

Management's Discussion and Analysis – 2025 Second Quarter
Dated: July 28, 2025

The following discussion of the performance, financial condition analysis of Earthworks Industries Inc. (the "Company") for its fiscal quarter ended May 31, 2025, ("the Quarter"), – and the period to July 28, 2025, (the "Subsequent Period") - should be read in conjunction with the Company's annual audited consolidated financial statements (the "Annual Financial Statements") prepared to November 30, 2024 (the "Year End") and Press Releases issued by the Company during the past year and the Subsequent Period, all of which may be viewed on the System for Electronic Data Analysis and Retrieval www.sedarplus.ca. They can also be read on the Company's website at www.earthworksincc.com. The Annual Financial Statements and related Notes have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian Dollars unless otherwise indicated.

1. Forward-Looking Statements

Certain statements contained in this Management Discussion and Analysis ("MD & A") may be deemed forward-looking statements. All statements other than statements of historical facts and possible future financings are forward looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are also advised to consider such forward-looking statements while considering the set forth below.

2. Description of Business

(a) Cortina Landfill Project

Since April 1, 2024, the date of the Company's last annual MD&A, no additional on-site work has been performed with respect to the Cortina Landfill Project ("Project") on leased California land through the Company's wholly owned California subsidiary Cortina Integrated Waste Management Inc. ("CIWM") (the Company and CIWM being hereinafter together called ("EWK/CIWM")). The Company has not been able to perform further work as the Company received a notice from the United States Department of the Interior, Interior Board of Indian Appeals ("IBIA") dated June 27, 2024, which affirmed the March 2019 decision of the Bureau of Indian Affairs ("BIA"). The Company, through its U.S. council, filed a complaint in the U.S District Court for the Eastern District of California challenging the Order of the IBIA, purporting to cancel the federally approved lease between the Company's wholly owned subsidiary, CIWM and the Kletsel Dehe Wintun Nation of the Cortina Rancheria, California (the "Kletsel Dehe Wintun Nation").

(b) Agreement to settlement with North Bay

As a result of the Amendment Agreement dated April 10, 2024, (subsequently amended in agreement dated October 27, 2024) the Company and North Bay agreed:

- 1) The payout date has been extended to November 15, 2025;
- 2) The payout amount is US\$2,150,000.

2. Description of Business (cont'd)

(b) Agreement to settlement with North Bay (cont'd)

- 3) Interest will accrue at 10 percent per annum based on the total principal and accrued interest, previously outstanding immediately prior to the Company's exercising the Buy-Out Option, of approximately US\$5,900,000, and will be paid in addition to the remaining settlement amount of US\$2,150,000; and
- 4) Any failure by the Company to make payments under the option exercise will be deemed a breach of the Amendment Agreement, pursuant to which share certificates representing ownership of CIWM were transferred into an escrow account as security for the loan, and those share certificates will be irrevocably transferred to North Bay.

During the fiscal year ended November 30, 2024, the payout amount was reduced to US\$1,650,000 with the Company paying US\$500,000 through the issuance of 2,887,600 units valued at \$0.205 (see below). On October 27, 2024, it was agreed that the payout amount be increased to US\$2,150,000.

(c) Financing

On January 22, 2024, the Company granted 150,000 share purchase options to the CFO. The options will be exercisable until January 23, 2026, at \$0.35 per share.

In January 2024, the Company issued 207,140 shares at a price of \$0.30 per share on the exercise of 207,140 share purchase warrants. Proceeds to the Company were \$62,142.

On June 24, 2024, the Company issued 2,887,600 units to North Bay under the settlement agreement to reduce the payout amount by US\$500,000. Each unit is comprised of 1 common share and 1 share purchase warrant, to purchase 1 common share of the Company at an exercise price of \$0.40 and expires on October 30, 2025.

On October 22, 2024, the Company entered into a note payable agreement for a loaned amount of \$400,000 maturing on October 22, 2025, and interest shall accrue at 10% per annum.

In January 2025, the Company entered into a note payable agreement with a related party for a loaned amount of \$131,000 maturing on January 27, 2026, and interest shall accrue at 10% per annum.

In January 2025, the Company issued 10,000,000 units at a price of \$0.05 per unit, generating net of payables proceeds of \$470,000. Each unit is comprised of one common share and one share purchase warrant, to purchase one common share of the Company at an exercise price of \$0.10 and expires on January 28, 2027.

In May 2025, the Company issued 5,270,000 units at a price of \$0.05 per unit, generating net of payables proceeds of \$263,500. Each unit is comprised of one common share and one share purchase warrant, to purchase one common share of the Company at an exercise price of \$0.10 and expires on May 22, 2027.

In July 2025, the Company issued 2,250,000 units at a price of \$0.05 per unit, generating net of payables proceeds of \$112,500. Each unit is comprised of one common share and one share purchase warrant, to purchase one common share of the Company at an exercise price of \$0.10 and expires on July 23, 2027.

(c) Financing (cont'd)

The Company cannot guarantee it will be successful in continuing to raise funds to pay the US\$2,879,000 amount owed to North Bay including accrued interest due November 15, 2025, and finance operations going forward. However, it is confident it will continue to do so as it has demonstrated in the past.

Since the majority of the Company's liabilities are in the United States, currency fluctuations can change the value of the liabilities significantly. Financing is raised in Canadian dollars and consequently currency risk as to the amounts needed in Canadian funds is significant.

3. Overall Performance

Because the Company does not carry on any revenue generating operations it would not be meaningful to analyze the Company's financial performance in the manner that would be possible for a company with a developed operating business or regular income.

Management believes that the needs of central California for waste disposal and treatment facilities will continue to grow as disposal capacity is strained and the value of the Project in that environment is continuing to increase. Management believes that this trend will support the ongoing legal battle towards reinstatement of the lease. The Company has engaged U.S. council and legal proceedings are currently on going.

Prior to the notice received during the year from IBIA affirming the decision of the BIA, the CIWM team was focused on progressing the Project through the various levels of government and overcoming permitting, regulatory and legal hurdles. Management was marketing the project to institutional and industry interests as the federal SSFR process reaches its conclusion.

4. Results of Operations

At the close of business on May 31, 2025, the Company had cash on hand of \$50,560 (2024 - \$306,764) and a working capital deficiency of \$7,170,771. (2024 - \$4,749,414). The Company will continue to evaluate its funding requirements on an ongoing basis in an effort to meet its current and future development and growth initiatives.

The Company is facing severe liquidity problems and risks. It does not have sufficient cash-on-hand to pay its ongoing general and administrative costs and pay the costs of the ongoing legal battle towards the reinstatement of the lease for the Cortina Project - or to pay the amounts which are payable to North Bay/CLC pursuant to the Amendment Agreement referred to in Clause 2(b). To carry on the Company will continue to have to raise additional financing. These material uncertainties may cast significant doubt on the Company be unable to continue as a going concern.

The agreement, as described in 2(b) above, has been extended to November 15, 2025, in the October 27, 2024, amendment.

Operating Activities: The Company does not generate any revenue and generally does not receive any cash from operating activities. Net cash used in operating activities during the year ended November 30, 2024 was \$1,315,257 compared to net cash used in operating activities of \$1,258,487 during the comparable year ended November 30, 2023. The increase in cash used in operating activities is primarily due to higher professional fees.

Investing Activities: Net cash used in investing activities during the six months ended May 31, 2025, was \$854,746 compared to \$1,315,257 during the comparative year ended November 30, 2024. The decrease in cash used in investing activities is primarily due to lower Project expenditures and higher legal fees.

4. Results of Operations (cont'd)

Financing Activities: Cash inflow from financing activities during the six months ended May 31, 2026 was \$888,763 compared to \$458,627 during the comparative year ended November 30, 2024. The increase in cash inflow is primarily due to a higher amount of equity activity but is offset by an increase in legal fees incurred to defend our rights to restore the lease.

5. Transactions with Related Parties

Details of the transactions with Related Parties during the Fiscal Year are contained in Note 10 of the Annual Financial Statements.

The Related Party transactions have been in the normal course of operations and have been valued at the exchange amount which is the amount of consideration established and agreed to by the related parties.

6. Other MD & A Requirements

- (a) Additional information relating to the Company - principally the quarterly consolidated financial statements and the MD & A prepared and issued by the Company for previous quarters, and the Annual Financial Statements with accompanying MD & A issued and filed by the Company for the year ended November 30, 2024, have been filed on SEDARPLUS and are available at www.sedarplus.ca.
- (b) As the Company has not had any revenue from operations during the past two completed fiscal years, the following additional information is provided - being a breakdown of the Company's capital structure as of the end of the period covered in the analysis:
 - (i) The Company has 128,460,572 (July 28, 2025 – 130,710,572) common shares issued. The shares are all voting shares and rank equally with each other.
 - (ii) The Company has 6,850,000 (July 28, 2025 – 6,850,000) share purchase options outstanding and are exercisable between \$0.15 and \$0.35.
 - (iii) The Company has 38,855,100 (July 28, 2025 – 41,105,100) share purchase warrants outstanding and are exercisable between \$0.10 and \$0.40.

7. Second Quarter

The second quarter activity was primarily related to the raising of finances and continued engagement with U.S. council towards the legal proceedings for the Project. The details of the agreement are discussed in section 2.

8. Risks and Uncertainties

- (a) The ability of the Company to become a viable provider of waste management services is dependent upon many factors including the obtaining of required permits, obtaining of required financing, successful negotiation of contracts with waste stream providers, and the reinstatement of the lease for the Project.

8. **Risks and Uncertainties (cont'd)**

- (b) The Company has no history of profitable operations as its only project - the Cortina Project - is at the development stage. The Company is subject to many risks common to comparable companies including under-capitalization, limitations with respect to personnel, financial and other resources as well as lack of revenues.
- (c) To the extent that the management's services would be unavailable for any reason, a disruption to the operations of the Company could result and other persons would be required to manage and operate the Company.
- (d) On June 27, 2024, the Company received a notice from the IBIA that it has affirmed the March 1, 2019, Decision of the BIA cancelling the federally approved lease between the Company's wholly owned subsidiary, CIWM and the Kletsel Dehe Wintun Nation. CIWM filed an appeal on April 5, 2019.
- (e) On October 31, 2024, the Company's U.S. attorneys filed a Complaint in the U.S District Court for the Eastern District of California, against the IBIA, challenging IBIA's order cancelling the lease between the Company's wholly owned subsidiary, CIWM and the Kletsel Dehe Wintun Nation of the Cortina Rancheria, California. The Complaint requests the Court to enter judgement for the Company: 1) declaring the IBIA decision violates the Administrative Procedures Act; 2) issuing preliminary and permanent injunctive relief to vacate and set aside the IBIA decision affirming the BIA's termination of the Lease; 3) to fully reinstate the Lease; and 4) to grant such other relief as the Court deems just and proper.

The Kletsel Dehe Wintun Nation whose lands are subject to the Cortina lease, has intervened in the case and is seeking an award of its cost of suit incurred in defense of the action.

In accordance with the U.S. Federal Rules of Civil Procedure, the parties conferred and jointly submitted a Joint Status Report and Scheduling Proposal for the Court's consideration on March 31, 2025.

Notwithstanding the above comments, there is a risk the Company will not win its lawsuit, and the Lease may remain cancelled.

- (f) The Company might not be able to raise the monies required to be paid to NB/CLC totalling approximately US\$2,879,000, including interest. If the monies are not paid by November 15, 2025, NB/CLC will have the right to claim ownership of the Project.
- (g) Recent geopolitical events and potential economic global challenges such as the risk of higher inflation, tariffs, and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

9. Accounting Policy Standards newly issued and not yet effective

Note 2(n) of the Annual Financial Statements for the Fiscal Year describe accounting policies which have been newly issued by the IASB and which the Company will have to adopt for subsequent fiscal years.

10. Material Accounting Estimates and Judgements

Note 2(k) of the Annual Financial Statements for the Fiscal Year outline material estimates and judgements applicable to the Company