



CHARBONE HYDROGEN CORPORATION MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2025 and 2024

The following analysis concerns the financial situation, operating results and cash flows of Charbone Hydrogen Corporation ("Charbone", the "Company", or the "Corporation") for the years ended December 31, 2025 and 2024. The discussion should be read in conjunction with the Company's audited annual financial statements for the years ended December 31, 2025 and 2024, and the related notes thereto. The Company's financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. All monetary amounts are reported in Canadian dollars unless otherwise noted. The information contained herein is presented as of April 30, 2026.

Forward-Looking Statements

This document may contain forward-looking statements relating to the Company's operations or to the environment in which it operates, which are based on the Company's operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict or are beyond the Company's control. A number of important factors including those set forth in other public filings could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made.

Forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions it believes to be not unreasonable in light of all of the circumstances. In some instances, material factors or assumptions are discussed in this MD&A in connection with statements containing forward-looking information. Such material factors and assumptions include, but are not limited to: the ability of the Company to acquire and to integrate hydropower plants; the timing of the completion of the Sorel-Tracy hydrogen plant and start of production of clean hydrogen in all targeted locations; the Company's success in expanding its product offerings; the ability of the Company to achieve rapid incremental customer growth; the Company's ability to retain key members of its management and development teams; and the Company's ability to raise additional capital. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this MD&A and, other than as required by law, the Company's disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Business Overview

Charbone Hydrogen Corporation is a corporation incorporated under the CBCA on April 17, 2019. The registered and head office of Charbone is located at 5005, boul. Lapinière, Suite 1080, Brossard (Québec) J4Z 0N5.

Charbone is an integrated industrial gases producer and distributor focused on the development and production of clean Ultra High Purity (UHP) hydrogen complemented by a growing industrial gases distribution platform. Through its modular approach, Charbone is developing a network of clean hydrogen production facilities throughout North America and select markets worldwide, starting with its flagship Sorel-Tracy project in Quebec and subsequently in the US. The Company's integrated model reduces risk, enhances scalability, and enables diversified revenue streams through partnerships in helium and other specialty gases. CHARBONE is committed to supporting the global energy

transition by providing accessible, decentralized clean hydrogen and specialty gas solutions while supporting underserved industrial gas customers and accelerating the shift to localized energy with a resilient products offering.

As the hydrogen market evolves, Charbone has established a decentralized, energy opportunistic approach to its clean hydrogen production strategy, with the ability to tap into any renewable energy sources connected to the grid that will allow Charbone to move quickly, reduce costs and begin production. Energy and transportation costs are currently significant components of the hydrogen prices and the ability to have access to lower costs near the industrial customers will allow Charbone to have a more competitive offering when compared to other methods of production and distribution of hydrogen.

Charbone also leverages commercial partnerships to supply hydrogen, helium, and other industrial gases without the capital-intensive requirements of production facilities. This approach enhances revenue streams, reduces operational risks, and increases market flexibility.

Significant Acquisitions and Dispositions

Charbone starts producing in December 2025 from its Phase 1A and continues to progress towards building the complete first phase (out of 5 phases) of its first 10 tonnes/day hydrogen plant. Furthermore, the production and sales of clean Ultra High Purity (UHP) hydrogen in Sorel-Tracy since December 2025 is in a certain ramp-up. The Company has also finalized financings, of more than \$3 million in January and April 2026, to complete the construction of Phase 1B of this hydrogen plant towards an increased production capacity of 900 kg per day. Following the signature of an Asset Purchase Agreement, on September 4, 2025, with Harnois Énergies Inc., Charbone has completed the acquisition and reinstallation at its Sorel-Tracy site of the operational hydrogen production and refueling equipment. On October 6, 2025, the Company has issued 13,333,334 common shares at \$0.075 per share, representing \$1 million in equity consideration to Harnois Énergies Inc. as a part of the payment of the acquisition transaction.

For Phase 1B, the equipment, including the upgraded 1.75MW electrolyzer, is having a balance of payment to be made of around \$2.3M, will be delivered at Charbone's facility in the coming months.

In addition, Charbone is working with bankers to negotiating multiple financing offers to complete the equipment financing in parallel with additional debt/equity raises that will be used to finance the deployment of a decentralized sites hydrogen plants strategy in Canada, United States and Asia-Pacific.

Overview of past three fiscal years (Selected annual consolidated information)

The following discussion of the Company's financial performance is based on the financial statements for the year ended December 31, 2025 compared to year ended December 31, 2024 and December 31, 2023. During these periods, the Company was focused on the development and construction phase of the business. For the year ended December 31, 2025, 2024 and 2023, the Company had a net loss of \$2.7 million compared to a net loss of \$2.8 million for the year ended December 31, 2024 and compared to a net loss of \$3.2 million for the year ended December 31, 2023 detailed as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
INCOME			
Gas income	\$ 201,277	\$ -	\$ -
Hydroelectricity income	5,067	325,753	282,274
Other income	45,697	-	-
EXPENSES			
Operating expenses	202,321	-	-
Professional fees included related to acquisition	1,412,930	1,175,900	1,692,660
Meals, entertainment, travel and other business development expenses	134,481	84,755	152,928

Investors relationships and marketing	321,424	388,442	501,634
Share based compensation	153,847	114,451	5,021
Salaries, fringe benefits and board	439,399	353,754	351,717
Other expenses	20,499	357,214	257,491
EXPENSES	\$ 2,684,901	2,474,516	2,961,451
Depreciation of PP&E	177,738	171,177	177,289
Depreciation of right-of-use-assets	131,975	103,377	76,097
Impairment of assets	-	93,528	69,000
Amortization of intangible assets	24,129	23,646	23,299
Loss on asset disposition	-	104,500	11,588
OPERATING LOSS BEFORE THE FOLLOWING:	\$ 2,766,702	2,644,991	3,036,000
Change in the fair value of the debentures	-	-	-
Interest on debentures	278,111	273,274	255,881
Interest on short term debt	4,560	17,682	132,020
Interest on lease obligations	21,854	24,069	17,029
Interest and bank fees	12,258	16,060	22,499
Realized loss on foreign exchange	2,121	3,119	3,381
Unrealized (gain)/loss on foreign exchange	(77,167)	66,558	3,377
Gain on settlement of account payable	(483,955)	(176,107)	(280,824)
Gain/(loss) on debt modification	6,984	(43,020)	-
Fair value adjustment on embedded derivative	151,307	2,848	-
FINANCIAL EXPENSES, NET	\$ (83,927)	184,483	153,363
Current income tax	(6,659)	8,219	6,698
Deferred income tax	-	-	(3,549)
NET LOSS	\$ (2,676,116)	\$ (2,837,693)	\$ (3,192,512)
BASIC LOSS PER SHARE	\$ (0.02)	\$ (0.03)	\$ (0.05)
DILUTED LOSS PER SHARE	\$ (0.02)	\$ (0.03)	\$ (0.05)
WEIGHTED AVERAGE NUMBER SHARES OUTSTANDING	118,118,365	102,659,491	60,380,207
TOTAL ASSETS	\$ 12,723,740	\$ 6,846,144	\$ 4,249,249
TOTAL NON-CURRENT LIABILITIES	\$ 3,180,662	\$ 2,769,001	\$ 1,343,981

Hydroelectricity income in 2024 and 2023 represents twelve-months of revenues. In 2025, the service reduction at the Wolf River plant following an equipment failure impacted revenues and will be repaired and upgraded to become the energy source of Charbone's new clean UHP hydrogen production plan.

The gas income represents the industrial gases production and distribution sales to industrial merchant customers started in Q4 2025.

The Other income represents the percentage of activities advancement from the Master Collaborative Agreement to support the deployment of a Malaysian green hydrogen project development.

Expenses

Management has actively managed and controlled expense even though the level of activity has increased markedly since January 1, 2024. In general, all cash expenses have been maintained to similar level during 2025 compared to 2024. Operations expenses from industrial gases activities started in Q4 2025.

The other expenses include variations in insurance, taxes and licenses/permits expenses compensated by payable reversals.

Significant general administrative expenses include professional fees, salaries, fringe benefits and board and investors relationships and marketing. Professional fees expenses are further disaggregated below.

Detail of the services included in the professional fees:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Consulting services with members of management (a)	\$ 405,000	\$ 290,000	310,000
External consultants	286,151	123,460	72,000
Auditors and Accounting services (c)	472,537	543,699	474,804
Lawyers and notary (b)	78,146	73,313	439,100
Graphic design for website and logo company	3,706	-	3,296
Company employees (d)	251,275	134,404	129,212
Stock market fees	-	-	24,478
Other	-	11,024	8,747
	<u>1,496,815</u>	<u>1,175,900</u>	<u>1,461,637</u>
Professional fees related to business acquisition (e)	(83,885)	-	231,023
Total	\$ <u>1,412,930</u>	\$ <u>1,175,900</u>	<u>1,692,660</u>

a) Professional services received from 2 key consultants and key management personnel in 2025 and 2024. The increase in 2025 is explained by a retention fee given to the 2 key management personnel of \$75,000 each in Q1 2025, then settled in shares.

b) The decrease in professional fees in 2024 and 2025 compared to 2023 for legal fees was related to reduction of legal general matters needs and to continued disclosure information requirements for a listed entity resulting from the increase of internal management involvement. Fees specific to capital financing transactions are recorded against equity.

c) The decrease in auditing and accounting services and administrative resources in 2025 compared to 2024 is because of change of auditor at a lower fee and more efficient work performed for 2024 year-end and Q1 2025.

d) Professional services received from consultants and management and team in 2025 increased compared to 2024, as the Company had new additions to the team since Q3 2024 to prepare for industrial gases operations.

e) Professional services in 2023, primarily \$75,000 US services deposits and legal fees, in connection with Michigan PSA and customary legal works after the Wolf River acquisition which occurred in 2022. In 2025, professional fees specific to equipment acquisition from Harnois Énergies Inc. capitalization.

Common share purchase options

During the year, the Corporation granted a total of 5,200,000 options, 100,000 options were exercised, 800,000 options expired, and 1,300,000 options were cancelled as of December 31, 2025. For more details, see note 13 of the consolidated financial statements. The shared based compensation expense was an higher amount in 2024 and in 2025 compared to 2023, because of more options issued with longer term of 2 years compared to 1 year in 2023.

Salaries, fringe benefits and board

During the year 2025, salaries, fringe benefits and board expenses include a \$75,000 retention bonus given to the Chief Financial Officer, then settled in shares.

Depreciation, amortization and impairment

The small increases of depreciation and amortization expenses are mainly due to new additions made.

In 2024, the Corporation identified possible indicators of impairment for the cash generating unit Wolf River acquired in December 2022. The Corporation performed an impairment test and determined that there was an impairment charge of \$93,528 for the property, plant and equipment and intangible assets. In 2023, the Corporation identified possible indicators of impairment for the cash generating unit Stuwe and Davenport acquired in June 2021. The Corporation performed an impairment test and determined that there was an impairment charge of \$69,000 for the property, plant and equipment and intangible assets.

Financial

Financial expenses variation in 2025 is mainly due to the gain on settlement of certain accounts payable where the Corporation settled suppliers' account payable with equity issuance having a fair value less than the amounts payable compensated by the adjustment on embedded derivative. Those gains were offset by the increase in debentures interest costs due to higher outstanding debt in 2024 and 2025 compared to 2023. The short-term loan interest costs decreased due to lower outstanding debt in 2024 and 2025 compared to 2023.

Analysis of consolidated net loss for the three-month period ended December 31, 2025

The following discussion of the Company's financial performance is based on the financial results for the three-month periods ended December 31, 2025 and 2024. The main variations can be explained by the same discussion in the section above on the yearly basis. For the three-month period ended December 31, 2025 and 2024, the Company had a net loss of \$0.9 million and a net loss of \$1.0 million, respectively, detailed as follows:

	Three-month period ended December 31, 2025	Three-month period ended December 31, 2024
INCOME		
Gas income	\$ 201,277	\$ -
Hydroelectricity income	-	64,525
EXPENSES		
Operating expenses	\$ 202,321	\$ -
Professional fees included related to acquisition	235,890	\$ 334,132
Meals, entertainment, travel and Investors relationships/marketing	133,213	105,761
Share based compensation	-	97,392
Salaries, fringe benefits and board	73,228	95,733
Other expenses	(222,638)	100,349
Expenses	\$ 422,014	\$ 733,367
Depreciation of property, plant and equipment	46,058	43,552
Depreciation of right-of-use-assets	40,269	28,934
Impairment on assets	-	93,528

Amortization of intangible assets		6,019		6,033
Loss on asset disposition		-		-
OPERATING LOSS BEFORE THE FOLLOWING:				
	\$	313,083	\$	840,889
Interest on debentures		60,115		49,377
Interest on short term debt		-	(3,020)
Interest on lease obligations		4,975		6,240
Interest and bank fees		4,072		2,200
Realized loss (gain) on foreign exchange	(23)		2,073
Unrealized (gain)/loss on foreign exchange	(40,003)		50,396
Gain on settlement of account payable	(187,882)		-
Fair value adjustment on embedded derivative		183,165		2,848
FINANCIAL EXPENSES, NET	\$	24,419	\$	110,114
Current income tax	(12,954)		88
Deferred income tax		-		-
NET LOSS	\$	(324,548)	\$	(951,091)

Quarterly Information

The selected financial information for the last eight quarters is as follow:

	2025-12-31	2025-09-30	2025-06-30	2025-03-31	2024-12-31	2024-09-30	2024-06-30	2024-03-31
Revenue	201,277 \$	22,950 \$	22,747 \$	5,067 \$	64,525 \$	79,085 \$	100,506 \$	81,637 \$
Net (loss) income	(324,548) \$	(719,240) \$	(444,542) \$	(1,187,786) \$	(951,091) \$	(609,263) \$	(729,425) \$	(547,914) \$
Net (loss) income per share, basic and diluted	(0.003) \$	(0.006) \$	(0.004) \$	(0.110) \$	(0.008) \$	(0.010) \$	(0.010) \$	(0.010) \$

Liquidity and Capital Resources

As at December 31, 2025, the Company had a working capital deficiency (current liabilities in excess of current assets) of \$5,354,274 (December 31, 2024 - \$4,815,638). The main reason is the increase in payables related to hydrogen equipment purchases from Harnois Énergies Inc.

The Company used cash in operating activities of \$1,336,811 (December 31, 2024 - \$1,562,973).

In the year ended December 31, 2025, the Company used cash of \$1,006,801 from investing activities compared with \$87,467 for the year ended December 31, 2024. In 2025, the Company made acquisitions of property, plant and equipment for a net amount of \$978,130 related to the construction of its Sorel-Tracy clean hydrogen plant and its Wolf River project compared to \$80,131 in 2024.

In the year ended December 31, 2025, financing activities generated \$2,849,947 compared to \$2,086,315 for the year ended December 31, 2024. The increase is mainly due to the difference in the proceeds of the issuance of units from private placements and exercises of warrants.

The net cash position at December 31, 2025 was \$1,016,292 in comparison with \$452,739 at December 31, 2024.

At its current operating level, the Company will not have sufficient funds generated from ongoing operations to cover short-term and long-term operational needs. The Company expects to still operate at a loss for at least the next 9 months. As such, the Company will need additional financing for costs related to operations, and its growth strategy. The Company is currently addressing its liquidity concerns by proactively planning future financings through the raise of debt and (or) equity. Timing and ability to do so will depend on the liquidity of the financial markets, economic conditions, as well as the acceptance of investors to small cap companies.

Until such time that it can generate significant revenue, the Corporation expects to finance its operations through a combination of public or private equity or debt financings or other sources. While the Corporation has been successful in securing financing in the past, raising additional funds is dependent on several factors outside the Corporation's control, and as such there is no assurance that it will be able to do so in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. The Corporation's continuing operations are dependent upon the continued financial support of shareholders and lenders, its ability to attain profitable operations and generate funds from and/or to raise equity capital or obtain the necessary financing sufficient to meet current and future obligations. See note 1 to the consolidated financial statements as at and for the year ended December 31, 2025 for additional details on the going concern basis of accounting.

The primary need for liquidity is to fund working capital requirements of the business, as well as capital expenditures related to the hydrogen plant in Sorel-Tracy. The Corporation has closed a private placement of an aggregated amount of \$3,100,000 on January 12, 2026 and a secured convertible loan facility for up to \$10 million of financing from Riverfort Global Opportunities PCC Ltd. with a first drawdown amount of \$3 million closed on April 29, 2026 (see Note 22 of consolidated financial statements as at and for the year ended December 31, 2024) and received more than \$850,00 in 2026 from warrants exercises.

The Corporation has commitments related to the purchase of property, plant and equipment, corresponding to \$1,646,031 for the purchase of hydrogen production equipment and \$68,985 for corporate marketing service contracts.

Overall, the Corporation will require additional financing in order to complete its business plan and meet future obligations for the next 12 months.

Subsequent events (not disclosed elsewhere in the MD&A)

No other subsequent events not disclosed elsewhere in the MD&A.

Off Balance Sheet Arrangements

Other than the commitments related to the purchase of property, plant and equipment and corporate marketing services referred to above, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Related Party Transactions

The related parties include key management personnel and their close family, and key management personnel's companies. Key management personnel include the directors and officers of the Corporation, who are also shareholders of the Corporation through their management companies.

At December 31, 2025, there is no advance amount due to key management personnel directly or indirectly through their management companies (as at December 31, 2024 – \$29,261).

At December 31, 2025, the amounts due to key management personnel directly or indirectly through their management companies and included in the accounts payable and accrued liabilities is \$386,587 (as at December 31, 2024 - \$350,177).

The key management compensation includes amounts incurred for the following (see p.4 for variations explanations):

	2025	2024
	<hr/>	<hr/>
Professional fees	\$ 440,000	\$ 290,000
Salaries and fringe benefits	504,765	252,925
Share-based compensation	153,847	31,811
Interest on debentures	-	-
Total	\$ 1,098,612	\$ 574,736
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Proposed Transactions

As at the date of this MD&A there are no proposed transactions other than those already disclosed elsewhere in the MD&A.

Accounting Estimates and judgements

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. For the years ended December 31, 2025 and December 31, 2024, the following are critical judgments, estimates or assumptions made by management that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses:

Critical judgment

Going concern (Note 1 of consolidated financial statements)

Key sources of estimation uncertainty

Debentures (Notes 11 and 13 of the consolidated financial statements)

Impairment of non-financial assets (Note 5 of consolidated financial statements)

As part of assessing property, plant and equipment and intangible assets for impairment, the recoverable amount of a cash-generating-unit (CGU) is determined as the higher of the amount determined using the discounted future cash flow method (value-in-use) and the market-based method (estimated fair value less costs to sell). When the discounted future cash flow method is used, cash flow projections are established based on past experience, certain economic trends as well as industry and market trends, and represent management's best estimates of future results. The recoverable amount of a CGU is also influenced by the discount rate used in the model, by the growth rate used to make the extrapolation and by the weighted average cost of capital. When a market-based method is used, the Corporation estimates the fair value of the CGU by gathering market data, similar transactions and third-party evaluation. These methods rely on numerous assumptions and estimates that may have a significant impact on the

recoverable amount of a CGU, and thereby, on the amount of impairment, if any. The impact of significant changes in assumptions and the revision of estimates, if any, is recognized in net earnings in the period in which the changes occur or the estimates are revised.

Fair value used in measurement of financial liabilities

Certain financial liabilities require significant estimates in order to determine the fair value at initial recognition and subsequent measurement. When measuring fair value, the Corporation shall take into account the characteristics of the liability if market participants would take those characteristics into account when pricing the liability at the measurement date

Valuation of share-based compensation and warrants

The Corporation measures the cost of share-based payments with employees by reference to the fair value of the equity instrument or underlying equity instrument at the date on which they are granted. Estimating fair value for share-based payments requires management to determine the most appropriate valuation model for a grant, which is dependent on the terms and conditions of each grant. In valuing certain types of stock-based payments and warrants granted, the Corporation uses, depending on terms and conditions, the Black-Scholes option pricing model. Several assumptions are used in the underlying calculation of fair values of the Corporation's stock options and warrants granted using these models, including the expected life of the option or warrant, the share price of the underlying shares and volatility.

Valuation of convertible financial instruments

The Corporation estimated the value of the liability portion of the Debentures at inception by reference to a market rate for the debt instrument alone with the residual value allocated to an equity component presented as Equity component of convertible debenture on the consolidated statement of financial position.

The Corporation estimated the value of the liability portion of the Notes at inception by reference to a market rate for the debt instrument alone with the residual value allocated to a liability component presented as Embedded derivative on the consolidated statement of financial position as it does not meet the fix-for-fix criterion.

The calculation of the fair value of the debt component of debentures and notes requires using an estimated interest rate that the Corporation would have had to pay had the loan been obtained without a conversion feature.

Leases

In determining the carrying amount of right-of-use assets and lease liabilities at lease inception and for lease modifications, the Company is required to estimate the incremental borrowing rate specific to each leased asset if the interest rate implicit in the lease is not readily determinable. Management determines the incremental borrowing rate of each leased asset by incorporating the Corporation's creditworthiness, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change.

Tax credit receivable

In estimating the tax credit receivable, the Corporation is required to assess if there is reasonable assurance that the Corporation will comply with the requirements of the tax credit and if it is reasonably certain that it will be received.

Other areas involving estimation uncertainty include the determination of the estimated useful lives of property, plant and equipment.

Standards issued but not yet effective

As at December 31, 2025, a number of new standards, amendments to standards and interpretations have been issued but are not yet effective. Accordingly, they have not been applied in preparing these financial statements. The Corporation is currently assessing the impact that these standards will have on the financial statements.

The standards issued but not yet effective that are expected to be relevant to the Corporation's consolidated financial statements are provided below.

Management anticipates that all the pronouncements will be adopted in the Corporation's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's consolidated financial statements and are not listed. Several new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2026 and have not been applied in preparing these financial statements. Those which may be relevant to the Corporation's are set out below.

i) IFRS 18 - Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

The new Accounting Standard introduces significant changes to the structure of a company's income statement, more discipline and transparency in presentation of management's own performance measures (commonly referred to as 'non-GAAP measures,') and less aggregation of items into large, single numbers. The main impacts of the new Accounting Standard include:

- introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities (i.e. operating, investing and financing);
- requiring disclosure about management performance measures (MPMs); and
- adding new principles for aggregation and disaggregation of information.

IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The extent of the impact of adoption of this new IFRS has not yet been determined and the Corporation has not determined if it would adopt by anticipation.

ii) IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures

IFRS 9, Financial Instruments and IFRS 7 Financial Instruments: Disclosures, to set out the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled using an electronic payment system. The amendments are effective January 1, 2026, with early adoption permitted. The Corporation does not anticipate any significant impact from these amendments on its consolidated financial statements.

Financial Instruments

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized on the consolidated balance sheet.

The following are the contractual cash flows of financial liabilities, including estimated interest payments, as at December 31, 2025 and December 31, 2024:

December 31, 2025	Carrying amount	Contractual cash flow	Less than 1 year	More than 2 years
Trade and other payables	\$ 5,837,922	5,837,922	5,837,922	-
Due to unrelated individual	\$ -	-	-	-
Due to key management personnel	\$ -	-	-	-
Debentures	\$ 2,044,580	2,234,500	2,234,500	-
Convertible note	\$ 1,596,223	2,796,024	-	2,796,024
Lease obligation, including current portion	\$ 1,170,844	2,092,912	272,768	1,820,144
	\$ 10,649,569	12,961,358	8,345,190	4,616,168

December 31, 2024	Carrying amount	Contractual cash flow	Less than 1 year	More than 2 years
Trade and other payables	\$ 3,569,117	3,569,117	3,569,117	-
Due to unrelated individual	\$ 3,000	3,000	3,000	-
Due to key management personnel	\$ 29,261	29,261	29,261	-
Debentures	\$ 1,690,119	1,917,003	1,917,003	-
Convertible note	\$ 1,544,599	2,935,356	-	2,935,356
Lease obligation, including current portion	\$ 1,243,883	2,247,406	249,465	1,997,941
	\$ 8,079,979	10,701,143	5,767,846	4,933,297

Market risk

Market risk is the risk that the fair value or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market prices. Some of the Corporation's financial instruments expose it to this risk, which comprises currency risk and interest rate risk.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuates because of variations in market interest rates. The promissory notes and debentures issued by the Corporation bear fixed-rate interest and expose the Corporation to the risk of fair value variation resulting from interest rate fluctuations.

A 1% change in the interest rate of the debenture would have an impact of approximately \$54,099 on the Corporation's statements of loss and comprehensive loss and cash flows on an annual basis.

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Fair value

When measuring the fair value of an asset or a liability, the Corporation uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- First level includes quoted prices (unadjusted) in an active market of identical assets or liabilities.
- Second level includes inputs other than quoted prices included in the first level that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).; and
- Third level includes data that are not based on observable market data.

The carrying value of cash, subscription to be received, trade and other payables, promissory notes, due to companies under common control, advances from unrelated companies and advance from an unrelated individual are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

The Company determined that the fair value of the debentures approximates their carrying value as they bear interest at interest rates that are similar to the rate that would be obtain on the market for financial instruments with similar terms and risks and because the conversion option at the discretion of the Corporation has a negligible value. (Level 3)

Disclosure of Share Capital

As at the date of this report (April 30, 2026) the Company share capital consists of 286,988,175 fully paid Class "A" common shares, voting and participating. The Corporation has authorized an unlimited number of Class "A" common shares without par value.

The Company has 49,638,812 outstanding purchase warrants that entitle their holders to subscribe to an equivalent number of common shares.

The Company has 8,900,000 outstanding share purchase options.