SYNTHOLENE ENERGY CORP.
(formerly GK Resources Ltd.)

Management's Discussion and Analysis

For the year ended December 31, 2025 and
the period from incorporation on February 5, 2024 to December 31, 2024

(Expressed in United States dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the financial position and results of Syntholene Energy Corp. (formerly GK Resources Ltd.) (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2025 and the period from incorporation on February 5, 2024 to December 31, 2024. This MD&A is dated April 23, 2026, which is the date that the Board of Directors of the Company approved the disclosure contained in this MD&A. In addition, the MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2025 and the period from incorporation on February 5, 2024 to December 31, 2024 (the "Financial Statements").

The Financial Statements have been prepared by management in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts are expressed in United States dollars unless otherwise stated. Other information contained in this document has been prepared by management and is consistent with the information contained in the Financial Statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated, or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the Financial Statements, together with the other financial information included in the filings, fairly present, in all material respects, the financial condition, financial performance and cash flows of the Company as of the date and for the periods presented in the filings.

In this MD&A, the words "we", "us", or "our", collectively refer to the Company. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The year ended December 31, 2025 and the period from incorporation on February 5, 2024 to December 31, 2024 are referred to as "Fiscal 2025" and "Fiscal 2024", respectively.

All amounts are presented in United States dollars ("USD"). The functional currency of the Company and Syntholene Energy UK Ltd. is the Canadian dollar. The functional currency of Syntholene Energy Corp. (formerly Syntholene Energy Corp., "Former Syntholene") is the United State dollar. The functional currency is the currency of the primary economic environment in which an entity operates. References to "$" are to United States dollars. References to "C$" are to Canadian dollars.

This MD&A provides management's comments on the Company's operations for the year ended December 31, 2025 and the period from incorporation on February 5, 2024 to December 31, 2024 and the Company's financial condition as at December 31, 2025, as compared with the prior fiscal year-end.

The Company's Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

The following MD&A has been prepared by management and approved by the Board of Directors in accordance with the requirements of NI 51-102 *Continuous Disclosure Obligations* as of April 23, 2026 (the "MD&A Date").

FORWARD-LOOKING STATEMENTS

The MD&A, its commentary and the affiliated Financial Statements contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking statements and information include, but are not limited to, statements regarding the Company's anticipated business activities and development timelines, viability of the Company's projects and investments, and the strategic plans, timing, costs and expectations for the Company's future business activities. The Company does not intend to and does not assume any obligation to update such forward-looking statements or information, other than as required by applicable law.

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and its operations to be materially different from those expressed or implied by such statements. Such factors include, among others: demand disruption risks in the aviation section, litigation risks, the ability of the Company to finance its operations, competition in the low carbon fuel industry, fluctuations in prices of synthetic fuels and other commodities, cybersecurity risks, natural disaster risks, technological advances in alternative energy technologies, environmental risks or hazards, changes in national and local governments, legislation, taxation, controls, regulations and political or economic developments. See "Risks and Uncertainties" section below.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or information, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed, or intended. There can be no assurance that any forward-looking statements or information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information.

DESCRIPTION OF BUSINESS AND CORPORATE HIGHLIGHTS

The Company was incorporated pursuant to the Business Corporations Act of British Columbia on November 3, 2017. The head office, principal address and registered and records office of the Company are located at 1723 - 595 Burrard Street, Vancouver, British Columbia, V7X 1J1, Canada. The Company's shares commenced trading on the TSX Venture Exchange (the "Exchange") under the symbol "ESAF" on December 12, 2025 and on Frankfurt Stock Exchange under the symbol "3DD0" on January 6, 2026, following a reverse takeover transaction as described below.

The Company's primary business involves developing and delivering synthetic sustainable aviation fuel to airlines. The Company has no source of revenue and additional capital will be required to fund its operating expenditure and discharge its liabilities.

The Company is advancing the development of synthetic sustainable aviation fuel ("eSAF") through proprietary chemical synthesis technology that converts heat, carbon and water into high-performance liquid fuels. These fuels are characterized by molecular purity, superior energy density, and improved emissions profiles, and are produced without reliance on bio-based feedstocks.

In March 2025, the Company secured a 20-megawatt geothermal energy agreement to power the world's first geothermally powered synthetic eSAF demonstration facility. This facility utilizes high-temperature steam electrolysis to produce synthetic kerosene for aviation and serves as a scalable model for future industrial deployment.

In April 2025, the Company secured an expression of interest ("Expression of Interest") from Icelandair to purchase 20 million liters per year of its eSAF over 10 years. This Expression of Interest has some binding elements but should be viewed as a preliminary agreement moving towards mutually binding future fuel offtake agreement at a later date.

In December 2025, the Company completed its reverse takeover transaction with GK Resources Ltd., resulting in Syntholene Energy Corp. becoming the resulting issuer and continuing the business of the former Delaware entity.

The Company's production model offers significant scalability, as fuel output is not constrained by feedstock availability. The Company's multidisciplinary team-comprising experts in chemical processing, geothermal and nuclear energy, aviation, and project finance-supports its strategy to achieve cost-effective, carbon-negative fuel production capable of outperforming conventional fossil fuels.

REVERSE TAKEOVER

Former Syntholene was incorporated pursuant to the General Corporation Law of the State of Delaware on February 5, 2024. Former Syntholene's registered office is located at 8 The Green, Suit R, City of Dover, County of Kent, State of Delaware, 19901, USA. Former Syntholene's primary business involves developing and delivering synthetic sustainable aviation fuel to airlines.

On April 25, 2025, GK and Former Syntholene entered into a securities exchange agreement pursuant to which GK acquired all of the issued and outstanding securities of Former Syntholene (the "Transaction").

As part of the Transaction, 1546673 B.C. LTD, an affiliate of Former Syntholene ("FinCo"), completed a brokered financing (the "Brokered Financing") of 46,518,522 subscription receipts ("Subscription Receipts") for gross proceeds of $2,507,131 (C$3,488,889) at a price of $0.054 (C$0.075) per Subscription Receipt on a pre-consolidation basis. In connection with the Brokered Financing, FinCo issued 759,430 finder's warrants, each warrant entitles holder to purchase one common share of FinCo with an exercise price of $0.050 (C$0.075) until September 18, 2027.

Pursuant to an amalgamation agreement dated November 18, 2025, FinCo amalgamated with 1557123 B.C. Ltd., a newly incorporated, wholly owned subsidiary of GK and continued as AmalCo, a wholly owned subsidiary of GK (the "Amalgamation"). In connection with the Amalgamation, FinCo's outstanding Subscription Receipts and existing warrants were exchanged, on a one-for-one basis, for common shares and warrants of GK, respectively. As a result, 9,303,700 common shares and 151,886 warrants of GK were issued.

Prior to the closing of the Transaction, GK consolidated its common shares ("GK Shares") on a basis of 5:1 (the "Consolidation"), whereby each holder of GK Shares received one post-consolidation common share (a "Post-Consolidation GK Share") for each five GK Shares held at the time of the Consolidation. Following the Consolidation, GK had 15,004,149 Post-Consolidation GK Shares issued and outstanding, 560,000 incentive stock options entitling the holders thereof to purchase an aggregate of 560,000 Post-Consolidation GK Shares at an exercise price of $0.217 (C$0.300) and expiry date of December 10, 2029, as well as 151,886 warrants entitling the holders thereof to purchase an aggregate of 151,886 Post-Consolidation GK Shares at an exercise price of $0.271 (C$0.375) and expiry date of September 18, 2027.

Following the completion of the RTO, the Company completed a short-form vertical amalgamation with its wholly owned subsidiary, AmalCo, effective December 15, 2025.

Pursuant to the Transaction, GK exchanged each share of Former Syntholene for GK Shares at a conversion ratio of 1:29.67. As a result, GK issued an aggregate of 2,528,506 Post-Consolidation GK Shares with an aggregate fair value of $2,907,782 to the current shareholders of Former Syntholene. In addition, GK issued an aggregate of 890,100 Post-Consolidation common share purchase warrants to the share purchase warrant holders of Former Syntholene.

Pursuant to the closing of the Transaction, GK continued the business of Former Syntholene and changed its name to "Syntholene Energy Corp." (the "Resulting Issuer").

Upon completion of the Brokered Financing and the Transaction on December 9, 2025, the Resulting Issuer had 68,949,286 shares issued and outstanding (each, a "Resulting Issuer Share") on an undiluted basis, and that the former shareholders of Former Syntholene hold approximately 78.10% of the Resulting Issuer Shares, the former shareholders of GK hold approximately 8.32% of the Resulting Issuer Shares, and the remaining balance of the Resulting Issuer Shares are held by the investors and brokers associated with the Brokered Financing and the Transaction. Accordingly, the Transaction is considered a reverse takeover ("RTO") transaction of GK by Former Syntholene. Therefore, Former Syntholene is treated as the accounting parent (legal subsidiary) and GK as the accounting subsidiary (legal parent).

Upon the closing of the Transaction on December 9, 2025 ("Transaction Date"), the following occurred:

- The Company issued a total of 9,303,700 Post-Consolidation GK Shares to the former shareholders of FinCo.
- Pursuant to the Transaction, GK exchanged each share of Former Syntholene for GK Shares at a conversion ratio of 1:29.67. As a result, GK issued an aggregate of 2,528,506 Post-Consolidation GK Shares with an aggregate fair value of $2,907,782 to the former shareholders of Former Syntholene. In addition, GK issued an aggregate of 890,100 Post-Consolidation common share purchase warrants to the share purchase warrant holders of Former Syntholene
- The Company issued 83,333 Post-Consolidation GK Shares at a deemed price of $0.271 (C$0.375) per share, representing a corporate finance fee, to Canaccord Genuity Corp.
- The Company issued 350,000 Post-Consolidation GK Shares to arm's length finder in respect of the Transaction at a deemed price of $0.271 (C$0.375) per share.
- The Company incurred cash transaction expenses of $503,917 related to legal and professional fees.
- The Company granted an aggregate of 560,000 incentive stock options entitling the holders thereof to purchase an aggregate of 560,000 Post-Consolidation GK Shares at an exercise price of $0.217 (C$0.300) and expiry date of December 10, 2029, as well as 151,886 warrants entitling the holders thereof to purchase an aggregate of 151,886 Post-Consolidation GK Shares at an exercise price of $0.271 (C$0.375) and expiry date of September 18, 2027. As a result, a fair value amount of $79,114 was recorded in reserves.

(Expressed in United States dollars, except where noted)

Due to the absence of both the necessary inputs and the required processes, at the time of the Transaction, GK was not capable of producing outputs and therefore would not meet the definition of a business under IFRS 3 *Business combinations* ("IFRS 3"). As a result, the Transaction did not qualify as a business combination under IFRS 3, as the significant inputs, processes, and outputs that together constitute a business did not exist in GK at the time of the Transaction and the Transaction has been accounted for as an equity-settled share-based payment transaction within the scope of IFRS 2 *Share-based payments*. Accordingly, the consideration in excess of net assets acquired was recorded as transaction and corporate structuring expenses and has been recorded in the consolidated statements of loss and comprehensive loss. These consolidated financial statements reflect the assets, liabilities, and operations of Former Syntholene since its incorporation and the Company from December 9, 2025.

The transaction was accounted for as a reverse acquisition in accordance with IFRS 3. Although GK is the legal parent, Former Syntholene has been identified as the accounting acquirer as its former shareholders obtained control of the combined entity. Accordingly, the consolidated financial statements represent a continuation of the financial statements of the accounting acquirer. Prior to the acquisition date, the financial statements reflect only the operations and financial position of the accounting acquirer. From the acquisition date, the financial statements include the consolidated results of both entities.

The financial statements have been prepared as a continuance of Former Syntholene and have been issued in the name of the Company, being the legal parent. The RTO has been measured based on the fair value of the shares that are deemed to have been issued to the Company's historic shareholders. Accordingly, the RTO has been accounted for as follows:

- The historic equity of the Company has been eliminated and the excess of the fair value of the deemed equity instruments issued over the fair value of net assets acquired has been recorded as corporate structuring expenses $1,289,076 in profit or loss for the period. Immediately prior to the RTO, the Company had net assets of $1,815,199. The fair value of the shares issued by the Company is estimated at $2,907,782;

- The deficit and other equity balances are the deficit and other equity balances of Former Syntholene immediately prior to the RTO;

- The equity structure presented in these consolidated financial statements (the number and type of equity instruments issued) reflects the equity structure of the Company, including the equity instruments issued by the Company to affect the RTO; and;

- The assets and liabilities of Former Syntholene are recognized and measured at their pre-transaction carrying amounts and the net assets of the Company on the Transaction date have been measured at their estimated fair value.

A summary of the pro-rated number of shares outstanding as at Transaction Date is as follows:

	Former Syntholene (Accounting acquirer)	**GK (Legal parent)**
Balance, February 5, 2024	-	-
Shares issued pursuant to incorporation	8,000,000	66,553,261
Balance, December 31, 2024	8,000,000	66,553,261
Shares issued pursuant to private placement (before RTO)	808,050	6,722,295
Share issuance costs by shares (before RTO)	50,000	415,958
Shares issued for consulting fees (before RTO)	159,782	1,329,252
Balance, December 9, 2025	**9,017,832**	**75,020,766**

(Expressed in United States dollars, except where noted)

A summary of the Former Syntholene's consideration paid and GK's net assets to be acquired as at the closing of the Transaction is as follows:

	$
Consideration	
Fair value of GK common shares issued (2,528,506 shares at $1.15)	2,907,782
Fair value of GK existing stock options (560,000 stock option expiring on December 10, 2029)	68,499
Fair value of GK existing warrants (151,886 warrants expiring on September 18, 2027)	10,615
Fair value of shares issued for transaction cost (433,333 shares at $0.271)	117,379
Total consideration to be paid	**3,104,275**
Fair value of net assets of GK	
Cash	2,399,673
Amounts receivable	3,985
Prepaid expenses	336,917
Accounts payable and accrued liabilities	(925,376)
Net assets to be acquired	**1,815,199**
Transaction expenses not capitalized	503,917
Corporate structuring expenses	1,289,076
Total transaction and corporate structuring expenses	**1,792,993**

SELECTED ANNUAL INFORMATION

A summary of selected annual information derived from the Company's Financial Statements is as follows:

	Fiscal 2025	Fiscal 2024
	$	$
Operating expenses	**1,628,420**	215,957
Net loss and comprehensive loss	**(3,428,837)**	(215,220)
Net loss and comprehensive loss per share basic and diluted	**(0.28)**	(0.03)
Current assets	**1,087,764**	167,837
Total assets	**1,088,364**	168,437
Total liabilities	**635,769**	145,146
Working capital surplus	**451,995**	22,691
Shareholders' equity	**452,595**	23,291

The Company reported a significant increase in net loss in the current year, primarily attributable to transaction and corporate restructuring costs of $1,792,993 incurred in connection with the Transaction. Operating expenses increased to $1,628,420 in Fiscal 2025, compared to $215,957 in Fiscal 2024, which was driven by higher management and marketing fees incurred to support the Company's marketing initiatives and equity financing activities, in addition to increased consulting fees related to the execution of the Company's business development strategy in the current year.

As at December 31, 2025, the Company had total assets of $1,088,364 (December 31, 2024 - $168,437), comprised of cash of $236,086 (December 31, 2024 - $167,637), amounts receivable of $434,232 (December 31, 2024 - $200), prepaid expenses of $417,446 (December 31, 2024 - $nil), and intangible assets of $600 (December 31, 2024 - $600). Total assets and current assets increased significantly in Fiscal 2025, primarily due to the acquisition of current assets from GK including cash, amounts receivable, and prepaid expenses.

As at December 31, 2025, the Company had total liabilities of $635,769 (December 31, 2024 - $145,146), comprised of accounts payable and accrued liabilities. Total liabilities increased in the current year compared to the prior year, mainly due to the additional accounts payable and accrued liabilities acquired from GK, as well as an increase in outstanding invoices of Former Syntholene as at December 31, 2025.

As at December 31, 2025, the Company had a working capital surplus of $451,995 (December 31, 2024 - $22,691). Management's short-term plans are to fund the Company's day-to-day operations through equity financings.

As at December 31, 2025, the Company had a shareholders' equity of $452,595 (December 31, 2024 - $23,291), comprised of share capital of $3,000,658 (December 31, 2024 - $800), additional paid in capital of $1,016,879 (December 31, 2024 - $nil), shares to be issued of $nil (December 31, 2024 - $237,710), reserves of $79,115 (December 31, 2024 - $1), accumulated other comprehensive loss of $17,256 (December 31, 2024 - $nil) and a deficit of $3,661,313 (December 31, 2024 - $215,220).

The Company does not have any properties or any options to any properties. Therefore, losses are incurred due to administrative expenses relating to maintaining the Company in good standing. Consequently, the Company's net loss is not a useful measure of its performance or potential.

OPERATION HIGHLIGHTS

Advancement of Geothermal-Integrated Demonstration Strategy

Throughout Fiscal 2025, the Company continued engineering development of its proprietary fuel synthesis reactor and thermal integration architecture. The technical focus during the year included high-temperature steam electrolysis integration, reactor optimization, and heat-assisted process efficiency improvements designed to lower per-liter production costs.

Commercial Validation and Market Engagement

In April 2025, the Company secured an Expression of Interest from Icelandair for the purchase of 250 million liters of synthetic sustainable aviation fuel over a ten-year period, equivalent to 25 million liters per year. While certain elements remain subject to definitive agreements, the Expression of Interest represents early commercial validation of demand for the Company's geothermally powered eSAF model.

During 2025, management expanded airline, regulatory, and institutional engagement in Europe and North America in preparation for long-term offtake negotiations and future project financing.

Capital Formation and Liquidity Management

In January 2025, the Company closed a non-brokered private placement raising $506,000 in gross proceeds. In May 2025, the Company closed a second tranche raising $347,357 in gross proceeds. Proceeds from these financings were used for working capital, professional services, marketing initiatives, engineering development, and preparation for the reverse takeover transaction.

In June 2025, the Company entered into a $200,000 senior secured credit facility to enhance short-term liquidity flexibility. On December 15, 2025, the Company settled the loan payable and all accrued interest in full through a cash payment.

Organizational and Governance Strengthening

During 2025, the Company expanded its executive and advisory capacity to support public market readiness and commercialization. New directors, officers, and consultants were engaged to strengthen governance, capital markets execution, regulatory compliance, and technical development oversight. These appointments contributed to increased consulting, management, and professional expenditures relative to the prior fiscal year, reflecting the Company's transition toward public company operations.

Reverse Takeover and Public Listing

On December 9, 2025, the Company completed its reverse takeover transaction with GK Resources Ltd., resulting in Syntholene Energy Corp. becoming the resulting issuer and continuing the business of the former Delaware entity. Concurrent with the transaction, a brokered subscription receipt financing was completed to support post-closing operations.

The Company's shares commenced trading on the Exchange under the symbol "ESAF" on December 12, 2025 and on Frankfurt Stock Exchange under the symbol "3DD0" on January 6, 2026. The listing provided access to public capital markets and positioned the Company as a publicly traded pure-play synthetic fuel developer.

The reverse takeover represented a material milestone in the Company's development, providing the corporate structure, capital markets access, and governance framework necessary to advance toward demonstration facility execution and long-term commercialization.

Intellectual Property Development

During 2025, the Company continued to advance its intellectual property protection strategy related to proprietary reactor design and thermal integration methods. Strengthening the intellectual property portfolio remains central to the Company's strategy of establishing defensible cost advantages in synthetic fuel production.

During the year ended December 31, 2025 and period to MD&A date, the Company had the following share capital transactions:

- On January 17, 2025, the Company closed the first tranche of a non-brokered private placement in which the Company issued 506,000 common shares at a share price of $1 per share for gross proceeds of $506,000 of which $258,910 was received in the prior year and previously recorded within shares to be issued. Accordingly, the Company allocated $51 to share capital, reclassified $258,910 from shares to be issued to additional paid in capital, and recorded $249,379 directly to additional paid in capital. In connection with the private placement, the Company paid cash share issuance costs of $25,400, of which $21,200 was paid in the prior year and previously recorded within shares to be issued, and issued 50,000 common shares as finder's fees.

- On March 31, 2025, the Company issued 150,000 common shares at a price of $1 per share for a total of $150,000 for consulting fees rendered, of which $15 was allocated to share capital and $149,985 was allocated to additional paid in capital.

- On May 28, 2025, the Company closed the second tranche of the non-brokered private placement in which the Company issued 302,050 common shares at a share price of $1.15 per share for gross proceeds of $347,357. The Company allocated $30 to share capital and $347,327 to additional paid in capital.

- On July 2, 2025, the Company issued 9,782 common shares as payment for consulting services with a fair value of $11,249. Accordingly, $1 was allocated to share capital and $11,248 was allocated to additional paid in capital.

- On December 9, 2025, in connection with the RTO, the Company issued 2,528,506 common shares with a deemed price of $1.15 per share to the current shareholders of Former Syntholene.

- On December 9, 2025, in connection with the RTO, the Company issued a total of 433,333 common shares with a deemed price of $0.271 for transaction costs.

- On January 21, 2026, a total of 296,700 warrants were exercised for gross proceeds of $500. As a result, the Company issued 296,700 common shares of the Company.

- On March 3, 2026, the Company closed a private placement of 8,333,333 units at a price of $0.33 (C$0.45) per unit for gross proceeds of $2,739,626 (C$3,750,000). Each unit consists of one common share and one non-transferable common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.46 (C$0.63) and expires on March 3, 2028.

(Expressed in United States dollars, except where noted)

RESULTS OF OPERATIONS

A summary of the Company's results of operations is as follows:

	Q4 2025	Q4 2024	**Fiscal 2025**	Fiscal 2024
	$	$	**$**	$
Operating expenses				
Consulting fees	**12,851**	36,000	**389,835**	36,000
Filing fees	**13,385**	-	**13,385**	567
General and administrative expenses	**28,233**	65,790	**77,942**	69,815
Investor relations	**66,264**	-	**66,264**	-
Legal and professional fees	**284,953**	35,404	**479,319**	62,074
Management fees	**62,940**	40,000	**220,940**	40,000
Marketing expenses	**210,101**	-	**279,670**	7,500
Share-based compensation	**-**	1	**-**	1
Travel expenses	**43,315**	-	**101,065**	-
	(722,042)	(177,195)	**(1,628,420)**	(215,957)
Other income (expenses)				
Foreign exchange gain (loss)	**(16,451)**	737	**(19,616)**	737
Interest expense	**(5,064)**	-	**(5,064)**	-
Transaction and corporate structuring expenses	**(1,792,993)**	-	**(1,792,993)**	-
Net loss	**(2,536,550)**	(176,458)	**(3,446,093)**	(215,220)

Q4 2025 compared to Q4 2024

The Company's net loss increased to $2,536,550 compared to $176,458 in the prior year comparable period. The primary drivers of this increase in net loss were as follows:

- Investor relations increased to $66,264 compared to $nil in the prior year comparable period due to new engagement of capital markets services to help the Company increase its exposure to investors during the current period.
- Management fees increased to $62,940 compared to $40,000 in the prior comparable period due to the appointment of new directors and officers to support the RTO process and operations during the current period.
- Marketing expenses increased to $210,101 compared to $nil in the prior year comparable period due to increased marketing activities in the current period to raise public awareness of the Company as well as to engage a market maker to support equity financing in the current period.
- Legal and professional fees increased to $284,953 compared to $35,404 in the prior year comparable period due to higher consulting and accounting fees incurred to support the Transaction, in addition to annual audit-related services.
- Travel expenses increased to $43,315 compared to $nil in the prior year comparable period due to expenses incurred by management for travel to Iceland during the current period in preparation for establishing a test facility.
- Transaction and corporate structuring expenses increased to $1,792,993 compared to $nil in the prior year comparable period due to transaction costs and listing fees incurred in connection with the RTO.

Partially offsetting the increase in net loss were decrease to general and administrative expenses to $28,233 from $65,790 in the prior year comparable period, primarily due to higher one-time costs incurred in the prior year comparable period to support patent-related work and trademark registration.

(Expressed in United States dollars, except where noted)

Fiscal 2025 compared to Fiscal 2024

The Company's net loss increased to $3,446,093 compared to $215,220 in the prior year. The primary drivers of this increase in net loss were as follows:

- Consulting fees increased to $389,835 compared to $36,000 in the prior year due to the engagement of new consultants during the current year to provide advisory services related to the plan to establish a test facility in Iceland.
- Management fees increased to $220,940 compared to $40,000 in the prior year due to the appointment of new directors and officers to support the RTO process and operations during the current year.
- Marketing expenses increased to $279,670 compared to $7,500 in the prior year due to increased marketing activities in the current year to raise public awareness of the Company as well as to engage a market maker to support equity financings in the current year.
- Legal and professional fees increased to $479,319 compared to $62,074 in the prior year due to higher legal and accounting fees incurred in connection with the RTO, in addition to annual audit-related services.
- Travel expenses increased to $101,065 compared to $nil in the prior year due to expenses incurred by management for travel to Iceland during the current year in preparation for establishing a test facility.

SUMMARY OF QUARTERLY RESULTS

A summary of the Company's quarterly financial results for the last eight most recently completed quarters is as follows:

	Q4 2025	Q3 2025	Q2 2025	Q1 2025
	$	$	$	$
Net loss	**(2,536,550)**	(268,287)	(225,227)	(416,029)
Net loss and comprehensive loss	**(2,519,294)**	(268,287)	(225,227)	(416,029)
Basic and diluted loss per share	**(0.28)**	(0.08)	(0.03)	(0.05)

	Q4 2024	Q3 2024	Q2 2024	Period from incorporation on February 5, 2024 to March 31, 2024
	$	$	$	$
Net loss	(176,458)	(12,615)	(18,080)	(8,067)
Net loss and comprehensive loss	(176,458)	(12,615)	(18,080)	(8,067)
Basic and diluted loss per share	(0.03)	(0.00)	(0.00)	(0.00)

The Company has incurred net losses in each of the past seven quarters, primarily attributable to increased expenditures related to consulting, legal, professional, and management services. Beginning in Q4 2024, the Company appointed new directors, officers, and consultants to support its strategic initiatives and maintain operational compliance and corporate governance standards.

A significant portion of the losses in Q3 2025, Q2 2025 and Q1 2025 are associated with consulting fees incurred in connection with advisory services provided by external consultants and management fees related to the hiring of new directors and executives to support the Company's operations. These expenses reflect the Company's ongoing efforts to strengthen its organizational structure and advance its business objectives.

In Q4 2025, the Company reported a significant increase in net loss, due to transaction and corporate restructuring costs of $1,792,993 incurred in connection with the RTO. Additional factors contributing to the increase included higher management and marketing fees to support the Company's marketing initiatives and equity financing activities, as well as consulting fees associated with implementing the Company's business development strategy.

(Expressed in United States dollars, except where noted)

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations primarily through the issuance of common shares and debt financing. The Company continues to seek capital through various means, including the issuance of equity and/or debt.

As the Company's current operations do not generate revenues, the Company expects to rely on equity and debt financing to meet its ongoing day-to-day operating requirements. There is no assurance that the necessary financing will be available in a timely manner or on terms acceptable to the Company.

On June 5, 2025, the Company entered into a credit agreement (the "Credit Agreement") with Inventa Capital Operations Corps. as the lender. The Credit Agreement provides for a senior secured loan facility ("Loan Facility") of up to $200,000, to be disbursed in tranches of $50,000. The Loan Facility is a non-revolving line of credit and will not be drawn again after fully repaid. During the year ended December 31, 2025, the Company received proceeds of $145,227 (C$200,000) from the Loan Facility and recognized interest expense of $2,661 (C$3,664) (2024 - $nil (C$nil)) on the outstanding loan payable balance. On December 15, 2025, the Company settled the loan payable and all accrued interest in full through a cash payment.

As at December 31, 2025, the Company had cash of $236,086 (December 31, 2024 - $167,637) and a working capital surplus of $451,995 (December 31, 2024 - $22,691).

SOURCES AND USES OF CASH

	Fiscal 2025	Fiscal 2024
	$	$
Cash used in operating activities	**(2,941,097)**	(91,273)
Cash provided by investing activities	**2,399,673**	-
Cash provided by financing activities	**592,617**	258,910
Effect of exchange rate on changes in cash	**17,256**	**-**
Change in cash	**51,193**	167,637
Cash, beginning of the year	**167,637**	-
Cash, end of the year	**236,086**	167,637

During the year ended December 31, 2025, cash used in operating activities was $2,941,097 (2024 - $91,273), which is primarily due to significant compensation-related payments associated with the hiring of new directors, officers, and consultants, as well as marketing expenses to promote public awareness of the Company and legal and professional fees incurred to support the Transaction during the current year.

During the year ended December 31, 2025, cash provided by investing activities was $2,399,673 (2024 - $nil), reflecting cash acquired from GK in the RTO.

During the year ended December 31, 2025, cash provided by financing activities was $592,617 (2024 - $258,910), primarily as a result of proceeds from private placements closed on January 17, 2025 and May 28, 2025, net of share issuance costs.

On January 17, 2025, the Company closed a non-brokered private placement in which the Company issued 506,000 common shares at a share price of $1 per share for gross proceeds of $506,000, of which $258,910 was received in the prior year and previously recorded within shares to be issued.

On May 28, 2025, the Company closed the second tranche of the non-brokered private placement in which the Company issued 302,050 common shares at a share price of $1.15 per share for gross proceeds of $347,357.

(Expressed in United States dollars, except where noted)

A summary of the Company's use of funds during the year ended December 31, 2025 is as follows:

	Private placement on May 28, 2025	Private placement on January 17, 2025
	$	$
Total gross proceeds	347,357	506,000
Allocation of proceeds:		
Share issuance costs	-	(23,030)
Working capital and general corporate expenses	(347,357)	(482,970)

PROPOSED TRANSACTIONS

There are no proposed transactions as at the MD&A Date.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements as at the MD&A Date.

RELATED PARTY TRANSACTIONS

The Company's related parties include key management personnel and companies controlled by key management personnel. Key management personnel are defined as those having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its key management personnel as members of the Board of Directors and corporate officers.

A summary of the Company's related party transactions with key management personnel is as follows:

	Fiscal 2025	Fiscal 2024
	$	$
Management fees	**214,918**	40,000

As at December 31, 2025, amounts due to related parties included in accounts payable and accrued liabilities were $254,429 (December 31, 2024 - $45,308). The amounts due to related parties are unsecured, non-interest bearing, and due on demand.

On February 5, 2024, the Company issued 6,000,000 common shares to non-arm's length founders who are directors and officers of the Company in consideration for the intellectual property contributed for a total fair value of $600. The non-arm's length founders spent $138,600 on the contributed intellectual property prior to assigning the intellectual property to the Company.

MATERIAL ACCOUNTING POLICIES

The Company's material accounting policies are fully disclosed in the notes to the Financial Statements as found on SEDAR+ at www.sedarplus.ca.

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements under IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

The accounting estimates, judgements and assumptions are fully disclosed in the notes to the Financial Statements as found on SEDAR+ at [www.sedarplus.ca.](http://www.sedarplus.ca)

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2025, the Company's financial instruments consist of cash, amounts receivable (excluding GST recoverable), and accounts payable and accrued liabilities. All of these financial instruments are classified as and measured at amortized cost.

The fair values of these financial instruments approximate their carrying values due to their short-term nature.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company's exposure to credit risk primarily comes from its cash holdings in bank accounts. The risk exposure is limited because the Company maintains bank accounts with reputable financial institutions known for their high credit ratings.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk for the Company is associated with its accounts payable and accrued liabilities as well as promissory notes. As the Company has not yet generated income or cash flows, it relies on equity financing to fund its operations. There is no assurance that the necessary financing will be available in a timely manner or on terms acceptable to the Company. As at December 31, 2025, the Company had cash of $236,086 (December 31, 2024 - $167,637) and amounts receivable of $434,232 (December 31, 2024 - $200), compared to accounts payable and accrued liabilities of $635,769 (December 31, 2024 - $145,146). Accordingly, the Company is dependent on the collection of receivables and the availability of additional financing to meet its short-term obligations. Therefore, the Company has assessed its liquidity risk as high and will be required to raise cash in the form of debt or equity in order to fund planned operating activities and future business development beyond the short-term period.

To increase its flexibility with regards to access to capital, in June 2025, the Company entered into a C$200,000 Loan Facility. The Loan Facility was a non-revolving line of credit. As at December 31, 2025, all disbursements under the loan facility and related interest expense had been fully repaid and the loan facility had no available credit balance.

Currency risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign exchange risk from fluctuations in the US dollar to the Canadian dollar.

A summary of the Company's financial assets and liabilities that are denominated in Canadian dollars, presented in US dollars, is as follows:

	December 31, 2025	December 31, 2024
	$	$
Cash	**80,751**	-
Amounts receivable	**434,231**	-
Accounts payable and accrued liabilities	**(610,291)**	-
	(95,309)	-

As at December 31, 2025, a 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately $9,531 (December 31, 2024 - $nil). The Company has not entered any foreign currency contracts to mitigate this risk.

SUBSEQUENT EVENTS

On January 21, 2026, 296,700 warrants were exercised into 296,700 common shares at an exercise price of $0.0017 for gross proceeds of $500.

On March 2, 2026, the Company closed a private placement of 8,333,333 units at a price of $0.33 (C$0.45) per unit for gross proceeds of $2,739,626 (C$3,750,000). Each unit consists of one common share and one non-transferable common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.46 (C$0.63) and expires on March 2, 2028. In connection with the private placement, the Company issued 111,111 common shares and 377,831 warrants as corporate finance and broker's fees.

OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited number of common shares without par value. The Company had the following outstanding securities:

Type	December 31, 2025	April 23, 2026
	#	#
Common shares	68,949,286	77,690,430
Warrants	1,041,986	9,456,450
Options	560,000	560,000

RISKS AND UNCERTAINTIES

Demand disruption risks due to technological and regulatory transition in the aviation sector

The Company's business model depends on sustained demand for sustainable aviation fuels, including synthetic eSAF derived from renewable electricity and captured carbon. However, the aviation sector faces significant regulatory, political, and technological uncertainties that could disrupt or delay SAF adoption, impair pricing dynamics, or reduce the expected offtake volumes under long-term agreements. In particular, demand-side risks include the following:

<u>Regulatory uncertainty and policy reversals:</u>

Although the European Union ("EU") has adopted ambitious SAF blending mandates under the ReFuelEU Aviation Regulation, growing pressure from airlines and industry groups may lead to delay or soften compliance trajectories due to cost, supply availability, and competitiveness concerns. Political shifts, economic downturns, or airline lobbying could lead to deferrals, waivers, or amendments to the SAF ramp-up schedule, undermining investor certainty and reducing the demand outlook for eSAF.

Inconsistent global policy alignment:

The lack of harmonized global SAF mandates may disadvantage producers in high-regulation markets. If the EU maintains stringent eSAF mandates while other jurisdictions such as the US, Asia, or the Middle East lag or opt for less prescriptive incentives such as tax credits or voluntary targets, airline operators may shift procurement or fueling strategies to lower-cost, lower-compliance jurisdictions. This risk is affected by the fungibility of aviation operations across jurisdictions and by airlines' capacity to refuel outside mandate zone.

Substitution by alternative decarbonization pathways

Airlines may reduce their reliance on SAF by adopting alternative compliance measures or decarbonization strategies, such as fleet renewal with more fuel-efficient aircraft; operational efficiency gains, including route optimization and air traffic control improvements; carbon offsetting schemes, where permitted under International Civil Aviation Organization's Carbon Offsetting and Reduction Scheme for International Aviation framework; emerging technologies, such as hydrogen propulsion or electric aircraft, which, although not yet commercially viable at scale, could divert future policy support and capital allocation away from SAF.

Cost competitiveness and consumer elasticity

SAF, and particularly eSAF, remains significantly more expensive than conventional jet fuel. If these costs are passed through to ticket prices, demand elasticity, especially in price-sensitive leisure travel segments, may reduce overall flight volumes, curbing fuel demand. Additionally, in a high-SAF-price environment, airlines may prioritize cheaper SAF variants over more expensive eSAF, limiting demand for synthetic production pathways unless accompanied by strong price support mechanisms or CI-differentiated incentives.

Blending incentives and feedstock policy volatility

Changes to feedstock eligibility rules such as the EU's Renewable Energy Directive or US Clean Fuel Production Credit rules, carbon intensity scoring methodologies, or sustainability certification regimes could alter the economics or eligibility of specific SAF types, including eSAF. Regulatory tightening on indirect land use change or additionality for renewable electricity, could restrict production volumes or undermine demand commitments from buyers seeking regulatory-grade compliance.
These risks may impact the Resulting Issuer's ability to secure or maintain long-term offtake agreements with aviation counterparties, achieve full utilization of production capacity, or realize projected revenues based on current demand forecasts.

Litigation risks

The Company could face increased climate-related litigation and regulatory investigations with respect to its operations, disclosures or products. Governments and private parties across the world have filed lawsuits or initiated regulatory action against fossil fuel companies. Such lawsuits and actions often allege noncompliance with applicable laws or regulations, or damages they attribute to perceived climate-related matters and seek damages and/or abatement under various tort and other theories, including under consumer protection, human rights or constitutional provisions. The defense and settlement costs of legal disputes can be substantial, even with claims that have no merit. The Company is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes. However, if the Company is subject to legal disputes, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Financing risks

The growth of the Company will require substantial additional financing. The Company has limited financial resources, has earned no revenue since commencing operations, and has no source of operating income. Failure to obtain sufficient financing could result in a delay or indefinite postponement of development or production from the Company's property or even a loss of its interests. An important source of funds available to the Company is the sale of equity capital, properties, or the entering into of joint ventures, or commercial offtake agreements that require commercial production prior to revenue generation. Additional financing may not be available when needed or, if available, the terms of such financing might not be favorable to the Company.

Failure to raise capital when needed could result in delay or indefinite postponement of further development of the Company's properties or locations, or the possible loss of use of such property or similar properties.

No assurance of profitability

The Company has a limited operating history on which an investor might evaluate its performance and is in the early stage of development of technology, commercialization, and operation. It is therefore subject to many of the risks common to early-stage enterprises, including undercapitalization, cash shortages, limitations with respect to personnel and financing sources and lack of revenues, any of which could have a material adverse effect on the Company and may force it to reduce or curtail its operations. The Company is not currently profitable and has incurred operating losses since its inception. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Dilution to the Company's existing shareholders

The Company may require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of common shares or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Competition

There is competition within the low carbon fuel industry which is considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production. Competition will likely increase if profit margins available to low carbon fuels producers rise. Additionally, new companies may enter the market, thus increasing the competition.

Other companies may have greater success in the recruitment and retention of qualified employees, as well as in conducting their own production and fuel marketing operations, and may have greater access to market presence, economies of scale, financial resources, and engineering, technical and marketing capabilities, which may give them a competitive advantage. Such competition may result in the Company being unable to acquire access to desired properties, to recruit or retain qualified personnel or to acquire the capital necessary to fund its operations and develop its physical locations.

Commodity prices

The profitability of the Company's operations will be significantly affected by changes in the market price of various synthetic fuels. The level of interest rates, the rate of inflation, world supply and stability of exchange rates can all cause significant fluctuations in fuel prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. Market fluctuations and the price of synthetic fuels may render refining uneconomical. Short-term operating factors relating to the production of synthetic fuels, such as the increased feedstock costs or drop in low carbon fuel prices, could cause the refining operation to be unprofitable in any accounting period.

Cybersecurity risks

The Company's information systems and network infrastructure might be subject to unauthorized access attempts and other cyberattacks which could result in increased costs to detect, prevent, respond to and mitigate. Such efforts include, among other measures, deploying additional personnel and protection technologies, training employees, and engaging third-party experts and consultants. These attacks could result in loss of intellectual property, proprietary information, or employee, customer, supplier, or vendor data; public disclosure of sensitive information; systems interruption; disruption of our business operations; remediation costs and repairs of system damage; reputational damage that adversely affects customer, supplier, or investor confidence; and damage to our business and competitiveness.

Natural disaster risks

The Company's business and operations are subject to various hazards common to the industry, including explosions, fires, toxic emissions, transportation hazards, severe weather events, and natural catastrophes (including earthquakes), among others. The Company currently does not have any insurance coverage against potential losses and liabilities arising from such hazards.

Alternative energy technologies

The Company's business depends on the shifting demand from oil and similar fossil fuel derived products to cleaner and more sustainable alternative products, and thus any improvement in or new discoveries of alternative energy technologies (such as fuel cells), government mandated use of such technologies or government restrictions or quotas on the use of fossil fuels or oil that decrease the use of alternative forms of energy and/or increase the demand or market for fossil fuels or oil, and related products could have a material adverse impact on the Company's business, financial condition and results of operations.

New or changing technologies may be developed, consumers may shift to alternative fuels or alternative fuel vehicles (such as electric or hybrid vehicles) other than the fuels from waste we produce, and there may be new entrants into the low carbon fuels production industry that could meet demand for lower-carbon transportation fuels and modes of transportation in a more efficient or less costly manner than the Company's technologies and products, which could have a material adverse effect on the Company's business.

Developments with respect to low-carbon fuel policies and the market for alternative fuels may affect demand for the Company's fuels and could adversely affect the Company's financial performance.

Low-carbon fuel policies, blending credits, and stricter fuel efficiency standards to help reach greenhouse gas emissions reduction targets help drive demand for synthetic fuels. Any changes to, a failure to enforce, or a discontinuation of any of these policies, goals, and initiatives could have a material adverse effect on the Company's businesses.

Environmental risks and hazards

The Company's operations are subject to environmental regulations in the jurisdiction in which it operates, as well as any future jurisdictions in which it may operate, including but not limited to the maintenance of air and water quality, land reclamation, environmental pollution and disposal of hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.