTS AND FAIR VALUE

The Company has designated its cash as fair value through profit or loss, finders' fees receivable as loans and receivables and accounts payable and accrued liabilities, related party payable and notes payable as other financial liabilities.

(a) Fair value

At December 31, 2019 and December 31, 2018, the carrying values of cash, finder's fees receivable, accounts payable and accrued liabilities, related party payable and loan payable approximate their fair values due to the relatively short period to maturity of those financial instruments.

The Company uses a fair value hierarchy to reflect the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs that are not based on observable market data.

There were no transfers between Level 1, 2 and 3 during the period. At December 31, 2019 and December 31, 2018, the Company has designated its financial instruments as level 1.

(b) Financial risk management

The Company's activities potentially expose it to a variety of financial risks, including credit risk, liquidity risk, and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at December 31, 2019, the Company's exposure to credit risk is the carrying value of cash. The Company reduces its credit risk by holding its cash at a major Canadian financial institution.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

December 31, 2019, the Company had cash of $496,636, accounts payable and accrued liabilities of $214,192 and related party payable of $60,519. All accounts payable and accrued liabilities are due within 90 days. Subsequent to December 31, 2019, the Completed a private placement raising $4,299,590 and received $209,761 from exercise of options and warrants. The Company assesses the liquidity risk as low.

Market risk

Market risk consists of currency risk, interest rate risk and other price risk. These are discussed further below.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates. The Company has financial assets and financial liabilities denoted in US dollars and is therefore exposed to exchange rate fluctuations. The Company determined that it is not exposed to significant foreign exchange risk.

Interest rate risk

Interest rate risk consists of two components:

i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

SIGNIFICANT ACCOUNTING POLICIES

The Company's financial statements have been prepared using accounting policies, judgements and estimates consistent with those used in the financial statements for the years ended December 31, 2019 and 2018. Please refer to the audited financial statements for the years ended December 31, 2019 and 2018 for additional information.

Changes in Accounting Policies

Adoption of IFRS 16 "Leases"

The Company adopted the requirements of IFRS 16 effective January 1, 2019. This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. The Company applied IFRS 16 retrospectively, with the cumulative effect of initially applying the standard as an adjustment to retained earnings and no restatement of comparative information. The Company has elected to measure its right of use assets at amounts equal to the associated lease liabilities; as such, the adjustment to retained earnings will be nil.

Upon adoption, the Company has elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short term leases (lease term of 12 months or less) and low value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short-term leases.

Upon the adoption of IFRS 16, the Company did not require to recognize any additional right of use assets and lease liabilities related to the Company's leased premises as the only lease outstanding at December 31, 2018 expires during the year ended December 31, 2019.

The following is a reconciliation of total operating lease commitments at December 31, 2018 to the lease liabilities recognized at January 1, 2019:

Total operating lease commitments disclosed at December 31, 2018	$	38,900
Recognition exemptions:		
Leases with remaining lease terms of less than 12 months		(38,900)
Operating lease liabilities before discounting	$	-

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

i. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
ii. the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
iii. the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

FORWARD-LOOKING INFORMATION OR STATEMENTS AND CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

Certain statements contained in the following MD&A constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, fluctuations in currency exchange rates; uncertainty of estimates of capital and operating costs;

The need to obtain additional financing and uncertainty as to the availability and terms of future financing; and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as of April 29, 2020 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning our expectations regarding the ability to

raise additional funds and find additional value in the biotechnology assets held.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and factors including: the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain; dependence on key personnel; dependence on corporate collaborations; potential delays; uncertainties related to early stage of technology and product development; uncertainties as to fluctuation of the stock market; uncertainties as to future expense levels and the possibility of unanticipated costs or expenses or cost overruns; and other risks and uncertainties which may not be described herein. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

Vancouver, BC April 29, 2020