

Management's Discussion and Analysis
For the year ended July 31, 2026

This management's discussion and analysis ("MD&A") for RecycLiCo Battery Materials Inc. (formerly American Manganese Inc.) (the "Company" or "RecycLiCo") contains an analysis of the Company's operational and financial results for the fiscal year ended July 31, 2026. The following should be read in conjunction with the Company's audited consolidated financial statements for the years ended July 31, 2026 and 2025 and the related notes thereto (the "Financial Statements"), which are available on the Company's website at www.recyclico.com and on www.sedarplus.ca. The financial information in this MD&A is derived from the Financial Statements prepared in accordance with the IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All figures are in Canadian dollars unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy, exploration plans, and environmental protection requirements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results or performance of the Company to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties include risk and uncertainties associated with the mining industry and the exploration and development of mineral projects, such as the uncertainty of exploration results, the volatility of commodity prices, potential changes in government regulation, the uncertainty of potential title claims against the Company's projects, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as international political or economic developments, changes in interest rates and the condition of financial markets, and changes in exchange rates.

Forward-looking information is based on assumptions and expectations which the Company considers to be reasonable, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. RecycLiCo Battery Materials Inc. does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

DATE OF REPORT

This MD&A was prepared with the information available as of November 3, 2026.

Jurisdiction of incorporation and corporate name

RecycLiCo Battery Materials Inc. was originally incorporated under the *Company Act* (British Columbia) on July 8, 1987, as "Navarre Resources Corporation." On August 26, 1998, the Company changed its name to "Ameridex Minerals Corp." and on July 15, 2005, transitioned under the *Business Corporations Act* (British Columbia). Effective September 13, 2006, the Company changed its name to "Rocher Deboule Minerals Corp." before changing its name again on January 20, 2010 to "American Manganese Inc."

On September 27, 2022, the Company changed its name to its current name, "RecycLiCo Battery Materials Inc." which reflects the Company's current business strategy.

The Company is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. The Common Shares are listed on the TSXV and currently trade under the symbol "AMY".

The Company's wholly owned subsidiary Rocher Manganese, Inc. was incorporated on June 1, 2007, in the state of Arizona, United States of America.

In August 2025, the Company incorporated a wholly owned subsidiary, RecycLiCo US Mineral Recovery, Inc., under the laws of Delaware, United States of America.

The Company's head office is located at 110 – 7858 Hoskins Street, Delta, British Columbia V4G 1M4.

HIGHLIGHTS

RecycLiCo Battery Materials Inc. is a critical minerals refining company specializing in the use of advanced hydrometallurgical technologies to recover critical minerals from a variety of feedstocks. The Company's initial focus had been the upcycling of lithium-ion batteries. In 2025, the Company's management and Board of Directors decided to expand the Company's business activities to include the use of its processes to assist in the creation of circular domestic critical-mineral supply chains.

The Company's shares currently trade on the TSX Venture Exchange under the symbol "AMY", on the Frankfurt Stock Exchange under the symbol "ID4" and on the OTCQB under the symbol "AMYZF".

During the year ended July 31, 2026, the Company paid $1,420,600 (US$999,976) toward a subscription for Series B convertible preferred stock of global fusion technology provider Type One Energy Group, Inc. Subsequent to year end, in September 2026, the Initial Closing occurred and the Company was issued 211,517 Series B Preferred shares and 84,606 common share purchase warrants. The transaction reflects RecycLiCo's broad commitment to supporting technologies across the advanced energy and critical-materials ecosystem. See "Investment in Type One Energy Group, Inc." below.

In February 2026, the Company opened its Innovation Centre laboratory in Delta, British Columbia.

The Company can now provide bench-scale hydrometallurgical processing and technical research and development services for projects across the metals, mining, refining and battery materials sectors, supporting miners, refiners, OEMs and technology developers.

In January 2025, the Company engaged Penney Capital and Carmot Strategic Group, Inc. to assist in the company's efforts to identify, and qualify for, government funding opportunities that could be used to further RecycLiCo's critical mineral recovery activities in the U.S. and Canada.

Effective February 28, 2025, the Company and its joint venture partner, Zenith Chemical Corporation ("Zenith"), jointly determined to abandon the construction of a speculative battery recycling facility in Taiwan and entered into a definitive Mutual Release and Termination Agreement (the "Termination Agreement") to unwind their previously established joint venture. As per the terms of the Termination Agreement, the Company received cash proceeds of $795,970 (US$581,114) in exchange for its interest in the joint venture and Zenith returned 4,000,000 common shares and 6,000,000 common share purchase warrants that had previously been issued by the Company as an inducement to enter into the JV Agreement. The Company recorded the return of the common shares at their fair value, being $240,000, and reversed the previously recognized research and development and share-based payment expenses associated with the unvested warrants, being $1,124,200, ultimately resulting in a gain on the dissolution of the joint venture in the amount of $1,074,648 during the year ended July 31, 2025.

On August 28, 2025, RecycLiCo acquired a 10,047-square-foot building comprising two strata units at 110/120 – 7858 Hoskins Street, Delta, British Columbia to serve as its corporate headquarters and operational hub. The building houses the Company's executive offices, lithium-ion battery recycling demonstration plant and its in-house analytical laboratory. The purchase price was $5,875,000 (excluding GST and property transfer tax), of which $4,406,250 was financed by the vendor through a vendor take-back mortgage bearing interest at 5.0% per annum and maturing on August 28, 2028. Including land, building, laboratory and building improvements and laboratory equipment, the Company capitalized $6,471,566 of property, plant and equipment during the year.

During the year ended July 31, 2026, the Company paid $1,420,600 to Type One Energy Group, Inc. ("Type One Energy") in connection with its commitment to subscribe for shares of Type One Energy's Series B Preferred Stock. The funds are held in a separate, interest-bearing initial closing account and will be released to Type One Energy only upon the satisfaction or waiver of specified closing conditions and with the consent of the lead investors. As at July 31, 2026, the initial closing had not occurred, and the amount is presented as a prepaid share subscription within current assets. The Initial Closing occurred subsequent to year end.

DESCRIPTION OF BUSINESS

RecycLiCo Battery Materials Inc. is a critical minerals refining company specializing in the use of advanced hydrometallurgical technologies (using a combination of chemical reagents) for processing unrefined ore and for the upcycling of lithium-ion battery materials. RecycLiCo's processes efficiently recover critical minerals from a variety of feedstocks (including, newly-mined ore, end of life batteries and battery manufacturing scrap) resulting in materials that are suitable for commercial, industrial or military applications. RecycLiCo's business focus aligns with the global demand for future-ready, responsible supply chains and the growing movement to strengthen domestic sourcing of critical materials.

We are committed to keeping valuable materials in circulation while minimizing waste. By offering a scalable and robust solution, RecycLiCo is well-positioned to help meet the urgent demand for a robust, circular supply chain for critical minerals which are used in virtually every commercial and industrial sector of the modern economy.

Intellectual property rights

The Company holds intangible property in various forms such as patents, patent applications, trademarks and know-how as well as licences. Our success depends in part upon our ability to protect our intellectual property rights. We protect such intangible property through patent protection, registration as well as confidentiality agreements and by limiting access to such proprietary information to those who have a need to know such information.

The Company currently holds 16 patents and 5 patent applications which cover aspects of our technology, including the RecycLiCo Process, and include issued patents or pending patent applications in Canada, the United States, India, Japan, Australia, Taiwan, South Korea, South Africa, and European countries. In addition, the Company has filed for international patent protection under the Patent Cooperation Treaty in respect of our technology, which has resulted in patent pending applications in 152 participating independent states and countries. These patents and patent applications have filing dates between June 11, 2013 and March 20, 2024 and will therefore expire between September 12, 2031 and March 16, 2040.

Additional details regarding our patents and patent applications are shown below – as of July 31, 2026, the patents issued bring RecycLiCo's patent portfolio to sixteen granted patents and an additional five applications for battery recycling around the globe:

- In July 2024, the Company was granted the European Unitary Patent No. 17870326.0 for its pioneering hydrometallurgical recycling solution.
- Also in July, 2024, the Company registered a European unitary patent in respect of its RecycLiCo Process.
- In April 2024, the Company was granted the Indian Patent No. 478749 for RecycLiCo's Processing of cobaltous sulphate/dithionate liquors derived from cobalt resource, RecycLiCo™.
- In October 2023, the Company was granted the Japanese Patent No. 7341598 with respect to the Company's National Phase Patent Application for its lithium-ion battery recycling technology, RecycLiCo™.
- In March 2023, the Company was granted the Australian Patent No. 2020237451 with respect to the Company's National Phase Patent Application for its lithium-ion battery recycling technology, RecycLiCo™.
- In April 2022, the Company was granted the Chinese Patent No. CN 110139832 B with respect to the Company's National Phase Patent Application for its lithium-ion battery recycling technology, RecycLiCo™.
- In April 2022, the Company was granted the Canadian Patent No. 3043335 with respect to the Company's lithium-ion battery cathode recycling process (RecycLiCo™).
- In December 2021, the Company announced that the Indian Patent Office granted Patent No. 380826 with respect to the Company's lithium-ion battery cathode recycling process (RecycLiCo™).
- In May 2021, the Company was granted Patent No. KR102246670B1 by the Korean Intellectual Property Office for the Company's lithium-ion battery cathode recycling process (RecycLiCo™).
- In July 2020, the Company was granted the Australian Patent No. 2017357001 with respect to the Company's lithium-ion battery cathode recycling process (RecycLiCo™).
- In June 2019, the Company was granted Continuation in Part (CIP) U.S. patent No. 10,308,523B1 for Lithium-ion Battery Cathode Material recycling technology.
- In May 2019, the Company selected China, Japan, South Korea, Europe, Australia, India, and Canada to file National Phase Patent Applications for the Company's lithium-ion battery cathode material recycling technology.

- In April 2019, the Company was granted U.S. Patent No. 10,246,343 for Lithium-ion Battery Cathode Material recycling technology.

- The Patent Cooperation Treaty patent application was filed on November 9, 2017. With the filing of this application, the Company's proprietary technology became patent pending in 152 participating independent states and countries.

- On November 7, 2017, the Company filed a Non-Provisional Patent Application for recycling lithium-ion battery cathode material with the United States Patent Office.

- The Company holds a patent for the Advanced Hydrometallurgical Process where from manganous sulphate-dithionate liquor electrolytic manganese can be recovered from a low-grade resource (US Patent No. 8460631, Chinese Patent No. 201180050306.7, Republic of South Africa Patent No. 2013/01364, Canada Patent No. 2,808,627).

In November 2023, the Company received trademark protection in Canada with the Canadian Intellectual Property Office for the name "RecycLiCo", the name for the Company's proprietary hydrometallurgical process of recycling LIBs, as well as the associated logo shown below.



Mining Properties – Legacy Assets

The Company's business has evolved over time from its legacy business of being a mining exploration company to its present business as a battery materials company. As a result, the Company no longer has any mineral properties that are material to the Company. The Company holds a 100% interest in the following legacy mineral properties:

- The Rocher Deboule Property: a gold-silver-copper prospect approximately 1,275 hectares in size, located in the Omineca Mining Division of British Columbia, about eight kilometers south of the town of Hazelton. During the fiscal year ended July 31, 2023, management determined the carrying value of the property was impaired and the assets were written down to a nominal value.

- The Artillery Peak Property: a manganese prospect approximately 600 acres in size, located in the Artillery Mountains of Mohave County in northwestern Arizona, about 170 kilometers northwest of the city of Phoenix. The Artillery Peak Property is subject to a 2% net smelter return royalty, and a pre-feasibility study was completed on it in 2012. Due to manganese prices being low, we have not proceeded with any further exploration or development for the project. As at July 31, 2019, the Company elected to write off the balance of the remaining costs down to a nominal value.

- The Lonnie-Virgil Property: a niobium and rare earth minerals prospect approximately 276 hectares in size, located in north central British Columbia, about three hours drive north of the town of Fort St. James. During the fiscal year ended July 31, 2022, management determined the carrying value of the property was impaired and the assets were written down to a nominal value.

SELECTED ANNUAL INFORMATION

The following table shows total revenues, loss, assets, liabilities, and accumulated deficit for each of the three most recent fiscal years of the Company. The results of operations for fiscal years 2024 to 2026 are stated in accordance with IFRS.

	2026	2025	2024
(a) Finance Income	$ 143,908	$ 552,884	$ 771,606
(b) Net Income (Loss):			
i) In total	$ (3,150,387)	$ (492,222)	$ (5,470,645)
ii) On a per share basis[(1)]	$ (0.012)	$ (0.002)	$ (0.021)
(c) Total Assets	$ 17,960,368	$ 16,424,874	$ 18,269,857
(d) Total Liabilities	$ 4,370,587	$ 72,306	$ 79,217
(e) Total Accumulated Deficit	$ (83,985,890)	$ (80,835,503)	$ (80,343,281)

(1) Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive.

RESULTS OF OPERATIONS

Net loss for the fiscal year ended July 31, 2026 was $3,150,387 ($0.012 per share), compared to a net loss of $492,222 ($0.002 per share) for the fiscal year ended July 31, 2025. The Company does not generate operating revenue; other income consists of interest earned on cash and cash equivalents and foreign exchange gains. The comparative year benefited from two non-recurring items relating to the Company's former joint venture with Zenith: a gain on dissolution of the joint venture of $1,074,648 and the Company's share of the joint venture's net income of $61,680. There were no corresponding items in fiscal 2026.

Loss from operations totalled $3,347,829 in the fiscal year ended July 31, 2026 (2025 – $2,171,581), an increase of $1,176,248. The increase reflects higher consulting fees, share-based payments arising from stock options granted during the year, interest on the vendor take-back mortgage and the costs of owning and operating the Company's new Delta facility, partially offset by the absence of research and development expense (2025 – $156,331) and office rent (2025 – $42,240).

Finance income decreased to $143,908 (2025 – $552,884), reflecting lower average cash balances following the acquisition of the Delta facility and the Type One Energy subscription payment, together with lower interest rates on deposits. The Company recorded a foreign exchange gain of $53,534 (2025 – loss of $9,853) on its US dollar denominated monetary assets.

The Company's cash and cash equivalents decreased by $6,394,078 during the year ended July 31, 2026 (2025 – $799,376). The decrease was driven by the acquisition of property, plant and equipment of $6,471,566 (of which $4,406,250 was financed through the vendor take-back mortgage), the $1,420,600 prepaid share subscription to Type One Energy and $2,824,434 of cash used in operating activities.

Analysis of income statement items for the fiscal year ended July 31, 2026

The Company recorded $1,314,475 in consulting fees (2025 – $838,769), an increase of $475,706. Consulting fees comprise $230,981 in directors' fees, $70,497 for annual general meeting proxy solicitation services, $49,434 in business advisory and analysis services, $140,700 investor relations consulting, $231,471 fees paid to a consulting firm engaged to investigate opportunities for RecycLiCo, and $591,390 to a firm to identify and qualify for government funding opportunities that could be used to further RecycLiCo's assets and technology in the United States. The increase reflects the Company's expanded business development activity in North America, and the Company anticipates continued, strategically aligned consulting spend as it progresses these relationships.

Filing agent and transfer fees in the amount of $120,126 (2025 – $124,852) were recorded for the fiscal year ended July 31, 2026. These expenditures relate to exchange sustaining fees and maintaining regulatory filings and annual general meeting related filings and support the Company's market visibility and capital markets objectives.

The Company recorded expenses of $59,222 for shareholder communications (2025 – $41,971), reflecting renewed contracts with multimedia communication firms to enhance the visibility of the Company's activities with investors, industry and the public.

Wages and benefits in the amount of $758,327 (2025 – $724,837) were incurred during the fiscal year ended July 31, 2026, reflecting a full year of costs for management and technical staff during the year. The Company expects to prudently expand headcount to strengthen management, scientific and technological depth aligned with growth plans.

During the fiscal year ended July 31, 2026, the Company recorded $387,600 in share-based payments expense (2025 – $18,350) in connection with the grant of 400,000 stock options exercisable at $0.14 per share on September 25, 2025 and 3,000,000 stock options granted to a director exercisable at $0.13 per share on January 8, 2026. Additional detail is set out below under "Issued and Outstanding Securities".

Bank charges and interest increased to $200,769 (2025 – $3,337), substantially all of which relates to interest on the vendor take-back mortgage used to finance the acquisition of the Delta facility. The mortgage bears interest at 5.0% per annum, calculated and compounded semi-annually, with blended monthly payments of principal and interest of $25,627.

Following the acquisition of the Delta facility, the Company incurred new facility-related costs, including strata fees and utilities of $84,441 (2025 – $nil), repairs and maintenance of $57,488 (2025 – $nil) and amortization of $22,872 (2025 – $nil). As the Company now owns its premises, no office rent and property taxes were recorded (2025 – $42,240).

Other general and administrative expenses included professional fees of $114,836 (2025 – $105,788), office and miscellaneous of $80,804 (2025 – $54,754), property and patent maintenance fees of $55,066 (2025 – $19,171), insurance of $45,680 (2025 – $25,869) and travel of $39,012 (2025 – $7,969). The increases in patent maintenance, insurance and travel reflect maintenance of the Company's international patent portfolio, coverage for the new facility and increased business development activity in North America.

No research and development expense was recorded during the year (2025 – $156,331).

Analysis of balance sheet items – July 31, 2026

Cash and cash equivalents decreased from $16,325,208 as at July 31, 2025, to $9,931,130 as at July 31, 2026, principally due to the acquisition of the Delta facility, the Type One Energy subscription payment and operating expenditures. The Company's last major source of financing was a brokered private placement raising $20,000,000 in October 2021. Interest income of $143,908 was earned on cash on hand during the year.

Amounts receivable of $75,734 were outstanding as of July 31, 2026 (2025 – $30,645), all of which relate to goods and services tax input tax credits and are current. As at October 25, 2026, $64,906 of this balance had been received. Prepaid expenses and advances were $69,007 (2025 – $53,818) and consist primarily of prepaid insurance, shareholder communications and exchange sustaining fees.

The prepaid share subscription – investment of $1,420,600 (2025 – $nil) represents funds paid toward the Company's subscription for Series B Preferred Stock of Type One Energy. The balance is held in the initial closing account, is not available for the Company's general corporate use, and is stated at cost. Subsequent to July 31, 2026, the Initial Closing occurred, the Company was issued 211,517 Series B shares and 84,606 common share purchase warrants, and the balance was reclassified to an investment measured at fair value through profit or loss.

Property, plant and equipment of $6,448,694 (2025 – $nil) consists of the following net carrying amounts: land of $5,559,088, building of $472,208, laboratory and building improvements of $392,763 and laboratory equipment of $24,635, for a total cost of $6,471,566 less accumulated amortization of $22,872. Reclamation deposits of $15,200 and exploration and evaluation assets of $3 were unchanged from the prior year.

Accounts payable and accrued liabilities decreased from $72,306 as at July 31, 2025 to $46,065 as at July 31, 2026. All amounts are current trade payables. Unearned revenue of $2,000 (2025 – $nil) was also recorded.

Mortgage obligations of $4,322,522 (2025 – $nil), of which $95,768 is current and $4,226,754 is non-current, represent the vendor take-back mortgage of $4,406,250 recognized on the acquisition of the Delta facility, less principal repayments of $83,728 during the year. The mortgage bears interest at 5.0% per annum, is repayable in blended monthly payments of $25,627 based on a 25-year amortization, and the remaining principal is due on August 28, 2028. The mortgage may be prepaid in whole or in part at any time without penalty.

The Company's share capital was unchanged at $58,153,965 (258,994,127 shares) as at July 31, 2026, as no common shares were issued during the year. The share-based payments reserve increased from $27,124,995 to $27,512,595 as a result of share-based payments expense recognized during the year. Additional information is contained under "Liquidity and Capital Resources" and "Issued and Outstanding Securities".

The Company reviewed individual properties for impairment based on facts and circumstances available at the time as per International Accounting Standard (IAS) 36 and International Financial Reporting Standard (IFRS) 6. Additional information on this item is given below under "Analysis of mineral property costs".

SUMMARY OF QUARTERLY INFORMATION

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

Quarter Ended:	**31-Jul**	**30-Apr**	**31-Jan**	**31-Oct**	**31-Jul**	**30-Apr**	**31-Jan**	**31-Oct**
Year:	**2026**	**2026**	**2026**	**2025**	**2025**	**2025**	**2025**	**2024**
Finance income	($35,280)	$4,170	$82,767	$92,251	$112,558	$97,329	$100,275	$242,722
Net income (loss)	($1,149,582)	($834,894)	($331,141)	($834,770)	$1,300,796	($842,248)	($622,529)	($328,241)
Per share basis[(1)]	($0.004)	($0.003)	($0.001)	($0.003)	$0.005	($0.003)	($0.002)	($0.001)

(1) *Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive.*

Fourth quarter – three months ended July 31, 2026

The net loss for the three months ended July 31, 2026, was $1,149,582, compared to net income of $1,300,796 for the three months ended July 31, 2025. The comparative quarter included the effect of the dissolution of the Company's former joint venture. Fourth-quarter fiscal 2026 results reflect ongoing consulting, wages and facility costs, interest on the vendor take-back mortgage and year-end adjustments.

The Company incurred $258,426 in consulting fees during the three months, up from $169,105 in the same period last year.

These consulting fees comprise $60,626 in directors' fees, $10,500 in business advisory services, $33,000 investor relations consulting and $154,300 to a firm to identify and qualify for government funding opportunities that could be used to further RecycLiCo's assets and technology in the United States. The increase reflects the Company's expanded business development activity in North America, and the Company anticipates continued, strategically aligned consulting spend as it progresses these relationships.

During the three months ended July 31, 2026, we incurred $12,291 in trust and filing fees, up from $11,807 in the same period last year. This primarily involved maintaining regulatory filings with US and Canadian exchanges, as well as amortization of exchange sustaining fees.

During the three months ended July 31, 2026, the company recorded $38,685 in professional fees (2025 – $55,313). The amount reflects $13,685 in professional legal expenses towards the legal services pertaining to administrative reviews and compliance, and $25,000 towards annual audit services. The Company expects these expenses to increase as the Company engages professional expertise to seek assistance and representation in complex transactions and business activities (including applications for government grants and cooperative funding).

During the three months ended July 31, 2026, we incurred $14,778 in shareholder communications, compared to $9,414 during the same period in the prior year.

This expenditure reflects our ongoing commitment to maintaining transparent and regular communication with our valued shareholders. The company remains steadfast in its commitment to ensuring that our shareholders are well-informed of our progress and milestones.

Analysis of Mineral Property Costs

The following table shows a breakdown of the Company's capitalized exploration and development costs for the years ended July 31, 2026, 2025 and 2024:

Rocher Deboule Property British Columbia	Balance July 31, 2024	Expenditures	Balance July 31, 2025	Expenditures	Balance July 31, 2026
Acquisition and staking	$ 169,105	$ -	$ 169,105	$ -	$ 169,105
Assays & analysis	82,199	-	82,199	-	82,199
Camp & supplies	64,254	-	64,254	-	64,254
Drilling	270,826	-	270,826	-	270,826
Geological and geophysical	711,287	-	711,287	-	711,287
Travel and accommodation	44,855	-	44,855	-	44,855
Freight and transport	168,262	-	168,262	-	168,262
Mineral property option	(24,500)	-	(24,500)	-	(24,500)
BC Mining Exploration Tax Credit	(288,007)	-	(288,007)	-	(288,007)
Impairment	(1,198,280)	-	(1,198,280)	-	(1,198,280)
	$ 1	$ -	$ 1	$ -	$ 1
Lonnie Property **British Columbia**					
Acquisition and staking	$ 54,121	$ -	$ 54,121	$ -	$ 54,121
Assays & analysis	4,528	-	4,528	-	4,528
Drilling	60,073	-	60,073	-	60,073
Geological and geophysical	82,025	-	82,025	-	82,025
Travel and accommodation	186	-	186	-	186
Mineral property option	(56,000)	-	(56,000)	-	(56,000)
BC Mining Exploration Tax Credit	(28,480)	-	(28,480)	-	(28,480)
Impairment	(116,452)	-	(116,452)	-	(116,452)
	$ 1	$ -	$ 1	$ -	$ 1
Artillery Peak Property **Arizona**					
Acquisition and staking	$ 3,226,449	$ -	$ 3,226,449	$ -	$ 3,226,449
Assays & analysis	417,870	-	417,870	-	417,870
Drilling	3,125,410	-	3,125,410	-	3,125,410
Equipment and rentals	11,860	-	11,860	-	11,860
Geological and geophysical	4,851,642	-	4,851,642	-	4,851,642
Travel and accommodation	231,495	-	231,495	-	231,495
Property maintenance	40,781	-	40,781	-	40,781
Other fieldwork	4,694	-	4,694	-	4,694
Impairment	(11,910,200)	-	(11,910,200)	-	(11,910,200)
	$ 1	$ -	$ 1	$ -	$ 1
Total	**$ 3**	**$ -**	**$ 3**	**$ -**	**$ 3**

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically relied upon equity financings to satisfy its capital requirements. During fiscal 2026, the Company financed a portion of the acquisition of its Delta facility through a vendor take-back mortgage. Management is actively pursuing government grants and cooperative funding to enable growth without the need to incur additional debt or raise additional capital, but there can be no assurance that those efforts will be successful, and it may be that the Company will continue to depend heavily upon the capital markets to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on terms acceptable to the Company. The Company anticipates it will need additional capital in the future to finance ongoing research and development, exploration, commercial construction and administrative operations, which will, barring the procurement of grants and cooperative funding, be derived from the exercise of stock options and private placements.

As at July 31, 2026, the Company had $9,931,130 in cash and cash equivalents (July 31, 2025 – $16,325,208) and working capital of $11,352,638, compared to working capital of $16,337,365 as at July 31, 2025. Working capital as at July 31, 2026 includes the

$1,420,600 prepaid share subscription to Type One Energy, which is held in a restricted closing account and is not available for the Company's general corporate use.

Cash used in operating activities was $2,824,434 for the year ended July 31, 2026 (2025 – $1,595,346). Cash used in investing activities was $7,892,166 (2025 – cash provided of $795,970), consisting of the acquisition of property, plant and equipment of $6,471,566 and the prepaid share subscription of $1,420,600; the prior year inflow represented proceeds received on dissolution of the joint venture. Cash provided by financing activities was $4,322,522 (2025 – $nil), consisting of mortgage proceeds of $4,406,250 less principal repayments of $83,728.

The Company's principal contractual obligation is the vendor take-back mortgage, with a balance of $4,322,522 as at July 31, 2026. The mortgage requires blended monthly payments of principal and interest of $25,627, with the remaining principal repayable on August 28, 2028. Accounts payable and accrued liabilities of $46,065 are due within one year.

Management estimates that the Company has adequate funds to meet its corporate, administrative and other obligations for the next twelve months. However, as the Company has not yet generated positive cash flows from operations and will require additional financing to execute its longer-term plans, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, as disclosed in Note 1 of the Financial Statements.

We remain dedicated to maximizing shareholder value through prudent financial management and strategic capital deployment. The Company believes that its investment in the Delta facility, together with its remaining working capital, positions it to advance its business objectives.

Excluding exploration and research and development costs, non-cash amortization and share-based payments, the Company's general and administrative cash expenditures for fiscal 2026 averaged approximately $260,000 per month.

ISSUED AND OUTSTANDING SECURITIES

As at July 31, 2026, the Company had 258,994,127 common shares issued and outstanding, no warrants outstanding, and the following stock options issued and outstanding:

Expiry date	Number of options	Exercise price ($)	Weighted average remaining contractual life (years)
October 22, 2026	400,000	0.80	0.23
November 8, 2027	1,550,000	0.39	1.27
June 12, 2028	2,600,000	0.48	1.87
February 7, 2029	12,000,000	0.19	2.53
April 12, 2029	3,000,000	0.16	2.70
September 26, 2030	400,000	0.14	4.16
January 8, 2031	3,000,000	0.13	4.44
	22,950,000		2.63

During the year ended July 31, 2026, the Company granted 3,400,000 stock options with a weighted average exercise price of $0.13, and 9,750,000 stock options with a weighted average exercise price of $1.18 were cancelled or expired. As at July 31, 2026, the weighted average exercise price of outstanding options was $0.23.

As at the date of this MD&A, the Company had 258,994,127 common shares and 22,550,000 stock options outstanding, reflecting the expiry of 400,000 stock options exercisable at $0.80 on October 22, 2026. No other stock options were granted, exercised, cancelled or expired subsequent to July 31, 2026.

Joint Venture Warrants

In connection with the establishment of the Joint Venture, the Company issued warrants to Zenith for 6,000,000 common shares with an exercise price of $0.35 per share. During fiscal 2025, pursuant to the agreement terminating the Joint Venture, those warrants have been cancelled and returned to the treasury as part of the dissolution process.

Investment in Type One Energy Group, Inc.

On June 29, 2026, the Company paid US$999,976 ($1,420,600) into an initial closing account toward a strategic investment in Type One Energy Group, Inc. ("Type One"), a privately held Delaware fusion energy company headquartered in Knoxville, Tennessee. The subscription was made under Type One's Series A and Series B Preferred Stock Purchase Agreement dated May 15, 2026. Subsequent to July 31, 2026, upon the Initial Closing, the Company was issued 211,517 shares of Series B Preferred Stock at US$4.72764 per share.

Alongside the preferred shares, the Company received a warrant to purchase 84,606 shares of Type One common stock at an exercise price of US$5.90955 per share. The number of warrant shares equals 50% of the Company's cash investment divided by the exercise price. The warrant may be exercised for cash or on a net (cashless) basis and expires at 5:00 p.m. Eastern time on May 15, 2028. It expires earlier if Type One completes a deemed liquidation event, an underwritten IPO, a qualified direct listing or a SPAC transaction, in which case it is exercised automatically on a net basis immediately beforehand. The Series B shares carry the following rights:

- a non-participating liquidation preference equal to the greater of 1x the original issue price, or the as-converted amount, ranking pari passu with Type One's other preferred series and ahead of common stock;
- conversion into common stock;
- customary protective rights.

The Series B shares and the warrant are unregistered securities of a private company with no public market. They are therefore illiquid and subject to resale restrictions under U.S. securities laws. Following the Initial Closing, the Company accounts for both instruments as financial assets measured at fair value through profit or loss. Fair value will be estimated using Level 3 inputs, with the warrant valued using an option-pricing model. Changes in fair value will be recognized in net income or loss each period. The investment fits the Company's strategy of building exposure to the advanced energy sector. However, Type One is an early-stage company with limited operating history, and the value of the Company's investment depends on Type One's technical progress, its future financing and its eventual liquidity events.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have material off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

a) Investment in subsidiaries

The wholly-owned subsidiaries of the Company are incorporated in the USA and are included in the consolidated financial statements.

b) Compensation of key management personnel

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Company's Board of Directors and the Company's Executive Leadership Team. The Executive Leadership Team consists of the Interim CEO and the CFO.

Total compensation expense for key management personnel and the composition thereof, is as follows:

		July 31, 2026		July 31, 2025
Short term benefits	$	585,266	$	666,345
Share-based compensation		342,000		-
	$	927,266	$	666,345

Share-based payments to key management personnel relate to 3,000,000 stock options granted to a director on January 8, 2026. All transactions with related parties are measured at the exchange amount, being the amount agreed upon by the transacting parties.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, amounts receivable (excluding sales tax receivable), the prepaid share subscription – investment, reclamation deposits, accounts payable and accrued liabilities and mortgage obligations, all of

which are measured at amortized cost. The carrying amounts of these instruments approximate their fair values. As at July 31, 2026, the Company did not hold any financial instruments measured at fair value. Following the Initial Closing of the Type One Energy investment subsequent to year end, the Series B shares and warrants are measured at fair value through profit or loss using Level 3 inputs.

The Company is exposed to interest rate, foreign currency, credit and liquidity risk. Interest rate risk arises primarily on interest earned on cash and cash equivalents; the mortgage obligation bears a fixed rate of interest. As at July 31, 2026, the Company's net monetary assets denominated in US dollars totalled $3,978,470 (US$2,836,140), and a 10% change in the exchange rate would affect net loss by approximately $397,847. Credit risk is limited as cash is held with major Canadian and international banks. The Company manages liquidity risk by maintaining cash and cash equivalents, primarily in bank accounts and guaranteed investment certificates cashable on demand.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the assessment of the Company's ability to continue as a going concern, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments and other equity-based payments, the classification of the prepaid share subscription – investment, the allocation of the purchase price of the Delta facility between land and building, and the estimated useful lives and recoverability of property, plant and equipment. Actual results may differ from those estimates and judgments.

RISK AND UNCERTAINTIES

As a company active in the recovery of critical minerals RecycLiCo is exposed to numerous financial, operational and political risks that could have a significant impact on its profitability and levels of operating cash flows. Although the Company assesses and minimizes these risks by applying high operating standards, including careful management and planning of its facilities, hiring qualified personnel, these risks cannot be eliminated.

Those risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

The following is a summary of certain known risk factors related to the Company which prospective investors should carefully consider before deciding to purchase our securities. It is not an exhaustive list of the risks and uncertainties that we face and should be read in conjunction with the rest of the information in this discussion and analysis as well as our consolidated financial statements and related notes and related management's discussion and analysis. If any of these risks actually occur, our business, financial condition and results of operations could be materially adversely affected. This could cause the trading price of our securities to decline, perhaps significantly, and you may therefore lose all or part of your investment. Additional risks and uncertainties not currently known to us or which we currently consider to be immaterial may also have a material adverse effect on our business, financial condition and results of operations.

General Risks Related to the Company and our Business

Inability to Raise Capital and Going Concern Risk

The Company will require significant capital to achieve our business objectives and has not earned any significant revenue since commencing operations. There is no assurance that we will be able to raise the necessary funds to do so or be able to secure financing on favourable terms or at all. The Company has incurred losses and negative operating cash flow during the Company's most recently completed financial year and for the current financial year to date. Accordingly, there is material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's ability to raise money depends on the state of capital markets, our attractiveness as a business compared to our competitors, the amount of funding that we are seeking, whether the Common Shares are listed on a stock exchange at the time and our ability to find financiers willing and able to provide such financing. Some of these variables are beyond our control. If the Company fails to raise the required amount of capital at a given time, we may be forced to discontinue certain products or operations, reduce or

forego sales and marketing activities, and/or cut back on staff. Furthermore, not procuring sufficient capital may place our business as a going concern into jeopardy.

Even if the Company were able to raise the requisite amount of money when needed, such financings may have undesirable effects. If the Company were to raise money through equity financings, our current shareholders' ownership percentage will be reduced and, if the financing is at a discount from the market price, diluted, and the terms of the equity securities may include liquidation or other preferences that may adversely affect our shareholders' rights. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional capital through government or other third-party funding, marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our products, future revenue streams, research programs or to grant licences on terms that may not be favourable.

Commercialization and Project Risks

The Company is in the research and development phase of our battery recycling business and does not have a history of commercial operations. Whether the Company reaches the commercialization stage is uncertain, given the considerable challenges of correctly identifying the right market strategy, completing the necessary research and development, constructing commercial plants and other capital projects, developing business alliances and customer networks, plus raising enough money to perform these tasks. The scalability of our technology has yet to be tested.

Permitting Risks

The development of future facilities may be subject to federal, state and local environmental, health and safety laws. Depending on how any particular operation is structured, our operations and related facilities may have to obtain environmental permits or approvals to operate, including those associated with, among other things, air emissions, water discharges, waste management and storage. The Company may face opposition from local residents or public interest groups to the installation and operation of our facilities. Failure to secure (or significant delays in securing) the necessary approvals could prevent us from pursuing some of our planned operations and adversely affect our business. Additionally, there can be no certainty that permits will be maintained, permitting changes will be approved, estimated permitting timelines will be met, estimated costs will be accurate, or additional or approvals required to carry out extraction and refining will be obtained. There is the risk that permits will be subject to challenges of regulatory administrative processes and similar litigation and appeal processes. Litigation and regulatory review processes can result in lengthy delays, with uncertain outcomes. Such issues could impact the expected timelines of the Company's projects and consequently have a material adverse effect on the Company's prospects and business.

Risks Relating to International Operations and Geopolitical Risk

Our operations, costs and timelines may be affected by global economic or geopolitical conditions, including recessions, slow economic growth, economic and pricing instability, inflation levels, increase of interest rates and credit market volatility, all of which could have a material adverse effect on our business, results of operations and financial condition. Shortages, price increases and delays in shipments of supplies, equipment and raw materials have occurred and may occur in the future, which may result in increased operational or construction costs or operational or construction slowdowns.

Operating internationally has certain inherent risks, including:

- political, civil and economic instability;
- risks of war and other hostilities;
- corruption risks;
- trade, customs and tax risks;
- currency exchange rates and currency controls;
- limitations on the repatriation of funds;
- insufficient infrastructure;
- economic sanctions;
- increase in working capital requirements related to long supply chains;
- changes in labour laws and regimes and disagreements with the labour force;
- difficulty in protecting intellectual property rights and complying with data privacy and protection laws and regulations; and
- different legal systems, some of which may be less established.

The likelihood of such risks materializing and their potential effect on our business and results of operations will vary from country to country and are unpredictable but could have a material adverse effect on our ability to execute our strategy and, accordingly, on our business, results of operations and financial condition.

Strategic Partner, Customer and Collaboration Risks

The Company's ability to successfully implement our business strategy depends on (1) our becoming involved as a strategic partner of, or consultant or vendor to, companies or government agencies in need of our services in connection with ongoing business activities or discrete projects, and (2) our collaborations with laboratories and government agencies in research and development of our technology. There can be no assurance that these involvements and collaborations can be established and maintained on terms that are beneficial to the Company.

Inflation Risks

Inflation can also adversely affect us by increasing the costs of labor, materials and other costs required to manage and grow our business. This could increase our capital costs and operating expenses and, in turn, reduce our profit margins and returns on investment. In addition, inflation is often accompanied by higher interest rates. The potential impact of high interest rates and uncertainty regarding future rate increases, may increase uncertainty and volatility in the global financial markets. In addition, the possibility of high inflation and an extended economic downturn could reduce our ability to incur debt or access capital and adversely affect our business, results of operations, and financial condition. If current global market and political conditions continue or worsen, the Company's business, results of operations and financial condition could be materially adversely affected.

Inaccurate Forecasts

The Company cannot forecast revenues and expenses with accuracy, due to the fact that predictions are inherently difficult to make. Moreover, since we are proposing to commercialize our hydrometallurgical processes, for which we have no prior sales experience, it is challenging for us to accurately forecast revenues for this business. Many factors may affect our actual revenues, including the terms of the agreements we enter into with potential partners and customers, economic conditions, the actual demand for our products and services, the effectiveness of our marketing efforts and actions taken by competitors. Many other factors also affect the actual expenses we incur, including but not limited to a sharp increase in inflation or raw material prices, changes in interest rates, unexpected breakdowns of equipment, unanticipated delays in our supply chain or any other unforeseen expenditures. If our actual revenues or expenses differ significantly from our forecasts, we may experience a cash shortage or be forced to reallocate resources to remedy any problems arising from the variance, either of which may have a material adverse effect on our financial condition and profitability.

Intellectual Property Protection

The Company's success will depend in part on our ability to obtain and enforce patents, protect our trade secrets and operate without infringing the exclusive rights of other parties. Although we have obtained patents for components of our technology in several countries, there is no guarantee that such patents will provide any competitive advantage to us. The laws of some nations may provide weak or no protection for intellectual property, notwithstanding the registration of patents. The patents themselves may not be approved, may be contested by third parties, and competitors may either circumvent the patents or independently develop processes similar to our technology without infringing our patents. Furthermore, patent enforcement is an expensive endeavour usually requiring legal action which would then divert much needed resources away from our business.

Although we do not believe that our technologies infringe the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims will not be asserted against us.

With respect to trade secrets, we rely on the confidentiality provisions of agreements signed with collaborators, advisors, consultants and employees to protect trade secrets. Further, we disclose our proprietary information on a "need to know" basis. Nevertheless, our trade secrets may be disclosed to unintended parties either through an inadvertent leak or a deliberate breach of confidentiality agreements. Such a disclosure could be deleterious to our business if it resulted in a loss of competitive advantage.

Not all countries offer the same types, standards for registrability or level of protection for the Company's intellectual property as Canada and the United States, and RecycLiCo may not pursue the same intellectual property filings or obtain the intellectual property registrations of the same scope in all of its commercially relevant markets. As RecycLiCo expands its international activities, its exposure to unauthorized copying and use of its technology and proprietary information will likely increase. Effective intellectual property protection may not be available to RecycLiCo in every country in which it operates. In addition, many countries limit the enforceability

of patents against certain third parties, including government agencies or government contractors, or make patents subject to compulsory licences to third parties under certain circumstances. In these countries, patents may provide limited or no benefit.

Personnel Risk

The Company may not be able to attract or retain employees necessary to carry out certain key functions. Although we strive to provide competitive compensation packages to our employees, it may not be enough to recruit the right candidates or keep employees from terminating their employment with the Company at any time. It takes time to find and train replacements for vacated positions, and consultants are not necessarily affordable or available to fill the gap. Any loss of key personnel will force us to reallocate resources in order to recruit and train replacements for the departed employees, which may cause the Company to suffer financial losses or impede our growth. If we are unable to find suitable candidates for key personnel, the unfilled positions could affect our ability to produce and market our products and services effectively.

Competition Risks

There are a number of competitors in our industry segments. Some of these competitors are already in commercial operations, while others claim to have achieved milestones ahead of us. Notwithstanding the actual status of our competitors, we compete with them for capital, employees, customers, business partners and other resources. Such competition means we will not be able to command the kind of operating margins or market share that we would be able to in the absence of competitors. Moreover, some competitors are far more well-funded than we are or have other resources and capabilities which give them an advantage such as greater financial and workforce resources, more extensive infrastructure, stronger existing customer relationships, greater name recognition or longer operating histories. Moreover, national or global competitors could enter the markets in which the Company does business and could focus their substantial resources on developing more efficient recovery solutions than the Company's. Such competitive pressures may have a material adverse effect on us, including by putting pressure on our contract prices and gross margins. If the Company is unable to meet these competitive challenges, it could lose potential market share to competitors and experience a material adverse impact to its business, financial condition and results of operations.

Environmental Regulation

Environmental regulations may have an adverse impact on our operations. Although we do not anticipate any difficulty in complying with environmental laws in general, there is no assurance that specific regulations in relevant jurisdictions will not prove to be onerous or overly restrictive.

Force Majeure Events

The Company may be negatively affected by force majeure events, which are incidents that are beyond our control or reasonable foresight. Examples of force majeure events include, but not limited to, an act of God or natural disasters, acts of terrorism, voluntary or involuntary compliance with any regulation, law or order of any government, acts of war (whether war be declared or not), labour strike or lock-out, civil commotion, epidemic, failure or default of public utilities or common carriers, destruction of production facilities or materials by fire, earthquake, storm or like catastrophe. These events may prevent us from carrying on business, restrict our access to supplies or customers, or inflict damage on our assets.

An outbreak of infectious disease, a pandemic or similar public health threat, or a fear of any of the foregoing, could cause operating, supply chain and project development stoppages and delays and disruptions, labour shortages, reduced product demand, travel and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). The possibility of a global recession arising from a public health threat and attempts to control it may impact demand and prices and could reduce available liquidity options. This can lead to a material adverse effect on the financial performance, liquidity and results of operations.

Foreign Currency Risk

The Company intends to sell our products and services in other countries, and we may source certain raw materials from abroad. Therefore, the strengthening or weakening of the Canadian dollar versus other currencies will affect the translation of our net revenues generated in these foreign currencies into Canadian dollars, and similarly, we may be forced to pay higher prices for certain materials that we import if the Canadian dollar weakens against the currency of the exporting country.

Litigation Risk

From time to time in the ordinary course of our business, we may be sued or be involved in various legal proceedings, be it commercial, securities, employment, class action and other claims, or be subject to governmental or regulatory investigations and proceedings. Such matters can be expensive, difficult, time-consuming and unpredictable. Moreover, should we be unsuccessful in such legal proceedings, we may be compelled to pay monetary damages. Any of the foregoing events may have a material adverse effect on our financial condition and profitability.

Changes in Economy

We are affected by changes in the broader economy, including but not limited to changes in interest rates, the unemployment rate, stock market volatility, availability of credit, government spending and consumer confidence. Such changes may lead to difficulty in obtaining capital, increases in debt costs, lower product sales, delays in payments, increases in raw material prices, and/or fewer business opportunities for the Company in terms of acquisitions, collaborations or expansions. The severity and duration of an economic downturn or deteriorating financial market conditions are unknown and beyond our control. Any change in the broader economy or in global financial markets may have a material adverse effect on our financial condition and profitability.

Changes in Law

As laws and regulations in the jurisdictions in which we do or seek to do business evolve, we may be negatively affected by certain changes in legislation. The scope of laws applicable to the Company is extensive and include but is not limited to laws regarding mining, environmental protection, intellectual property, securities, employment standards and taxation. Any amendments or enactments of laws and regulations relating to the development, production, marketing and distribution of our products and services will have a significant impact on our finances. We may be required to modify our product or service specifications; implement measures to enhance safety, efficacy, or transparency; comply with increased documentation or governance procedures; or pay additional tariffs or taxes. We would be facing similar risks with respect to changes in securities laws. The cost of compliance with laws and regulations includes not just the actions necessary to comply with the legislation, but also to the expense of understanding and interpreting the legislation.

Our exposure to risk arising from changes in law increases with doing business in other countries. The laws of foreign nations may be different from those in Canada and sometimes unclear. We may encounter difficulties in interpreting such laws and we may be less able to anticipate any upcoming changes due to our unfamiliarity with another legal regime. Considerable expense may be incurred to comply with foreign laws and regulations.

Uninsured or Uninsurable Risks

The Company may become subject to risks which are uninsurable or against which we may elect not to insure due to the high cost of insurance premiums or other factors. If such risks result in a liability for us, payment of the liability will reduce our cash flow and may have a material adverse effect on our financial condition and profitability.

Debt and Refinancing Risk

The Company's Delta facility is subject to a vendor take-back mortgage with a balance of $4,322,522 as at July 31, 2026, which requires blended monthly payments of principal and interest of $25,627, with the remaining principal due on August 28, 2028. The mortgage is secured by the Delta facility. If the Company is unable to repay or refinance the mortgage on acceptable terms when it matures, it may be required to use a significant portion of its cash resources, sell the property or obtain alternative financing, any of which could have a material adverse effect on the Company's financial condition.

Investment in Private Company Risk

The Company's investment in Type One Energy consists of unregistered preferred shares and warrants of a private, early-stage company with no public market. The investment is illiquid and subject to resale restrictions, and its value depends on Type One Energy's technical progress, future financing and eventual liquidity events. Changes in the estimated fair value of the investment will be recognized in net income or loss and may be significant, and the Company could lose all or part of its investment.

Risks Related to the Common Shares

Volatility of Share Price

The market price of the Common Shares is subject to volatility. The factors influencing stock prices are numerous – including but not limited to general socio-economic conditions, industry outlook, consumer trends and weather – many of which are beyond our control. Fluctuations in the stock price can have a dramatic impact on our finances and hamper our ability to raise capital.

Risks of Dilution

We may issue additional Common Shares or other equity securities (or securities convertible into Common Shares) in the future in connection with, among other things, capital raises, future acquisitions, repayment of outstanding indebtedness or grants under our stock option plan without shareholder approval in a number of circumstances. If we raise additional funds through the issuance of equity securities, our existing shareholders could suffer significant decreases in their relative ownership, per share results, voting power and the market price of Common Shares, and any new equity securities we issue could have rights, preferences, and privileges superior to Common Shares.

No History of Dividends

We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board and will depend on our financial condition, results of operations, capital requirements and future agreements and financing instruments, business prospects and such other factors as our Board deems relevant. As a result, a shareholder's ability to achieve a return on their investment in Common Shares will depend on the appreciation in the price of our Common Shares, which cannot be assured.

Unfavourable Research Reports

The trading market for the Common Shares may be influenced by the research and reports that industry or securities analysts may publish about it, its business, its market or its competitors. If securities or industry analysts do not cover the Company, its share price would likely be lower than that which would be obtained if it had such coverage and the liquidity or trading volume of the Common Shares may be limited, making it more difficult for a shareholder to sell shares at an acceptable price or volume. If securities or industry analysts do cover the Company, their projections may vary widely and may not accurately predict the results the Company actually achieves. The Company's share price may decline if its actual results do not match the projections of analysts covering it. Similarly, if one or more of the analysts who write reports on the Company downgrades its shares or publishes inaccurate or unfavourable research about its business, its share price could decline. If one or more of these analysts cease coverage of the Company or fails to publish reports on it regularly, its share price or trading volume could decline.

Write-downs and Impairments

The Company may be forced to write down or write off assets, restructure its operations, or incur impairment or other charges that could result in losses. Unexpected risks may arise and previously known risks may materialize. Even though these charges may be non-cash items and not have an immediate impact on the Company's liquidity, the fact that it may report charges of this nature could contribute to negative market perceptions about the Company or its securities. In addition, charges of this nature may cause the Company to be unable to obtain future financing on favourable terms or at all.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures and internal controls over financial reporting have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis.

At July 31, 2026, the Company was listed on the TSXV. TSXV listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the Chief Executive Officer and the Chief Financial Officer certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) processes

to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.