Abound Energy Inc.

(Formerly Zinc8 Energy Solutions Inc.)
Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024

(Unaudited - expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the condensed interim consolidated financial statements by an entity's auditor.

Abound Energy Inc.
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2025
(Unaudited - expressed in Canadian Dollars)

	Note	**September 30, 2025**	December 31, 2024 (audited)
		$	$
Assets			
Current Assets			
Cash	**4**	**7,524**	3,372
Restricted cash	**4**	**-**	100,000
Prepaid and deposits		**48,579**	48,102
Amounts receivable	**9**	**21,109**	70,096
		77,212	221,570
Non-current Assets			
Equipment	**5**	**423,751**	688,614
Right of use assets	**5**	**132,177**	265,737
Total Assets		**633,140**	1,175,921
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	**9**	**2,648,391**	2,586,382
Lease liability – short term	**7**	**161,884**	204,399
Loan payable	**9**	**63,479**	57,870
Deferred share unit liability	**8**	**-**	2,585
		2,873,754	2,851,236
Lease liability – long term	**7**	**-**	108,094
Total Liabilities		**2,873,754**	2,959,330
Shareholders' deficiency			
Share capital	**8**	**46,869,330**	46,125,042
Contributed surplus	**8**	**9,196,521**	8,902,881
Deficit		**(58,306,465)**	(56,811,332)
		(2,240,614)	(1,783,409)
Total Liabilities and Shareholders' deficiency		**633,140**	1,175,921

Nature of operations and continuance of business (Note 1)
Contingency (Note 15)

Approved and authorized by the Board on November 14, 2025

"Mike Simpson"	Director	*"Jason Birmingham"*	Director
Mike Simpson		Jason Birmingham	

Abound Energy Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended September 30, 2025
(Unaudited - expressed in Canadian Dollars)

	Note	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
		$	$	**$**	$
Revenue					
Provision of services		**-**	28,000	**2,500**	56,000
Total Revenue		**-**	28,000	**2,500**	56,000
Expenses					
Amortization	**5**	**129,261**	113,481	**398,423**	379,740
General and administrative	**13**	**21,007**	25,331	**40,731**	126,884
Interest		**12,992**	13,766	**41,182**	39,820
Filing and listing fees		**2,950**	6,712	**14,405**	34,809
Management and consulting fees	**9**	**207,750**	248,727	**616,464**	851,477
Marketing		**550**	9,855	**3,012**	52,867
Professional fees		**-**	30,233	**30,600**	52,126
Research and development	**13**	**39,891**	41,559	**180,012**	80,157
Rent		**24,184**	22,324	**74,517**	120,787
Share-based compensation	**8,9**	**(5,358)**	63,424	**100,757**	851,867
Travel		**479**	26,710	**479**	33,608
		433,706	602,122	**1,500,582**	2,624,142
Loss before other items		**(433,706)**	(574,122)	**(1,498,082)**	(2,568,142)
Other items:					
Interest income	**4**	**-**	-	**2,948**	4,725
Fair value of deferred share units	**8**	**-**	(323)	**-**	10,016
Gain on disposal of assets	**5**	**-**	-	**-**	2,176
		-	(323)	**2,948**	16,917
Net and comprehensive loss		**(433,706)**	(574,445)	**(1,495,133)**	(2,551,225)
Basic and diluted loss per share		**(0.01)**	(0.02)	**(0.04)**	(0.08)
Weighted average shares outstanding		52,278,754	33,425,289	**42,184,687**	30,918,737

Abound Energy Inc.
Condensed Interim Consolidated Statements of Changes in Equity
As at September 30, 2025
(Unaudited - expressed in Canadian Dollars)

	Common shares	Share Capital	Contributed Surplus	Deficit	Total
	#	$	$	$	$
Balance, December 31, 2023	**29,319,622**	**45,364,883**	**8,048,559**	**(53,658,680)**	**(245,238)**
Shares issued pursuant to:					
Private placement	6,353,154	635,315	-	-	635,315
Less: share issue costs	-	(8,815)	2,455	-	(6,360)
Warrants exercised	350,000	35,000	-	-	35,000
Debt settlement	303,028	100,000	-	-	100,000
Share-based compensation	-	-	851,867	-	851,867
Net loss for the period	-	-	-	(2,551,225)	(2,551,225)
Balance, September 30, 2024	**36,325,804**	**46,126,383**	**8,902,881**	**(56,209,905)**	**(1,180,641)**
Shares issued pursuant to:					
Share issue costs	-	(1,341)	-	-	(1,341)
Net loss for the period	-	-	-	(601,427)	(601,427)
Balance, December 31, 2024	**36,325,804**	**46,125,042**	**8,902,881**	**(56,811,332)**	**(1,783,409)**
Shares issued pursuant to:					
Private placement	5,520,950	221,188	192,883	-	414,071
Debt settlement	10,402,000	520,100	-	-	520,100
Warrants exercised	30,000	3,000	-	-	3,000
Share-based compensation	-	-	100,757	-	100,757
Net loss for the period	-	-	-	(1,495,133)	(1,495,133)
Balance, September 30, 2025	**52,278,754**	**46,869,330**	**9,196,521**	**(58,306,465)**	**(2,240,614)**

Abound Energy Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Nine Months Ended September 30
(Unaudited - expressed in Canadian Dollars)

For the nine months ending September 30:	**2025**	2024
	$	$
Cash provided by (used in):		
Operating activities		
Net loss for the period	**(1,495,133)**	(2,551,225)
Items not affecting cash:		
Amortization	**398,423**	379,740
Disposal of asset	**-**	1,919
Shares in lieu of fees	**-**	100,000
Share-based compensation	**100,757**	851,867
Gain on fair value of deferred share units	**-**	(10,016)
Changes in non-cash working capital items:		
Prepaid expense	**(477)**	18,185
Deferred income	**-**	28,000
Amounts receivable	**48,987**	12,501
Accounts payable and accrued liabilities	**585,133**	566,513
Net cash used in operating activities	**(362,310)**	(602,505)
Investing activity		
Change in restricted cash	**100,000**	-
Purchase of equipment	**-**	(7,000)
Net cash used in investing activity	**100,000**	(7,000)
Financing activities		
Private placement	**414,071**	628,955
Lease payments	**(150,609)**	(215,025)
Warrant exercise	**3,000**	35,000
Net cash from financing activities	**266,462**	448,930
Change in cash for the period	**4,152**	(160,575)
Cash, beginning of period	**3,372**	202,445
Cash, end of period	**7,524**	41,870
Supplemental information		
Interest received	**2,949**	4,725
Taxes paid	**-**	-

See Notes 4 and 14 for additional information.

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Abound Energy Inc. (formerly, Zinc8 Energy Solutions Inc.) ("Abound" or the "Company") was incorporated on December 8, 2011, in Canada under the legislation of the Province of British Columbia. Abound's head office is located at Unit 109 – 3551 Viking Way, Richmond, BC, V6V 1W1, Canada. Abound is a development-stage company and in the process of developing zinc-air batteries. The Company's shares trade on the Canadian Stock Exchange ("CSE") under the symbol "ABND".

At the date of the statements, the Company has not yet realized profitable operations and it has relied on non-operational sources of financing to fund operations. The ability of the Company to achieve its objectives, meet its ongoing obligations and recover its investment in its technology and assets will depend on management's ability to successfully execute its business plan, achieve profitable operations and obtain additional financing, if or when required. There is no assurance that these initiatives will be successful.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. For the three and nine months ended September 30, 2025, the Company had a net loss of $433,706 and $1,495,133 respectively (2024 - $574,445 and $2,551,225 respectively) and at September 30, 2025 had an accumulated deficit of $58,306,465 (December 31, 2024 - $56,811,332) and expects to incur further losses in the development of its business, and does not have sufficient working capital to meet its anticipated expenditures for the next twelve months, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flow or obtain additional financing and there is no assurance of either being achieved. Management is attempting to obtain external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed interim consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material. Management monitors recent developments in relation to global tariffs and does not anticipate any material impacts to the financial position of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the presentation of interim financial statements, including IAS 34 Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2024 which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended December 31, 2024.

(Unaudited - expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There have been no changes to the critical accounting estimates and judgements. Refer to the Company's annual consolidated financial statements and notes for the year ended December 31, 2024.

4. CASH AND CASH EQUIVALENTS

		September 30, 2025		December 31, 2024
Cash held in banks	$	**7,524**	$	3,372
Restricted cash		**-**		100,000
	$	**7,524**	**$**	103,372

The Company had a letter of credit, acquired at the request of a former office premises lessor, that bore interest at the lender's prime rate of interest plus 3.48% per annum and was secured by a $70,000 term deposit. The Company was able to borrow up to $70,000 under this credit facility. During the nine months ended September 30, 2025, the company cancelled the letter of credit. Upon the cancellation of the letter of credit, the company received $1,953 interest from the GIC used as security. In addition, the Company had a $30,000 (December 31, 2024 - $30,000) restricted cash used as security for its credit cards, which was redeemed during the period ended June 30, 2025.

5. EQUIPMENT

	Lab Equipment $	Equipment $	Right of use asset $	Leasehold improvements $	Software $	Total $
Cost:						
Balance, December 31, 2023	**1,322,750**	**254,803**	**1,545,388**	**474,820**	**165,809**	**3,763,570**
Additions	-	50,271	(50,271)	-	-	-
Disposals	-	-	-	7,000	-	7,000
Lease modification	-	(11,092)	(626,038)	(82,167)	-	(719,297)
Balance, December 31, 2024	**1,322,750**	**293,982**	**869,079**	**399,653**	**165,809**	**3,051,273**
Disposal			**(6,687)**		**(31,085)**	**(37,772)**
Balance, September 30, 2025	**1,322,750**	**293,982**	**862,392**	**399,653**	**134,724**	**3,013,501**
Accumulated Depreciation:						
Balance, December 31, 2023	**682,640**	**174,337**	**1,008,296**	**255,409**	**148,763**	**2,269,445**
Transfer	-	31,000	(31,000)	-	-	-
Amortization	133,629	52,471	252,085	89,487	17,046	544,718
Disposal	-	(9,035)	(626,039)	(82,167)	-	(717,241)
Balance, December 31, 2024	**816,269**	**248,773**	**603,342**	**262,729**	**165,809**	**2,096,922**
Disposal	**-**	**-**	**(6,687)**	**-**	**(31,085)**	**(37,772)**
Amortization	**179,098**	**24,446**	**133,558**	**61,321**	**-**	**398,423**
Balance, September 30, 2025	**995,367**	**273,219**	**730,213**	**324,050**	**134,724**	**2,457,573**
Net Book Value:						
December 31, 2024	506,481	45,209	265,737	136,924	-	954,351
September 30, 2025	**327,383**	**20,763**	**132,179**	**75,603**	**-**	**555,928**

(Unaudited - expressed in Canadian Dollars)

6. DEFERRED REVENUE

At times, the Company may take payment in advance for services to be rendered. These amounts are held and recognized as revenue as the services are rendered.

	$
Opening balance December 31, 2023	**-**
Unearned revenues received	84,000
Revenue recognized	(84,000)
Balance December 31, 2024	**-**
Current portion	-
Long term portion	-
Total	**-**

7. LEASE LIABILITY

The Company has entered into leases for office space and certain pieces of office equipment. The initial office lease was entered into on June 1, 2020, and during the year ended December 31, 2022, the Company renewed the lease for an additional two-year term, which expired on May 31, 2024, with monthly payments of $15,873. The Company also entered into leases for an office copier with the lease terms commencing on April 1, 2020. The copier had a 60-month term with monthly payment of $107.

During the year ended December 31, 2021, the Company entered into additional leases for office space and office equipment, the leases range from 24 to 60 months with monthly payments between $138 and $16,500 per month.

The Company recognized its right-of-use assets and lease liabilities for these leases based on the present value of the minimum lease payments. The present value of minimum lease payments for the copier was calculated using the interest rate implicit in the lease and the present value of minimum lease payments for the office lease and lab equipment were calculated using the incremental borrowing rate of 8%.

During the three and nine months ended September 30, 2025, the Company recognized an interest expense on lease liabilities of $3,856 and $14,467 respectively (2024 - $7,607 and $27,033 respectively.)

The Company's future minimum lease payments as at September 30, 2025, and December 31, 2024, are as follows:

	September 30, 2025 **$**	**December 31, 2024** **$**
Less than 1 year	**167,168**	221,684
1 to 5 years	**-**	110,559
Total minimum lease payments	**167,168**	332,243
Less: imputed interest	**(5,284)**	(19,750)
Total lease obligation	**161,884**	312,493
Current portion of lease obligations	**161,884**	204,399
Non-current portion of lease obligations	**-**	108,094

(Unaudited - expressed in Canadian Dollars)

7. LEASE LIABILITY (CONT'D)

Lease obligations	$
At December 31, 2023	**575,048**
Payments	(262,555)
Disposals	-
At December 31, 2024	**312,493**
Payments	**(150,609)**
At September 30, 2025	**161,884**

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

During the nine months ended September 30, 2025, the Company issued:

- 30,000 common shares pursuant to the exercise of warrants for proceeds of $3,000
- 5,520,950 units consisting of one common share and one purchase warrant (a "Unit") in a private placement at a price of $0.075 per unit for gross proceeds of $414,071. Each warrant is exercisable for two years from the issuance date with an exercise price of $0.125 for the first year and $0.30 for the second year, and were valued at $192,883 using the residual value method.
- 10,402,000 common shares to settle debts of $520,100 for various consulting agreements. The shares were valued at $0.05 per share.

During the year ended December 31, 2024, the Company issued:

- 303,028 common shares to settle debts of $100,000 for various consulting agreements. The shares were valued at $0.33 per share.
- 350,000 common shares pursuant to the exercise of warrants for proceeds of $35,000.
- 3,717,830 units consisting of one common share and one purchase warrant (a "Unit) in a private placement at a price of $0.10 per unit for gross proceeds of $371,783. Each warrant is exercisable at $0.20 for one year from the issuance date and were valued at $nil using the residual value method.
- 2,635,324 units consisting of one common share and one purchase warrant in a private placement at a price of $0.10 per unit for gross proceeds of $263,532. Each warrant is exercisable at $0.20 for one year from the issuance date and were valued at $nil using the residual value method.
- As part of these transactions, the Company incurred total share issuance costs of $7,701 and issued 52,600 broker warrants valued at $2,455.

b) Options

The Company has adopted a Stock Option Plan, which is a rolling stock option plan, under which, options may be granted equal in number up to 10% of the issued and outstanding capital of the Company at the time of grant of the stock option. No single participant may be granted options to purchase a number of Company shares equaling more than 5% of the issued and outstanding shares of the Company in any 12-month period. The Board of Directors may determine the term of the options, but the term shall, in no event, be greater than five years from the date of issuance. Terms of vesting of the options, eligibility of directors, officers, employees, and consultants to receive options and the number of options issued to each participant shall be determined at the discretion of the Board of Directors.

(Unaudited - expressed in Canadian Dollars)

8. SHARE CAPITAL (Cont'd)

b) Options (Cont'd)

The balance of options outstanding as at September 30, 2025, and December 31, 2024, and the changes for the periods then ended is as follows:

	Number of Options #	Weighted Average Exercise Price $	Weighted Average Life Remaining (years)
Balance, December 31, 2023	**396,981**	**4.76**	**1.72**
Granted	3,179,000	0.28	-
Expired	(390,966)	2.40	-
Balance, December 31, 2024	**3,185,015**	**0.58**	**4.01**
Issued	2,792,500	0.05	5.00
Expired	(31,500)	3.20	-
Cancelled	(2,493,000)	0.33	-
Balance, September 30, 2025	**3,453,015**	**0.32**	**4.39**

During the nine months ended September 30, 2025, the Company granted 2,792,500 options to directors and consultants of the Company. The options vested immediately and expire on June 30, 2030. The Company fair valued the options at $106,115 using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate – 3.09%; expected volatility – 185%; forfeiture rate – nil; dividend rate – nil; expected life – 5 years.

During the nine months ended September 30, 2024, the Company granted 2,450,000 options to directors and consultants of the Company. The options vested immediately and expire on January 30, 2029. The Company fair valued the options at $786,450 using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate – 3.41%; expected volatility – 195%; forfeiture rate – nil; dividend rate – nil; expected life – 5 years. These options were cancelled by the company during the nine months ended September 30, 2025.

During the three and nine months ended September 30, 2025, the Company recorded share-based compensation expense related to stock options of ($5,358) and $100,757 respectively (2024 - $nil and $851,867 respectively).

As at September 30, 2025 the following options were outstanding:

Expiry Date	Exercise Price $	Options #
April 5, 2026	6.20	144,515
July 9, 2029	0.10	657,000
June 30, 2030	0.05	2,651,500
		3,453,015

c) Warrants

The balance of warrants outstanding as at September 30, 2025, and December 31, 2024, and the changes during the respective periods are as follows:

(Unaudited - expressed in Canadian Dollars)

8. SHARE CAPITAL (CONT'D)

c) warrants (cont'd)

	Number of Warrants #	Weighted Average Exercise Price $	Weighted Average Life Remaining (years)
Balance, December 31, 2023	**12,167,020**	**0.55**	**1.86**
Issued	6,405,754	0.20	-
Expired	(1,414,520)	4.00	-
Exercised	(350,000)	0.10	-
Balance, December 31, 2024	**16,808,254**	**0.14**	**0.77**
Issued	5,510,950	0.13	-
Exercised	(30,000)	0.10	-
Balance September 30, 2025	**22,289,204**	**0.14**	**0.78**

As at September 30, 2025, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Number Outstanding	Exercise Price $
December 22, 2025	10,372,500	0.10
July 9, 2026	3,717,830	0.20
September 16, 2026	2,687,924	0.20
June 30, 2027	5,510,950	0.13
	22,289,204	

During the nine months ended September 30, 2025, management extended the expiry date on the July 9, 2025 and September 16, 2025 warrants by twelve months.

During the nine months ended September 30, 2025, the Company issued 5,510,950 warrants as part of a private placement. Each warrant is exercisable for two years from the issuance date with an exercise price of $0.125 for the first year and $0.30 for the second year and were valued at $192,883 using the residual value method.

d) Restricted Share Units ("RSU")

During the year ended December 31, 2021, the Company approved a RSU Plan under which RSUs may be granted, equal in number, up to 10% of the issued and outstanding common shares of the Company to directors, employees and consultants in lieu of cash compensation for services rendered.

During the three and nine months ended September 30, 2025, the Company recorded share-based compensation expense of $nil and $nil (2024 - $97 and $1,993 respectively) related to the vesting of these RSUs.

The balance of RSUs outstanding as at September 30, 2025, and December 31, 2024, and the changes for the periods then ended is as follows:

	Number of RSU #
Balance, December 31, 2023	**144,706**
Expired	(130,000)
Balance, December 31, 2024	**14,706**
Balance, September 30, 2025	**14,706**
Exercisable at September 30, 2025	**14,706**

(Unaudited - expressed in Canadian Dollars)

8. SHARE CAPITAL (CONT'D)

e) Deferred Share Units ("DSU")

During the year ended December 31, 2022, the Company adopted a DSU plan as an alternative form of compensation for directors and officers of the Company. Each DSU is comprised of one notional common share that entitles the participant, on termination of services, to receive, at the discretion of the Company, common shares of the Company up to the number of DSUs held or the cash equivalent. In the event the Company decides to settle all or a portion of the DSUs outstanding in cash, the total DSUs owing will be multiplied by the fair market value of one common share of the Company. The fair market value will be determined as the VWAP of the Company's common shares on the valuation date.

As the DSU can be settled in cash or shares, at the discretion of the Company, the value associated with each DSU grant is recorded as a liability and fair valued at each reporting period.

The Company did not issue any DSU's during the three and nine months ended September 30, 2025 nor 2024. As at September 30, 2025, nil (December 31, 2024 – 64,620) DSUs are outstanding and the fair market value of the DSUs was $0.04 (2024 $0.04) per DSU. As at September 30, 2025, the Company had recorded a total of $nil (December 31, 2024 $2,585) in DSU liabilities and a loss on DSU valuation of $nil (2024 $18,093).

	Number of DSU \#
Balance, December 31, 2023	**129,239**
Expired	(64,619)
Balance, December 31, 2024	**64,620**
Expired	**(64,620)**
Balance September 30, 2025	**-**

9. RELATED PARTY DISCLOSURES

Key management includes the CEO, COO, CFO, and the Board of Directors. Compensation paid to key management for the three and nine months ended September 30, 2025, and 2024 was as follows:

	Three months ended September 30		Nine months ended September 30,	
	2025	**2024**	**2025**	**2024**
	$	**$**	**$**	**$**
Management fees and consulting	**200,250**	198,750	**603,250**	747,000
Research and development	**33,000**	33,000	**99,000**	33,000
Share-based compensation	**(5,358)**	65,700	**90,478**	667,575
	227,892	297,450	**792,728**	1,447,575

As at September 30, 2025, the Company had $931,921 (December 31 2024 - $899,372) owing to related parties included in accounts payable and accrued liabilities.

During the year ended December 31, 2023, the Company received a loan from an individual who subsequently became a director for $50,000. The loan is unsecured, bears interest at 15% per annum and was due on December 15, 2024. During the period ended January 31, 2025, the loan was renewed for an additional twelve-month period with identical terms. During the three and nine months ended September

9. RELATED PARTY DISCLOSURES (CONT'D)

30, 2025 the Company recorded $1,890 and $5,610 respectively (2024 - $1,890 and $5,630 respectively) in interest expense related to this loan.

As of September 30, 2025, the Company has provided a loan of $nil (December 31, 2024 - $ 30,000) to a director, which is recorded as part of the amounts receivable. The amount owing was unsecured, non-interest bearing and due on demand.

10. FINANCIAL INSTRUMENTS

(a) Fair values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at September 30, 2025, the fair values of cash, restricted cash, amounts receivable, accounts payable and accrued liabilities, and deferred share unit liability approximate their carrying value due to the short-term maturity of these instruments. Lease liabilities are measured at amortized costs using effective interest rate. Cash, restricted cash and deferred share unit liability is carried at level 1 fair value measurement.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at September 30, 2025 the Company had a working capital deficit of $2,796,542 (December 31, 2024 $2,629,666.)

(c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables mainly consist of GST receivables due from the Federal Government of Canada. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(d) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

10. FINANCIAL INSTRUMENTS (CONT'D)

(e) Foreign currency exchange rate risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes cash, lease liabilities and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required.

In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and expects to raise additional amounts as needed. The Company will continue to assess new business and seek to acquire an interest in additional business if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and is held in major Canadian financial institutions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2025. The Company is not subject to externally imposed capital requirements.

12. COOPERATION AGREEMENT

The Company entered into a Cooperation agreement (the "Agreement") dated December 24, 2019, with The Power Authority of the State of New York (the "Authority") for the installation of a 100kW/1MWh Zinc-Air Battery Energy Storage System in New York State.

Under the Agreement with the Authority, the Authority agreed to collaborate with the Company and contribute to a research and development project through its participation in aspects of design and fabrication of a zinc air energy storage system, then demonstration of the system and the Company agreed to collaborate with the Authority to pursue the research and development project.

The Agreement is valid for an initial period of 10 years with automatic renewals of one year periods each unless either party provides written notification to the other. The Authority, within its sole discretion and for any reason, may terminate this Agreement at any time upon 30 days' notice to the Company. Upon such termination, the parties will conduct a final payment schedule, which will include any and all final payments due to each side.

12. COOPERATION AGREEMENT (CONT'D)

In May 2020, the Company and the Authority reached a mutual agreement to delay the timeline of the project due to COVID-19 restrictions. As such, the Company did not receive any payments after the First Contribution. A revised project timeline is pending further information. Subsequent to the year ending December 31, 2024, the Company and the Authority have started discussions around the revised timeline.

The Authority agreed to contribute the monetary contributions to the Company at the following dates but not before actual qualified expenses and the Company's project expenses have equaled or exceeded the minimum required expenditures as follows:

1) First Contribution - $835,000 USD to be received by January 26, 2020 ($1,109,632 CAD received in 2020).

2) Second Contribution - $0, USD to be received after June 27, 2020, and after meeting the following expenditure requirements:
   (i) Minimum Required Qualified Expenses: $355,000 USD
   (ii) Minimum Required the Company's Project Expenses: $0

3) Third Contribution - $0, USD to be received after December 27, 2020, and after meeting the following expenditure requirements:
   (i) Minimum Required Qualified Expenses: $835,000 USD
   (ii) Minimum Required the Company's Project Expenses: 80% of $2,950,000 USD

4) Fourth Contribution - $160,000 USD, to be paid after June 27, 2021, and after meeting the following expenditure requirements:
   (i) Minimum Required Qualified Expenses: $995,000 USD
   (ii) Minimum Required the Company's Project Expenses: 80% of $4,100,000 USD

5) Fifth Contribution - $380,000 USD, to be paid after December 27, 2021, and after meeting the following expenditure requirements:
   (i) Minimum Required Qualified Expenses: $1,375,000 USD
   (ii) Required the Company's Project Expenses: 80% of $5,400,000 USD

6) Sixth Contribution - $20,000 USD, to be paid after June 27, 2022, and after meeting the following expenditure requirements:
   (i) Minimum Required Qualified Expenses: $1,395,000 USD
   (ii) Minimum Required the Company's Project Expenses: 80% of $6,450,000 USD

7) Final Contribution – $155,000 will be paid after meeting the following expenditure requirements:
   (i) Minimum Required Qualified Expenses: $1,550,000 USD
   (ii) Minimum Required the Company's Project Expenses: 80% of $6,450,000 USD

(Unaudited - expressed in Canadian Dollars)

13. GOVERNMENT ASSISTANCE

The Company receives funding for its research and development activities through various programs. During the nine months ended September 30, 2025, and 2024, the following amounts were received:

	2025 $	2024 $
(a) NRC-IRAP Funding	**12,653**	-
(b) Innovation Asset Collective	**-**	15,000
Total received	**12,653**	15,000
Less: credit against research and development expense	**(12,653)**	-
Less: credit against professional fees	**-**	(15,000)
	-	-

(a) During the year ended December 31, 2022, the Company entered into contribution agreements with the National Research Council of Canada's Industrial Research Assistance Program ("NRC-IRAP") which provides the Company with contributions of up to $655,000 for specific research and development projects undertaken during the year. Under the terms of the agreements, NRC-IRAP will reimburse the Company for 80% of salaries paid to Company employees involved in the project. During the nine months ended September 30, 2025, the Company received $12,663 (2024 – $nil) in connection with the NRC-IRAP grants. NRC-IRAP reserves the right to claim back all or part of the grant plus interest from the Company under certain circumstances. No repayment has been requested for and no contingent liability has been accrued as of September 30, 2025.

(b) During the year ended December 31, 2022, the Company has been approved for a grant to fund the Company's IP by Innovation Asset Collective (IAC a governmental non-profit organization). During the three and nine months ended September 30, 2025, the Company received $nil and $nil, respectively (2024 – $nil and $15,000 respectively).

14. SUPPLEMENTAL CASH FLOW

During the three and nine months ended September 30, 2025, and 2024, the following non-cash activities were conducted by the Company:

(a) Interest received from the redemption of a GIC (Note 4) $2,949
(b) 10,402,000 common shares issued as settlement of $520,100 of debt from directors and consultants of the Company.
(c) 303,028 common shares issued as settlement of $100,000 of debt from directors and consultants of the Company.

15. CONTINGENCY

On June 10, 2022, OCI Inc. ("OCI") filed a claim against the Company for unpaid invoices of $361,000 relating to a strategic advisory services agreement. The Company's position is that it did not receive any of the services mentioned in the advisory agreement. As at September 30, 2025, the Company had $135,600 in accounts payable and accrued liabilities owing to OCI.