Ecolomondo Corporation

MANAGEMENT'S DISCUSSION & ANALYSIS

November 26, 2025

The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Ecolomondo Corporation (the "**Company**"), dated November 26, 2025, covers the three-month periods ended September 30, 2025 and 2024 and should be read in conjunction with the audited annual consolidated financial statements as at and for the year ended December 31, 2024 and the unaudited interim condensed consolidated financial statements of the Company including its subsidiaries Ecolomondo Environmental (Contrecoeur) Inc., Ecolomondo Environmental (Hawkesbury) Inc., 9083-5018 Québec Inc. and Ecolomondo Process Technologies Inc. for the same periods, which were prepared in accordance with International Financial Reporting Standards **("IFRS").** Additional information on the Company is also available on SEDAR at www.sedar.com.

Where we say "we", "us", "our", or the "Company", we mean Ecolomondo Corporation (formerly Cortina Capital Corp.) unless otherwise indicated. All amounts are presented in Canadian dollars unless otherwise indicated.

Forward-looking statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe, and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

With respect to forward-looking statements above and otherwise contained in this MD&A, the Company has made assumptions regarding, among other things:

- *the legislative and regulatory environment;*
- *the impact of increasing competition;*
- *the ability to obtain regulatory and shareholder approvals; and*
- *the ability to obtain additional financing or raise additional capital on satisfactory terms.*

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below:

- *volatility in the market conditions and the global economy;*
- *incorrect assessments of the value of acquisitions;*
- *due diligence reviews;*
- *competition for suitable acquisitions; and*
- *volatility in the global economy that may be created by US tariffs and the ongoing geo-political uncertainty.*

Overall Performance

Ecolomondo Corporation was incorporated on September 30, 2015 under the Canada Business Corporations Act. It is listed on the TSX Venture Exchange (the "**Exchange**") since October 2017 under the symbol ECM, and in the United States under the symbol (OTCQB:ECLMF). The Company is a clean tech company that is marketing its proprietary Thermal Decomposition technology (“**TDP**”), developed over the last 25 years, a truly Canadian endeavor, that recovers marketable resources from end-of-life tires, namely steel, oil, carbon black, syngas and fiber, and that are re-entered into the global economy for re-use through the burgeoning circular economy.

During the third quarter ended September 30, 2025, the Company achieved several important milestones in the areas of TDP, shredding and milling departments, while continuing to work on the ramp-up of the Hawkesbury TDP turnkey facility built in Ontario, Canada. The Hawkesbury facility is the Company’s first of its kind new turnkey thermal decomposition facility and the only true proprietary Canadian technology that processes end-of-life tires to produce re-usable and sustainable recovered resources in Canada. To find out more about the Company and its technology, visit its website at www.ecolomondo.com.

During the third quarter of 2025, the Company achieved several key milestones related to the commissioning and efficiency of the new milling line that processes recovered Carbon Black (“**rCB**”) and pivotal to the overall performance and success of the Hawkesbury TDP facility, all further explained in the next section (“**Current events at the Hawkesbury TDP Facility**”).

During the third quarter of 2025, the Company completed the commissioning of its new milling and rCB processing equipment that allowed production output to increase in all departments at the Hawkesbury TDP facility. This ushered in a new phase in the ramp-up of the Hawkesbury TDP facility.

During the quarter, the Company further reported that its main off-take customer for rCB, after rigorous testing, approved the quality of rCB produced at the Hawkesbury TDP facility. These positive results led to the issuance of an initial order of 23 metric tons of rCB by the main off-take customer, followed by over 27 repeat orders, clearly confirming the acceptable quality of the rCB produced at the Company’s Hawkesbury TDP facility.

In addition, another major off-take customer based in the USA approved the quality of the Company’s rCB produced at the Hawkesbury TDP facility and placed a 10,000 lbs order to perform production validation and, once completed, the Company believes that the off-take customer is expected to begin to purchase truckload quantities of rCB.

Having overcome most of the uncertainties regarding the new milling line and following quality validation by a major industrial consumer of rCB, the Company has now begun focusing on improving process efficiencies, increased output, and maintaining high-quality standards of its end-products.

During the quarter, the Company aggressively marketed its TDP proprietary technology to potential partners to build strategic TDP turnkey facilities, all part of its global expansion strategy. The Company believes that now that the Hawkesbury facility is getting commercially online, TDP technology is getting more global attention.

As a result, the Company executed in August 2025 an important joint venture and EPC engineering agreement with Alternativas Riojanas Eolicas y Solares S.L. (“**ARESOL**”) to build four TDP turnkey facilities in the European Union using Ecolomondo’s TDP proprietary technology. The companies had signed on December 2, 2024, a non-binding letter of intent for a joint venture to build a 4-reactor TDP facility that could process 20,000 metric tons/year of end-of-life tires in Spain. After further discussions and following a detailed technical audit by ARESOL, the parties concluded in July 2025 a definitive agreement to build four TDP turnkey facilities in the European Union, with the first to be built in Valencia, Spain. Locations of the other three sites will be determined once necessary due diligence is performed by the parties with the focus on feedstock availability, tipping fees, offtake agreements and government support.

ARESOL is a business group with over 40 years of experience in the renewable energy sector that develops, executes and operates renewable energy projects from conception to installation and operation. Subject to final documentation, the Agreement calls for the creation of a joint venture entity in Europe, with Ecolomondo and ARESOL expected to own 51% and 49% respectively, of the joint venture corporation.

In October 2025, the Company announced the appointment of its new Chief Technology Officer ("**CTO**"), Mario Mantaci, P.Eng., M.Eng. He will oversee all aspects of Ecolomondo's technology development and optimization, with an initial focus on completing the full ramp-up of the Hawkesbury TDP facility. He will supervise technology improvements, lead Ecolomondo's engineering teams, and complete the hiring for production and maintenance teams. Mr. Mantaci is an accomplished engineering executive with more than 20 years of international experience across the aerospace, naval, manufacturing, and cleantech industries. He holds a Master's degree in Aerospace Engineering from the Politecnico di Torino (Italy) and has successfully led multi-disciplinary teams in the design, certification, and deployment of advanced engineering systems with global organizations including Boeing, Collins Aerospace, AGI, Motor Coach Industries, Aviointeriors, Rodriquez Engineering, and SKF. As Founder of DUMA Engineering Inc., he spearheaded developments in modular biomass gasification and pioneered an innovative technology for hydrogen and syngas production, in collaboration with leading European academic institutions.

Current events at the Hawkesbury TDP Facility

During the first three quarters of 2025, the Company continued to gain momentum and worked towards the commercialization of its Hawkesbury TDP facility. Revenues from the sale of end-products and tipping fees for the first 3 quarters of 2025 totaled $864,976, compared to $386,897 in the same period of 2024, an increase of 124%. Revenues from the sale of end-products and tipping fees for the third quarter of 2025 totaled $415,192, compared to $157,576 for the same quarter of 2024, an overall increase of 263%. The Company reported in a recent press release record revenues for the month of September 2025, generating gross revenues of $224,175, an increase of 325% over the same month in 2024. The significant increase is due to improved efficiencies, and ramp-up of operations, resulting in higher output, and higher sales of end-products.

The Hawkesbury facility building is 46,200 sq.ft and has an impressive indoor clearance of 28 feet. It is state-of-the-art and houses 3 main production departments, tire shredding, thermal decomposition, and recovered carbon black processing. Once fully operational, the Hawkesbury TDP facility is expected to process approximately 1 million scrap tires per year mostly comprised of car, SUV and truck tires resulting in the production of approximately 4,000 MT of recovered carbon black, 5,000 MT of pyrolysis oil, 2,000MT of steel, and 1,200 MT of process gas.

The Company spent the first 2 quarters of 2025 installing and commissioning its rCB processing department, in particular its new milling machine, needed to achieve full ramp-up and commercialization of the Hawkesbury facility. The Company tested and commissioned the new milling machine in April and May of 2025, confirmed an output of 3,000 lbs per hour, sufficient to allow both TDP reactors and shredding line to operate at full capacity, while achieving a particle size distribution of 97% ("D97") below 15 microns, specifications required by most of the rCB off-take customers. The particle size achieved was also independently tested by a third party, Polytechnique Montréal. The new milling line is fully automated, using HMI (Human-Machine Interface) automation technology.

With the successful commissioning of the new milling line, the Company is working to achieve the coveted threshold of commercialization. In June 2025, it began the start-up of the entire rCB processing line, which included downstream equipment, in particular the conveying, cooler, pelletizer, dryer and bagging systems, etc. Once milled to the required size, the rCB needs to be pelletized and bagged. Moisture, pellet hardness, dispersion and steel content are all important factors to achieving quality rCB.

The Company began to deliver rCB in truckload quantities in July, an important forward step, especially since rCB is the main revenue driver for the Hawkesbury TDP facility. Sales of rCB in the third quarter of 2025 were $243,053, compared to $8,713 in the same period of 2024, representing an increase of 2690% over the same period in 2024.

The Company also began to sell large quantities of tire-derived oil ("**TDO**"), with the increasing production output at the Hawkesbury TDP facility and the high quality of its end-products. During the quarter ended September 30, 2025, sales of TDO were $80,512, compared to $48,864 during the same quarter of 2024, an increase of 68%. For the nine-month period ended September 30, 2025, sales of TDO were $278,257, whereas they were $167,420, an increase of 66%.

The Hawkesbury TDP facility continued to increase its production output after the period ended September 30, 2025. The Company reported in early October that it achieved new production levels and recently performed 4 double batches consecutively for 4 days, all in automatic mode. During these 4 production days, the TDP facility processed 60 tons of crumb rubber and recovered approximately 24 tons of recovered carbon black ("rCB"), 6 tons of syngas and 350 barrels of tire-derived oil, the equivalent of over 2 tanker loads of oil.

In October, the Company was also able to process more TDP batches, confirming higher productivity levels and higher revenues; the Hawkesbury facility performed 30 batches only in the month of October 2025, compared to 17, 33 and 29, respectively, in each of the previous three quarters of 2025.

In another recent press release, the Company announced that it performed 4 TDP batches in one day at its Hawkesbury TDP facility, a Company first. All batches were performed using the Company's new HMI (Human-Machine Interface) automation technology, with resulting high-quality end-products, namely recovered carbon black, tire-derived oil and syngas.

During the period, the Company continued to expand its personnel at the Hawkesbury facility, adding professionals, mechanics, operators, burner specialists, and maintenance personnel. These additional personnel will lead to improved efficiency and ensure that the Hawkesbury facility has the personnel in place to fully ramp up the facility.

Other Corporate Activities

The Company expects its future revenues to come from the design, build and operation of TDP turnkey facilities, royalties from their operation, including the sale of after-market parts and services. Revenues for TDP turnkey facilities will come from selling the end-products they produce, namely recovered carbon black, oil, gas, fiber and steel. During the period, the Company secured offtake customers for its recovered carbon black, known as "Mondo Black", and continued to sell its oil, known as "Mondo Crude", and steel, repeatedly to domestic and international off-take customers. For more information on the TDP recovered products, please visit the Company's website at www.ecolomondo.com.

Recovered carbon black is the end-product that has the highest commercial value. Ecolomondo's process and its optimization ensures a percentage of recovered carbon black production of between 36% and 38% of reactor payloads. Carbon black is black powder normally manufactured using a highly polluting process, notably the direct combustion of hydrocarbons. Today, restrictions on emissions are causing the global supply of carbon black to plateau while global demand keeps spiraling. Any supply shortages could be easily filled by waste-to-resources companies like Ecolomondo and with a much greener environmental footprint.

Production of rCB using TDP reduces CO_2 emissions by approximately 90% compared to production of virgin carbon black. The strengthening demand and a tightening supply for virgin carbon black, caused by the geo-political events, tariffs and increasing demand, have set the stage for greater demand and higher prices for Ecolomondo's rCB, 'Mondo Black'. Current value of rCB is estimated at approximately US$ 1,050 – 1,150 per metric ton.

The other end-products of the Company's TDP facilities are also commodities that have strong global markets. The oil is comparable to a refined quality synthetic oil and, being high in carbon, could be used to produce green virgin carbon black, solvents and polymers, etc. Current value of Mondo oil is estimated at approximately US$ 100 – 105 per barrel, and the steel, at US$ 200 – 225 per metric ton, respectively.

The steel extracted from tire waste is a high-grade product that is in strong demand by steel foundries and mills. TDP also produces hydrocarbon gas, high-BTU with a calorific value approaching propane gas. This gas is used as the energy source for the thermal process, making Ecolomondo's thermal technology almost completely energy self-sufficient.

The Hawkesbury TDP facility promoted its sustainability status; it maintained the International Sustainability and Carbon Certification ("ISCC") Plus. ISCC is a Global Sustainability Certification System and offers chain-of-custody certification systems to ensure traceability and feedstock identity. It is an independent multi-stakeholder initiative and leading certification system supporting sustainable, fully traceable, deforestation-free and climate-friendly supply chains. Certifications by ISCC (including "ISCC Plus") cover sustainable agricultural biomass, biogenic waste and residues, non-biological renewable materials and recycled carbon-based materials. With currently over 7,000 valid certificates in more than 100 countries, ISCC Plus is among the world's largest certification systems. With an ISCC Plus certification, Ecolomondo contributes to environmentally, socially and economically sustainable production. It can also add commercial value to the Company's end-products as they remain traceable in the supply chain.

Supported by increasing global tire consumption, the Company expects that there should be an abundant supply of scrap tire feedstock for the foreseeable future. The Company expects that the continued global expansion of tire manufacturing should generate an increasing and stable supply of scrap tire feedstock that should help drive Ecolomondo's future growth.

Significant Projects

Contrecoeur pilot facility
The Contrecoeur facility was an industrial-scale TDP facility based in Contrecoeur, Quebec, that was built in 1998. This facility was mostly used to develop the Company's proprietary TDP technology. It was instrumental in achieving many of the proprietary milestones such as efficient process parameters, automation, emission controls, water recycling, safety and product quality, all milestones needed for TDP to operate commercially, used as the foundation for the Hawkesbury TDP facility.

With the completion and start of operations of the Hawkesbury facility, the Company decided in the first quarter of 2024 to dismantle its Contrecoeur facility, which was completed in May 2024, and all usable equipment was transferred to the Hawkesbury facility.

Hawkesbury facility
On April 3, 2019, the Company and EDC announced a loan agreement of $32.1 million in project financing

for the construction of the Hawkesbury facility while a groundbreaking ceremony was held on August 21, 2019, and financial closing of the agreement was successfully executed on December 23, 2019. This loan agreement was replaced by a Restructured Loan agreement on December 22, 2023.

As at September 30, 2025, the Company had received a deposit in 2019 for an amount of U.S. $1,900,000 (CAD 2,644,990; CAD 2,564,810 as of September 30, 2025) from a potential future partner. When the facility will be completed and fully commissioned, the Company and the potential future partner are to negotiate the sale of a participation of up to 45% of the subsidiary that owns the plant, however, as at December 31, 2024, the individual and the Company mutually agreed to annul their agreement for the share purchase of the Ecolomondo Environmental (Hawkesbury) Inc. (owner of the Hawkesbury facility) and transferred the individual's deposit of U.S. $1,900,000 in return for 8% share participation of Ecolomondo Environmental (Shamrock) Inc., the Shamrock Texas facility (details hereunder).

As of September 30, 2025, capital expenditures for the Hawkesbury facility totaled $52,346,041 (net of depreciation) and the term loans with EDC totalled $45,845,738. Construction of the facility was completed during the fiscal year 2022 and the facility is currently heavily involved in its ramp-up phase. Please visit the Company's website at www.ecolomondo.com for updates on the Company's Hawkesbury facility.

The Company believes that the successful commercial operation of the Hawkesbury facility as a TDP turnkey facility is an important step in the Company's growth strategy and management expects that by achieving this milestone, it should help bring serious global interest to the TDP pyrolysis technology and help drive the Company's global expansion.

Significant Projects That Have Not Yet Generated Revenues

Shamrock TDP Facility
In line with its expansion strategy, the Company is also focused on its next TDP project, a six-reactor TDP facility to be located in Shamrock, Texas. Working in close collaboration with the Shamrock Economic Development Corporation, Ecolomondo entered into a binding land purchase agreement for a 136.76 acre parcel of land on I-40 in Shamrock for the proposed plant construction. In the binding agreement with the Shamrock Economic Development Corporation, Ecolomondo paid $10.00 for the land in consideration for selecting Shamrock as the location for its US launch. Strategically situated in Wheeler County and close to major hubs such as Dallas and Oklahoma City, the land is conveniently located on Interstate 40, a major east–west Interstate Highway running through the south-central portion of the United States.

With the strong support of the local Shamrock Economic Development Corporation and the USDA, infrastructure works, US$2.6 million were budgeted for gas, water and sewage, were performed in 2023 and completed in 2024.

The total budgeted cost of the Shamrock project is estimated at approximately US$115 million. The Company expects that it will finance the project with a volume cap bond of up to US$90 million from the State of Texas. To promote the sale of the Bond and prepare formal documentation, the Company has secured the services of E.F. Hutton & Co. as investment banker for the transaction. The Company now expects to break ground in the fourth quarter of 2026.

Processing capabilities for the Shamrock facility is projected at 5 million end-of-life tires per year, yielding approximately 15,000 metric tons of rCB, 18,000 metric tons of oil, 7,500 metric tons of steel, and to process 4,500 metric tons of syngas; roughly three times the size of the Company's Hawkesbury (Ontario) plant output that will soon commence regular commercial operations.

The Company is continuously strategizing on the Shamrock project, especially seeking feedstock, offtake agreements and JV partners. The Shamrock facility will serve as the Company's flagship entry into the US market. Coupled with the production capacity of the Hawkesbury (Ontario) facility, the Company will produce over 21,000 metric tons of rCB per year. Management believes that this unprecedented production capacity of recovered carbon black will position Ecolomondo to become a leading industry player.

Aresol (4 TDP facilities in Europe)
On December 2, 2024, the Company signed a non-binding letter of intent for a joint venture with ARESOL to build a 4-reactor TDP facility that could process 20,000 metric tons/year of end-of-life tires in Spain. After further discussions and following a detailed technical audit by ARESOL, the parties concluded in August 2025 a joint venture and EPC engineering agreement with ARESOL to build four TDP turnkey facilities in the European Union using Ecolomondo's TDP proprietary technology, with the first to be built in Valencia, Spain. Locations of the other three sites will be determined once necessary due diligence is performed by the parties with the focus on feedstock availability, tipping fees, offtake agreements and government support.

Subject to final documentation, the Agreement calls for the creation of a joint venture entity in Europe, with Ecolomondo and ARESOL expected to own 51% and 49%, respectively, of the joint venture corporation. The Board of Directors of the JV entity will consist of two representatives of Ecolomondo, two representatives of ARESOL, and one independent director.

ARESOL is a business group with over 40 years of experience in the renewable energy sector that develops, executes and operates renewable energy projects from conception to installation and operation. ARESOL has strong expertise in Engineering, Procurement, Construction ("EPC") and intends to develop and implement pyrolysis projects for end-of-use tires in Europe using Ecolomondo's proprietary pyrolysis TDP technology.

TDP is Environmentally Friendly – CO_2 Reduction

By producing rCB, TDP reduces GHG emissions by 90% versus the production if virgin carbon black. The production of rCB at the Hawkesbury and Shamrock facilities will reduce CO_2 emissions by 22,400 and 67,200 tons per year, respectively.

Results of Operations

Results of Operations for the Quarters Ended September 30, 2025 and 2024

Revenues

During the three-month periods ended September 30, 2025, and 2024, the Company had revenues of $365,618 and $173,837, respectively, an increase of 110%. Revenue for both periods include sales of end-products and tipping fees at the Company's Hawkesbury TDP facility, including interest income and foreign exchange gain/loss in relation to cash and cash equivalents.

General and administrative expenses

The Company's general and administrative expenses reflect all expenses that management considers overhead and administrative salaries and excludes expenses related to the construction and commissioning of the Hawkesbury TDP facility, which are expensed or capitalized in "Property, plant and equipment". Administrative expenses include also Stock-based compensation, municipal tax, office expenses, corporate and stock exchange fees, salaries and short-term benefits, travel, meals and representation, marketing and advertising, foreign exchange and miscellaneous.

It is to note that as of January 1, 2025, some expenses were re-classified from General and administrative expenses to Operating expenses: Municipal/Property tax, Professional fees, and Insurance.

General and administrative expenses were $263,473 for the quarter ended September 30, 2025, compared to $308,477 for the quarter ended September 30, 2024. General and administrative expenses decreased by $45,004 between the two periods mostly due to (i) the re-classification of two types of expenses in the quarter ended September 30, 2024: $214,939 for Municipal/Property tax was re-classified from Operating expenses to General and Administrative expenses, partially offset by an amount of $110,755 for Professional fees that was re-classified from General and Administrative expenses to Operating expenses, and to (ii) a decrease of $72,084 in Miscellaneous expenses between the two quarters, partially offset by (iii) an increase of $108,048 in Corporate & Stock exchange fees between the two periods.

Operating expenses

Operating expenses include expenses related to general operations of the Company and its subsidiaries, including salaries, benefits, professional fees, depreciation, utilities, insurance, property tax, maintenance, and research and development expenses. Research and development expenses consist primarily of expenses for personnel focused on finding and developing improved processes and operations, facility costs, lab materials and related overhead, incurred as a direct result of the efforts to keep improving and developing the TDP technology platform. Accordingly, the Company expects to incur ongoing research and development expenses. The Company expenses all operating expenses, including research and development costs, as they are incurred and if they do not meet the criteria for capitalization.

Operating expenses for the quarter ended September 30, 2025 were $1,489,219, compared to $733,244 for the quarter ended September 30, 2024. Operating expenses increased by $755,975 between the two periods because the operating activities increased at the Hawkesbury TDP facility. The Operating expenses increased mostly due to (i) an increase of $413,777 in Other plant expenses in the quarter ended September 30, 2025, compared to the quarter ended September 30, 2024, which includes a provision of $440,557 for a Superior Court judgment against the Company, explained in Note 13 of the Financial Statements, and to (ii) an increase of $176,700 in Salaries and other short-term benefits between the two periods, partially offset by the re-classification of two types of expenses in the quarter ended September 30, 2024: $214,939 for Municipal/Property tax was re-classified from Operating expenses to General and Administrative expenses, partially offset by an amount of $110,755 for Professional fees that was re-classified from General and Administrative expenses to Operating expenses.

Gain on revaluation of warrant liability

In September 2021, the Company raised capital with a non-brokered private placement, consisting of 6,153,845 units at a price of $0.65 per Unit for gross proceeds to the Company of $4,000,000. Each Unit is comprised of one common share and one-half of one share purchase Warrant. Each whole Warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of $1.00 per Warrant Share, for a period of three years from the date the Units are issued, which was further extended in September 2024 for an additional two years. However, considering the Corporation may reduce the Exercise Price of the Warrants, the warrants were recorded at fair value on the day of issue as a liability and then revalued on December 31, 2021.

In May 2025, the Company raised capital with a non-brokered private placement, consisting of 6,201,551 units at a price of $0.16125 per Unit for gross proceeds to the Company of $1,000,000. Each Unit is comprised of one common share and one common share purchase Warrant. Each Warrant entitles the holder to purchase one common share of the Company at a price of $0.24, for a period of 2 years from the closing date of the Offering. However, considering the Corporation may reduce the Exercise Price of the Warrants, the warrants were recorded at fair value on the day of issue as a liability and then revalued.

In June 2025, the Company raised capital with a non-brokered private placement, consisting of 3,100,776 units at a price of $0.16125 per Unit for gross proceeds to the Company of $500,000.13. Each Unit is comprised of one common share and one common share purchase Warrant. Each Warrant entitles the holder to purchase one common share of the Company at a price of $0.24, for a period of 2 years from the closing date of the Offering. However, considering the Corporation may reduce the Exercise Price of the Warrants, the warrants were recorded at fair value on the day of issue as a liability and then revalued.

Consequently, a gain on revaluation of warrant liability is recorded in the Consolidated Statements of Loss and Comprehensive Loss for an amount of $7,561 for the quarter ended September 30, 2025 (loss of $166,780 for the quarter ended September 30, 2024).

Financial Expenses

Financial expenses are essentially related to the EDC loans for the Hawkesbury facility. They were previously capitalized because the facility was not yet operational. Since January 2024, the building is being depreciated, and the interest is expensed for the portion of the EDC loan applicable to the building (28%).

Financial expenses for the quarter ended September 30, 2025 were $394,406, compared to $268,836 for the quarter ended September 30, 2024. The increase of $125,570 is due to the interest expense for the EDC loan on the Hawkesbury building that started in January 2024.

Net loss and comprehensive loss

During the quarter ended September 30, 2025, losses from Operations totalled $1,773,919, compared to a loss of $1,303,500 for the same period of 2024. The increase of $470,419 between the two periods is due to an increase of $662,197 in Expenses, mostly because of increased ramp-up activities, partially offset by an increase of $191,781 in Revenues.

Income taxes

For both the quarters ended September 30, 2025 and 2024, the Company had no current income tax expense.

Results of Operations for the Nine-Month Period Ended September 30, 2025 and 2024

Revenues

During the nine-month period ended September 30, 2025, and 2024 the Company had revenues of $958,441 and $409,682, respectively, an increase of 134%. The increase of $548,759 between the two periods is due to increased sales of end-products and to earning of tipping fees at the Hawkesbury facility, compared to the period ended September 30, 2024. Revenues for both periods include sales of end-products and earning of tipping fees at the Company’s Hawkesbury TDP facility and foreign exchange gain in relation to cash and cash equivalents.

General and administrative expenses

The Company's general and administrative expenses reflect all expenses that management considers overhead and administrative salaries and excludes expenses related to the construction and commissioning of the Hawkesbury TDP facility, which are expensed or capitalized in "Property, plant and equipment". Administrative expenses include also Stock-based compensation, municipal tax, office expenses, corporate and stock exchange fees, salaries and short term benefits, travel, meals and representation, marketing and advertising, foreign exchange and miscellaneous.

It is to note that as of January 1, 2025, some expenses were re-classified from General and administrative expenses to Operating expenses: Municipal/Property tax, Professional fees, and Insurance.

General and administrative expenses were $629,796 for the nine-month period ended September 30, 2025, compared to $874,731 for the period ended September 30, 2024. General and administrative expenses decreased by $478,079, mostly due to (i) the re-classification of Municipal/Property tax for an amount of $214,939 in the quarter ended September 30, 2024 from Operating expenses to General and Administrative expenses, and to (ii) a decrease of $182,881 in Stock-based compensation between the two periods, partially offset by (iii) an increase of $230,463 in Corporate & Stock exchange fees between the two periods.

Operating expenses

Operating expenses include expenses related to general operations of the Company and its subsidiaries, including salaries, benefits, professional fees, depreciation, utilities, insurance, property tax, maintenance, and research and development expenses. Research and development expenses consist primarily of expenses for personnel focused on finding and developing improved processes and operations, facility costs, lab materials and related overhead, incurred as a direct result of the efforts to keep improving and developing the TDP technology platform. Accordingly, the Company expects to incur ongoing research and development expenses. The Company expenses all operating expenses, including research and development costs, as they are incurred and if they do not meet the criteria for capitalization.

Operating expenses for the nine-month period ended September 30, 2025 were $3,314,790, compared to $1,840,293 for the same period ended September 30, 2024. Operating expenses increased by $1,474,497 between the two periods because the operating activities increased at the Hawkesbury TDP facility. The Operating expenses increased mostly due to (i) an increase of $741,765 in Salaries and other short-term benefits between the two periods and to (ii) an increase of $558,005 in Other plant expenses between the two periods, which includes a provision of $440,557 for a Superior Court judgment against the Company, explained in Note 13 of the Financial Statements, partially offset by (iii) a decrease of $228,507 in Maintenance and repairs between the two periods.

Loss on revaluation of warrant liability

In September 2021, the Company raised capital with a non-brokered private placement, consisting of 6,153,845 units at a price of $0.65 per Unit for gross proceeds to the Company of $4,000,000. Each Unit is comprised of one common share and one-half of one share purchase Warrant. Each whole Warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of $1.00 per Warrant Share, for a period of three years from the date the Units are issued, which was further extended in September 2024 for an additional two years. However, considering the Corporation may reduce the Exercise Price of the Warrants, the warrants were recorded at fair value on the day of issue as a liability and then revalued on December 31, 2021.

In May 2025, the Company raised capital with a non-brokered private placement, consisting of 6,201,551 units at a price of $0.16125 per Unit for gross proceeds to the Company of $1,000,000. Each Unit is comprised of one common share and one common share purchase Warrant. Each Warrant entitles the holder to purchase one common share of the Company at a price of $0.24, for a period of 2 years from the closing date of the Offering. However, considering the Corporation may reduce the Exercise Price of the Warrants, the warrants were recorded at fair value on the day of issue as a liability and then revalued.

In June 2025, the Company raised capital with a non-brokered private placement, consisting of 3,100,776 units at a price of $0.16125 per Unit for gross proceeds to the Company of $500,000.13. Each Unit is comprised of one common share and one common share purchase Warrant. Each Warrant entitles the holder to purchase one common share of the Company at a price of $0.24, for a period of 2 years from the closing date of the Offering. However, considering the Corporation may reduce the Exercise Price of the Warrants, the warrants were recorded at fair value on the day of issue as a liability and then revalued.

Consequently, a loss on revaluation of warrant liability is recorded in the Consolidated Statements of Loss and Comprehensive Loss for an amount of $2,366 for the nine-month period ended September 30, 2025 (loss of $166,780 for the same period ended September 30, 2024).

Financial Expenses

Financial expenses are essentially related to the EDC loans for the Hawkesbury facility. They were previously capitalized because the facility was not yet operational. Since January 2024, the building is being depreciated, and the interest is expensed for the portion of the EDC loan applicable to the building (28%).

Financial expenses for the nine-month period ended September 30, 2025 were $1,123,348, compared to $806,509 for the same period ended September 30, 2024. The increase of $316,839 is due to the interest expense for the EDC loan on the Hawkesbury building that started in January 2024.

Net loss and comprehensive loss

During the nine-month period September 30, 2025, losses from Operations totalled $1,616,650, compared to a loss of $3,278,631 for the same period of 2024. The decrease of $1,661,981 in the Net loss between the two periods is due to a gain o long term debt modification in the second quarter, in the amount of $2,495,209, due to a calculation of the present value of the amended cash flows that resulted from the postponement and capitalization of interest on the Company's long-term debt with EDC.

Income taxes

For both the nine-month periods ended September 30, 2025 and 2024, the Company had no current income tax.

Cash Flows for the Three Months Ended September 30, 2025 and 2024

Cash Flows		
	Three-Month Periods ended	
	September 30, 2025	**September 30, 2024**
	$	$
Operating Activities	(644,303)	(1,310,037)

Investing Activities	(107,915)	(386,626)
Financing Activities	579,256	2,561,475
Net Increase (Decrease) in Cash	**(172,962)**	**864,812**

Operating Activities: Net cash used by the Company's operating activities during the quarter ended September 30, 2025, was $644,303, compared to $1,310,037 during the same period ended September 30, 2024. This decrease of $665,734 in cash flow used by operating activities is mostly due to (i) a positive variance in changes in working capital items of $518,992 for the quarter ended September 30, 2025 compared to a negative variation of $539,098 for the quarter ended September 30, 2024, and to (ii) a gain on revaluation of warrant liability of $7,561 in the quarter ended September 30, 2025, compared to a loss of $166,780 in the same quarter of 2024, partially offset by (iii) a net loss of $1,773,919 during the quarter ended September 30, 2025, compared to a loss of $1,303,500 during the quarter ended September 30, 2024. Significant variances in changes in working capital items mainly result from variances in Trade and other payables, from a negative change of $621,951 for the three-month period ended September 30, 2025, compared to a positive change of $444,504 for the three-month period ended September 30, 2024.

Investing Activities: Net cash used for the Company's investing activities during the quarter ended September 30, 2025 decreased by $278,711 compared to the same period ended September 30, 2024, due to smaller investments in Acquisition of property, plant and equipment during the quarter ended September 30, 2025, all related to the commissioning of the Hawkesbury TDP facility.

Financing Activities: During the three-month period ended September 30, 2025, net cash provided by the Company's financing activities decreased by $1,982,219 compared to the same period ended September 30, 2024, mainly due to (i) the issuance of a term loan by EDC of $3,000,000 in the quarter ended September 30, 2024, compared to nil in the same period in 2025, partially offset by (ii) advances from a company under common control of $106,615 during the period ended September 30, 2025, compared to a decrease in those advances of $945,185 in the same period ended September 30, 2024.

The Company anticipates its material liquidity needs in the near and intermediate term to consist of the following:

- Working capital needs, including operating expenses and costs associated with research and development and future developments and the commercialization of the TDP technology;
- Funding the ramp-up of production of the Hawkesbury TDP facility;
- Funding the Company's expansion goals.

The Company does not anticipate paying any cash dividends on its capital stock in the foreseeable future as it currently expects to retain all future earnings, if any, in the operation and expansion of its business.

Cash Flows for the Nine-Month Periods Ended September 30, 2025 and 2024

	Nine-Month Periods ended	
	September 30, 2025	**September 30, 2024**
	$	$
Operating Activities	(1,707,231)	(2,319,158)
Investing Activities	(1,830,613)	(1,478,837)
Financing Activities	3,472,177	4,735,725
Net Decrease in Cash	**(65,667)**	**937,730**

Operating Activities: Net cash used by the Company's operating activities during the nine-month period ended September 30, 2025 decreased by $611,927 compared to the same period ended September 30, 2024, primarily due to (i) a decrease of $1,661,981 in the net loss between the two periods, and to (ii) a positive variance in changes in working capital items of $910,079 for the nine-month period ended September 30, 2025 compared to a negative variation of $739,083 for the same period ended September 30, 2025, partially offset by a gain on debt modification of $2,495,209 in the nine-month period ended September 30, 2025, compared to nil in the same period ended September 30, 2024. Significant variances in changes in working capital items mainly result from (i) variances in Trade and other payables, from a negative change of $522,703 for the nine-month period ended September 30, 2025, compared to a positive change of $399,045 for the nine-month period ended September 30, 2024, and by (ii) variances in Prepaid expenses, from a negative change of $126,487 for the nine-month period ended September 30, 2025, compared to a positive change of $475,409 for the nine-month period ended September 30, 2024.

Investing Activities: Net cash used for the Company's investing activities during the nine-month period ended September 30, 2025 increased by $351,776 compared to the same period ended September 30, 2024. This increase is due to larger investment in Acquisition of property, plant and equipment during the nine months ended September 30, 2025, in particular during the first quarter of 2025, due to the acquisition and commissioning of the new milling line in the recovered carbon black department.

Financing Activities: During the nine-month period ended September 30, 2025, net cash provided by the Company's financing activities decreased by $1,263,548 compared to the same period ended September 30, 2024, due to (i) a decrease of $1,103,898 in the issuance of long term debt between the two periods, and to (ii) a decrease of $1,103,237 in the proceeds from private placements between the nine-month period ended September 30, 2025, compared to the same period in 2024, partially offset by (iii) a decrease of $993,340 in advances from a company under common control between the two periods.

Assets, Liabilities and Shareholders' Equity

As of September 30, 2025, total assets were $53,195,312, compared to $49,680,318 as of December 31, 2024. The increase of $3,514,994 in total assets between September 30, 2025, and December 31, 2024 is essentially due to an increase of $3,944,727 for Property, plant and equipment.

As of September 30, 2025, total liabilities were $53,400,228, compared to $49,781,034 as of December 31, 2024. The increase of $3,619,194 in total liabilities between the two periods is due to an increase of $2,994,724 in long-term debt between the two periods (increase in non-current portion of $3,458,474, partially offset by a decrease in current portion of $463,750).

The Company had a working capital deficit of $7,524,933 as of September 30, 2025, compared to a working capital deficit of $8,502,526 as of December 31, 2024. This decrease of $977,593 in working capital deficit between the two periods is mostly due to (i) a decrease of $1,585,274 in advances from a company under common control, to (ii) a decrease of $463,750 in the current portion of long-term debt between the two periods, and to (iii) a decrease of $475,409 in Prepaid expenses and deposits between the two periods, partially offset by (iv) an increase of $399,044 of Trade and other payables between the two periods. During the nine-month period ended September 30, 2025, the Company invested most of its funds in the Hawkesbury project.

As of September 30, 2025, the Company had an accumulated deficit totaling $32,366,085 compared to an accumulated deficit of $30,749,435 as of December 31, 2024. The $1,616,650 increase in the accumulated deficit is attributable to the net loss of $1,616,650 recorded for the nine-month period ended September 30, 2025.

Liquidity

The Company manages its capital to ensure the Company's ability to meet strategic objectives, including the commissioning and ramp-up of the Hawkesbury TDP facility and the commercialization of the TDP technology. The capital structure of the Company consists of cash, deposits, advances from a company under common control, long-term debt and equity. As of September 30, 2025, the Company had Total current assets of $849,271.

The Company expects to use approximately an additional $3.0 million in the next 12 months, mostly to fulfill capital purchases required to complete the full ramp-up of the Hawkesbury TDP facility and general working capital needs. Management is well aware of the liquidity position of the Company and is currently in discussions to secure additional working capital to ensure that the Company has the funds in the future to achieve its strategic goals.

The Company has a line of credit with a chartered bank (CIBC) in the amount of $250,000, bearing interest at prime plus 0.5% (5.46% in 2024) and secured by EDC. As at September 30, 2025, the outstanding amount is $179,493. Management believes that with the commissioning of the new milling line and the gradual ramp up of the entire facility over the next quarters, the Hawkesbury facility should achieve increasing monthly revenues, which should ease the Company's cash burn.

Going Concern Assumption

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), in particular on the assumption that the Company will continue as a going concern, meaning it will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

Since inception, the Company has incurred operating losses. As at September 30, 2025, the Company has an accumulated deficit of $32,366,085 ($30,749,435 as of December 31, 2024), as well as negative working capital. The Company has completed the construction of its Hawkesbury plant; however it has not been able to complete its ramp-up to enable the Company to establish a stabilized source of revenue sufficient to cover operating expenses. Based on the current level of expenditure and available liquidity, management estimates that the Company will require additional financing within the next twelve months.

The Company is actively seeking to secure additional funding through equity-based financing, debt-financing or other arrangements; however, there is no assurance that the Company will be successful in this or any of its endeavors or become financially viable and continue as a going concern. Consequently, these material uncertainties raise significant doubt regarding the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the consolidated balance sheets classification have not been adjusted as would be required if the going concern assumption were not appropriate.

Off-Balance Sheet Arrangements

The Company is not currently a party to, or otherwise involved with, any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Additional Financing Requirements

The Company manages its capital to ensure the Company's ability to meet strategic objectives, including the commissioning and ramp-up of the Hawkesbury TDP facility and the commercialization of the TDP technology. The capital structure of the Company consists of cash, deposits, advances from a company under common control, long-term debt and equity.

The Company continues to reassess its working capital needs regularly and amounts that it may need for its operations and global expansion and, if needed, may decide to borrow or raise additional capital.

Long-Term Debt

As of September 30, 2025, the Company's long-term debt includes (i) government loans, totaling $120,000, having an annual interest of 5%, maturing in December 2026, (ii) the balance of purchase price of the land in Hawkesbury, for an amount of $80,000 as of September 30, 2025, payable in equal annual installments of $20,000, bearing interest at 3% per annum, (iii) a term loan by EDC for an authorized amount of $37,903,920, secured by a movable hypothec on all present and future assets of the Company, bearing interest at the Canadian Overnight Rep Rate Average rate plus 6.5%, total not to exceed 8.5%, payable in quarterly instalments starting in May 2025, maturing in May 2029, for an amount of $40,271,530 as of September 30, 2025, (iv) a term loan by EDC of $3,000,000 bearing interest at Prime Rate Plus 8% per year, payable in 12 consecutive equal instalments starting April 2025, maturing March 2026, for an amount of $3,384,188 as of September 30, 2025, (v) a term loan by EDC of $2 million, bearing interest at Prime Rate Plus 8% per year for each tranche, payable in 24 consecutive equal installments beginning 8 months after disbursements of each tranche, installments starting September 2025, maturing September 2027, for an amount of $2,012,779 as of September 30, 2025, (vi) another loan from EDC of $177,241 due May 2029, and (vii) advances from a company under common control, 3212527 Canada Inc., in the amount of $1,750,286, bearing interest at 8.5% per annum, with payment due on October 2026.

Seasonality

The Company expects neither its sales nor commercial production of TDP turnkey facilities to be subject to seasonality. The Company also does not anticipate that its clients' production and sales of carbon black substitute, oil and steel, to be subject to seasonality either. However, selling and construction of TDP facilities may take longer than expected because the size and extent of the potential project may force clients to scrutinize or even delay their decision and, for these reasons, there may be volatility in the Company's sales of such facilities.

Basis of presentation

The unaudited interim condensed consolidated financial statements present the Company's consolidated statements of financial position as of September 30, 2025, as well as its consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the three and nine-month periods ended September 30, 2025 and 2024.

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting and are expressed in Canadian dollars. Accordingly, certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), have been omitted or condensed. These interim condensed consolidated financial statements use the same accounting policies, except for the adoption of the new accounting standard discussed below, and use the same methods of computation as compared with the Company's most recent annual audited consolidated financial statements. Since the date of such financial statements, there have been no changes to the Company's significant accounting policies, except for the adoption of the new accounting standard described below. There are no new accounting pronouncements issued during the period which might have a material impact on the Company's interim condensed consolidated financial statements.

These interim condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to present a fair statement of the results for these interim periods. These adjustments are of a normal recurring nature.

These interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on November 26, 2025.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and those of Ecolomondo Environmental (Contrecœur) Inc, Ecolomondo Environmental (Hawkesbury) Inc. (incorporated in 2018) and 9083-5018 Quebec Inc., directly or indirectly, wholly-owned subsidiaries. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and can affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of December 31. All intercompany balances and transactions have been eliminated upon consolidation.

Standards, amendments and interpretation to existing standards that are not yet effective

At the date of authorization of these interim condensed consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board but are not yet effective, and have not been early adopted by the Company.

Any other new standards and interpretations that have been issued are not expected to have a material impact on the Company's consolidated financial statements.

Risk Factors

The Company has identified certain significant risks relating to the business of the Company and the industry in which it operates. The following information is only a summary of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also impair the operations of the Company. If any such risks materialize into actual events or circumstances, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. There is no assurance that risk management steps taken will avoid future loss due to the uncertainties described below or other unforeseen risks. An investment in Common Shares or other securities of the Company is highly speculative and involves a high degree of risk. Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below.

Certain factors may have a material adverse effect on the Company's business, financial condition and results of operations. Current and prospective investors should carefully consider the risks and uncertainties and other information contained in the MD&A related to the consolidated financial statements for the fiscal year ended

December 31, 2024, and in the MD&A related to the unaudited financial statements for the quarter ended September 30, 2025, and in other filings that the Company has made and may make in the future with applicable securities authorities, and the Company's website at www.ecolomodo.com.

The risks and uncertainties described herein and therein are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently believes are not material, may also become important factors that could adversely affect the Company's business. If any of such risks actually occur, the Company's business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of the Common Shares could decline, and the Company's securityholders could lose part or all of their investment.

Risks Related to the Company's Business and Industry

Operating income (Loss), negative Operating cash flow and high level of indebtedness. Prior to September 30, 2025, the Company had a history of losses and negative cash flows. During the quarter ended September 30, 2025, the Company has a net loss of $1,773,919, cash flows used in operations of $644,303, and an accumulated deficit of $32,366,085 at September 30, 2025, and in addition the Company has a high level of indebtedness. To the extent that the Company has net losses and negative operating cash flow in future periods, it may need to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favorable to the Company.

Risks Related to the Repayment of the Restructured Loan

The Company's ability to continue as a going concern is dependent upon its ability in the future to grow its revenue, achieve profitable operations, successfully developing and introducing new products and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. While the Company has been successful in securing financing in the past, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no assurance that it will be able to do so in the future. External financing, predominantly by the issuance of equity and debt, might be, sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or at all. If the Company is unable to obtain sufficient additional financing, it may have to curtail operations and development activities, any of which could harm the business, financial condition and results of operations.

Revenue Risks

The Company may experience delays in achieving revenues, based on past delays with ramp-up of production. Revenues may be delayed or negatively impacted by issues encountered by the Company or its clients including unforeseen engineering and/or environmental problems, delays or inability to obtain required financing, supply interruptions and/or labor disputes, foreign exchange fluctuations and/or collection risk, and competition from other suppliers.

There is no assurance that the business will perform as expected or that returns from the business will support the expenditures needed to develop it, however Management considers these risks as moderate for reasons explained throughout this document and because issues encountered during initial ramp-up have mostly been addressed already.

Litigation and Administrative Proceedings

The Company may from time to time become party to litigation in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources. Litigation may also create a negative perception of the Company's brand.

As at September 30, 2025, the Company was involved in a litigation that resulted in a judgment in the amount of $718,824 against the Company. A liability of $291,086 was previously recorded in the financial statements based on prior assessments. On October 24, 2025, the Company decided to suspend its appeal and elected to proceed with settlement of the matter for $731,643. Although the decision to settle occurred after the reporting date, it confirmed that the amount of the present obligation existed at September 30, 2025. An additional provision of $440,557 has been included in other current payables to reflect the updated estimate of the obligation.

FINANCIAL RISKS

Management and monitoring of financial risks are performed by the Company's management, which manages all financial exposures. The Company is exposed to various financial risks through its financial instruments: credit risk, liquidity risk and market risk (including currency risk, interest rate risk, and other price risks). The following analysis enables users to evaluate the nature and extent of the risk at the end of each reporting period.

Foreign currency risk

Most of the Company's transactions are carried out in Canadian dollars. Exposure to currency risk arises from the Company's signing of a letter of intent for the sale of TDP facilities and obtaining deposits in U.S. dollars as well as incurring certain expenses in U.S. dollars. The Company does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are translated into Canadian dollars at the closing rate:

	December 31, 2024	December 31, 2023
	$	$
Financial assets	81,979	42,487
Financial liabilities	(2,988,824)	(2,514,999)
Total exposure	3,070,803	2,557,486

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The portion of Company's long-term debt is fixed, thus the Company is not subject to significant interest rate risk. Interest rate on Company's cash deposits held at the supplier is nominal.

Interest rate sensitivity analysis

The table below shows the Company's sensitivity to interest rates on floating rate borrowings (i.e. the remaining portion of long-term debt) if interest rates were to change by +/- 1%. The impact on the income statement would be:

	December 31, 2024	December 31, 2023
+ 1% movement in interest rates	(12,500)	-

- 1% movement in interest rates	12,500	-

Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Generally, the carrying amount reported on the Company's consolidated statements of financial position for its financial assets exposed to credit risk, net of any applicable provisions for expected losses, represents the maximum amount exposed to credit risk.

Financial assets that potentially subject the Company to credit risk consist primarily of Cash, and Trade and other receivables for a total amount of $508,292 as at September 30, 2025 ($437,402 as at December 31, 2024). Credit risk associated with cash is substantially mitigated by ensuring that these financial assets are primarily placed with major financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial liabilities and obligations as they become due. The Company is exposed to this risk mainly through trade and other payables, the advances from a company under common control, interest payable on the term long-term debt and long-term debt.

Liquidity risk management serves to maintain a sufficient amount of cash. The Company establishes budgets and cash estimates to ensure it has the necessary funds to fulfill its obligations for the foreseeable future. The cash and trade and other receivables balance of $508,292 as at September 30, 2025, are not sufficient to cover liquidity needs for the next twelve months.

Related Party Transactions

Related party transactions consist of advances from a company under common control, in the amount of $1,750,286 as of September 30, 2025. The amounts due to3212521 Canada Inc. are unsecured and interest bearing at 8.5% per annum, (2024- 8.5%) with payment due on October 2026.

Transactions with key management personnel

Key management of the Company are the members of the Board of Directors, as well as officers of the Company. Key management personnel remuneration for the nine-month period ended September 30, 2025 includes short-term employee benefits amounting to $189,046 ($57,644 for the three-month period ended September 30, 2025) and stock-based compensation amounting to $54,429 ($28,753 for the three-month period ended September 30, 2025).

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.