# AE FUELS CORPORATION

***(formerly Cavalry Capital Corp.)***

## TSXV: AEF | OTCQB: NRGFF

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2025

Report Date – May 8, 2026

**Introduction**

This Management's Discussion and Analysis ("MD&A") is provided by the management of AE Fuels Corporation (formerly Cavalry Capital Corp.) (the "Company" or "AE Fuels") as at and for the year ended December 31, 2025. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2025 (the "Annual Consolidated financial statements").

The following information has been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). All financial results are reported in Canadian dollars, unless otherwise indicated.

Additional information relating to the Company, including the consolidated financial statements are available on the AE Fuel Corporation's website at www.aefuels.com or on the Canadian System for Electronic Data Analysis and Retrieval + "SEDAR+" website at www.sedarplus.ca.

**Forward Looking Information and Risk**

There are significant uncertainties regarding the prices of industrial minerals and the availability of equity financing for mineral exploration and development. Commodity prices have fluctuated widely in recent years and are expected to continue to do so.

Management is not aware of any trend, commitment, event or uncertainty that is reasonably expected to have a material adverse effect on the Company's business, financial condition or results of operations.

**Description of Business**

AE Fuels Corporation (the "Company" or "AE Fuels") was incorporated under the laws of the Provnce of British Columbia on March 19, 2021, under the name Cavalry Capital Corp., and with the completion of the qualifying transaction, the company changed its name to AE fuels Corporation. The Company's head office is located at Sute 1400-1050 West Pender Street, Vancouver, BC, V6E 3S7.

AE Fuels is a battery materials company focused on the acquisition, exploration and development of mineral properties containing commodities critical to electrification, energy storage and global energy transition supply chains. The Company's primary focus is on manganese and fluorspar, both of which are designated as critical minerals in multiple jurisdictions, including Australia, the United States and the European Union, due to their importance in battery technologies, steel production and industrial applications.

The Company's current asset portfolio consists of the South Woodie Woodie Manganese Project located in the Pilbara region of Western Australia, as well as fluorspar prospects located in New Mexico, United States. These assets are strategically located in tier-one mining jurisdictions and are intended to support the development of secure and reliable supply chains for critical minerals sourced from allied jurisdictions.

**Description of Business (continued)**

The Company was formed as a result of the completion of a qualifying transaction (the "Transaction") pursuant to the policies of the TSX Venture Exchange (the "TSXV") governing capital pool companies. On December 19, 2025, Cavalry Capital Corp. completed the acquisition of all of the issued and outstanding common shares of Advanced Energy Fuels, Inc. ("Advanced Energy") pursuant to a share exchange agreement dated July 17, 2025. Consideration for the Transaction consisted of the issuance of 20,579,938 common shares of the Company to the shareholders of Advanced Energy on a one-for-one basis. As a result of the Transaction, Advanced Energy became a wholly-owned subsidiary of the Company and the Transaction constituted the Company's "Qualifying Transaction" under TSXV Policy 2.4.

Immediately prior to completion of the Transaction, the Company completed a consolidation of its common shares on the basis of 1.66 pre-consolidation shares for each one post-consolidation share and changed its name from Cavalry Capital Corp. to AE Fuels Corporation. Following completion of the Transaction, the Company had an aggregate of 41,433,479 common shares issued and outstanding. The Company's common shares commenced trading on the TSXV as a Tier 2 mining issuer under the symbol "AEF" following completion of the Transaction.

In conjunction with the Transaction, the Company completed a non-brokered private placement financing on November 20, 2025, issuing 10,960,468 subscription receipts at a price of $0.25 per subscription receipt for gross proceeds of approximately $2.74 million (the "Concurrent Financing"). Upon closing of the Transaction, each subscription receipt was automatically converted into one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.35 per share for a period of two years from closing. Net proceeds from the Concurrent Financing were released from escrow upon completion of the Transaction and are intended to be used for advancing the Company's mineral projects and for general working capital purposes.

Immediately prior to the completion of the Transaction, Advanced Energy exercised its option to acquire a 100% interest in the South Woodie Woodie Manganese Project located in the Pilbara region of Western Australia. In connection with this acquisition, the Company issued an aggregate of 8,000,000 common shares to Trek Metals Limited, including shares issued pursuant to both the option exercise and the share exchange agreement. The Company also entered into an investor rights agreement with Trek Metals Limited, which provides, among other things, for board representation rights and participation rights in future financings, subject to certain ownership thresholds.

Following completion of the Transaction, the board of directors of the Company was reconstituted to include representatives of Advanced Energy, and the management team was established with Gary Lewis as Chief Executive Officer and President and Jack Cartmel as Chief Financial Officer and Corporate Secretary.

The Transaction represents the transition of the Company from a capital pool company with no active business operations to an operating mineral exploration and development issuer focused on critical minerals. The Company's strategy is to advance its portfolio of assets through exploration, technical evaluation and strategic partnerships, with the objective of delineating economic mineral resources and ultimately supporting the development of projects capable of supplying critical materials to global markets, particularly within North American and allied supply chains.

**Description of Business (continued)**

On February 26, 2026, the Company announced that it had received approval for its common shares to commence trading on the OTCQB Venture Market in the United States under the symbol "NRGFF". Trading on the OTCQB began on the same date.

On March 1, 2026 the Company entered into debt settlement agreements with certain arm's length creditors and a former related party to settle outstanding amounts of $234,293 through the issuance of 937,175 common shares at a deemed price of $0.25 per share. Included in the settlement is the issuance of 100,000 common shares to a director of a subsidiary of the Company, constituting a related party transaction. The transaction is subject to TSX Venture Exchange approval and subject to a statutory hold period.

On April 14, 2026, AE Fuels announced the expansion of the footprint of high-grade manganese mineralization at its Pearana prospect within the South Woodie Woodie Manganese Project in Western Australia. Surface rock-chip sampling confirmed manganese mineralization over a 3.5 km strike length, with multiple assays exceeding 30% Mn and a peak assay of 51.8% Mn at Pearana. Additional strong sampling results were returned from nearby targets, including 57.0% Mn at Pothole and 32.6% Mn at Sharks Fin, further supporting the district-scale potential of the project area. The Pearana prospect is located approximately 30 km north of the Company's existing Contact mineral resource, which currently hosts an inferred NI 43-101 mineral resource of 11.3 Mt grading 15% Mn. Management believes the recent results indicate the potential for additional shallow, high-grade manganese mineralization capable of supplementing the existing resource base. To advance exploration, AE Fuels commissioned a 3,249-station high-resolution gravity survey across the Pearana and Pothole-Sharks Fin corridors. The survey is intended to identify dense manganese oxide bodies beneath shallow cover and refine drill targets ahead of future drilling programs. The Company stated that the South Woodie Woodie Project forms part of its vertically integrated battery materials strategy, targeting the production of high-purity manganese products for electric vehicle and energy storage markets. AE Fuels continues to progress a staged development pathway from feed upgrading through downstream processing, with a target of completing a Pre-Feasibility Study in 2027.

**Critical Accounting Estimates and Judgements**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

**Critical Accounting Estimates and Judgements (continued)**

*Impairment of exploration and evaluation assets*

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project.

*Going concern*

In preparing these financial statements on a going concern basis, as is disclosed in Note 1 of these financial statements, Management's critical judgment is that the Company will be able to meet its obligations and continue its operations for the next twelve months.

*Acquisitions*

The Company completed acquisitions during the year. Judgment was required in determining the accounting acquirer and whether the acquired entities met the definition of a business.

Key Sources of Estimation Uncertainty

The Company completed share-based payment transactions during the year. There was estimation uncertainty relating to determining the fair value of the shares and other equity instruments issued.

**New financial reporting standards and interpretations**

The following accounting standards and amendments are for future periods.

*Amendments to IFRS 9 – Financial Instruments, and IFRS 7 – Financial Instruments: Disclosures*

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments*. The amendments clarify that a financial liability is derecognized on the settlement date and introduce an accounting policy choice to derecognize a financial liability settled using an electronic payment system before the settlement date. Other clarifications include guidance on the classification of financial assets with ESG-linked features, non-recourse loans and contractually linked instruments.

The amendments are effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets (for contingent features). The Company is currently in the process of assessing the impact of the amendments on the consolidated financial statements and notes to the consolidated financial statements

*IFRS 18 Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in the Financial Statements*. IFRS 18 will replace IAS 1 *Presentation of Financial Statements* but carries forward many of the requirements from IAS 1. The standard introduces new defined subtotals to be presented in the Company's consolidated statement of loss and comprehensive loss, disclosure of any management-defined performance measures related to the consolidated statement of loss and comprehensive loss and requirements for grouping of information. IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with earlier adoption permitted, and will apply retrospectively. The Company is currently in the process of assessing the impact of IFRS 18 (and applicable amendments to other standards) on the consolidated financial statements and notes to the consolidated financial statements.

**Reverse Takeover Transaction**

On July 17, 2025, the Company entered into a definitive share exchange agreement (the "Agreement") with Cavalry Capital Corp. ("Cavalry"), a capital pool company listed on the TSX Venture Exchange, pursuant to which the shareholders of Advanced Energy Fuels, Inc. agreed to exchange their shares for shares of Calvary, resulting in a reverse takeover transaction (the "Transaction").

The Transaction closed on December 19, 2025, resulting in the shareholders of Advanced Energy Fuels, Inc. obtaining control of the resulting issuer. In connection with the completion of the Transaction, Calvary changed its name to AE Fuels Corporation, which continues as the Company.

Pursuant to the Agreement and in connection with the closing of the Transaction:

- Cavalry completed a consolidation of its outstanding share capital on the basis of 1.66 pre-consolidation shares for each one post-consolidation share;
- Cavalry issued 20,579,938 post-consolidation common shares to the shareholders of Advanced Energy Fuels, Inc. in exchange for all of the issued and outstanding common shares of Advanced Energy Fuels, Inc.;
- Cavalry completed a private placement of 10,960,948 subscription receipts at a price of $0.25 per Subscription Receipt for gross proceeds of $2,740,117. Upon satisfaction of certain escrow release conditions, each subscription receipt converted into one unit comprised of one post-consolidation common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one post-consolidation common share at a exercise price of $0.35 for a period of 24 months following the escrow release date;
- The Company exercised its option to indirectly acquire a 100% interest in the SWWM Project by paying AUD$450,000 to Trek Metals Limited (ASX:TKM) and issuing 6,000,000 post-consolidation common shares to Trek;
- The management and board of directors of the resulting Issuer were reconstituted to include three nominees from Advanced Energy Fuels, Inc. and two nominees from Calvary.

For accounting purposes, the Transaction has been accounted for as a reverse takeover, whereby Advanced Energy Fuels, Inc. is considered the accounting acquirer and Calvary is considered the accounting acquiree. The Transaction in accordance with the guidance provided under IFRS 2, Share-based Payment and IFRS 3,Business Combinations. As Cavalry did not qualify as a business according to the definition in IFRS 3,

Business Combination, this reverse acquisition did not constitute a business combination; rather the transaction was accounted for as an acquisition by AEF of the net assets of Cavalry and its public listing. The fair value of the consideration paid (based on the fair value of the Cavalry shares and revaluation of stock options and warrants granted prior to the Transaction) less the Cavalry net assets acquired, has been recognized as a listing expense in the statements of loss and comprehensive loss for the period ended December 19, 2025.

Accordingly, these consolidated financial statements represent a continuation of the consolidated financial statements of Advanced Energy Fuels, Inc., with the net assets of Calvary recorded at their fair values at the date of the Transaction.

**Reverse Takeover Transaction (continued)**

The following represents the fair value of the consideration paid and the Cavalry net assets acquired as at December 19, 2025 as a result of the Transaction:

| | **December 19, 2024** |
|---|---|
| **Consideration** | |
| Cavalry – shares outstanding as at December 19, 2025 | 6,462,500 |
| Share consolidation – 1.66 per consolidation for each post-consolidation share | 3,893,073 |
| Fair value per share | $0.21 |
| **Fair Value of shares issued to Cavalry shareholders** | **$817,545** |
| 369,842 Stock options outstanding and revalued | $48,079 |
| 238,705 Warrants outstanding and revalued | $26,258 |
| **Total Consideration** | **$891,882** |
| **Net assets of Cavalry** | |
| Cash | $133,361 |
| Other current assets | $13,055 |
| Prepaid expenses | $205,000 |
| Prepaid share issuance costs | $82,150 |
| Accounts payables and accrued liabilities | $(466,107) |
| **Net assets (liabilities) acquired** | **$(32,541)** |
| **Listing expense** | $924,423 |

The consideration for the stock options and broker warrants represent the total consideration transferred by the accounting acquirer, valued using the Black-Scholes valuation model with the following assumptions:

| | **Stock Options** | **Warrants** |
|---|---|---|
| Exercise price | $0.083 | $0.166 |
| Risk-free interest rate | 2.18% | 2.48% |
| Expected dividend yield | 0.00% | 0.00% |
| Expected stock price volatility | 100.00% | 100.00% |
| Expected option life in years | 0.25 | 1.37 |
| Fair value | $0.13 | $0.11 |

**Acquisition of Edge Minerals Pty Ltd.**

The Company signed an Option and Acquisition Agreement with Trek Metals Limited (Trek) on September 9, 2024, subsequently amended, whereby the Company will earn a 100% ownership interest in the South Woodie Woodie Manganese Project (the "Project") or ("SWWM"), through acquisition of Trek's whole owned subsidiary Edge Minerals Pty Ltd. ("Edge"), upon satisfaction of the following key transaction terms:

- AUD$450,000 cash (paid) and 8,000,000 common shares, 2,000,000 common shares issued January 31, 2025 (issued with a fair value of $178,000) and 6,000,000 common shares issued on November 20, 2025 (issued with a fair value of $1,260,000) payable upon the listing of the Company which closed on December 19, 2025; and
- AUD$2 million in exploration expenditure on or before September 30, 2027.

The Company has spent a spent a total of $2,562,698 advancing the Project:

- Resource and geological expenditure, including converting the historic JORC Mineral Resource Estimate to NI 43-101 compliant format; and undertaking exploration on tenements E46/1521 and E46/1387.
- Metallurgical test work including dense media separation and variability test work; two stages of solvent extraction test work, at bench-scale and mini-pilot scale; and a series of pyrometallurgical reduction, acid leaching and purification test programs.
- An environmental monitoring program commenced providing baseline data to support approval sand future development planning; and flora and fauna surveys undertaken.
- Maintained all tenements in good standing, with rental, rates and heritage payments all up to date.

On closing of the Transaction, Edge's assets consisted primarily of the Exploration and Evaluation assets associated with the Project. As Edge did not have processes capable of generating output, Edge did not meet the definition of a business in accordance with IFRS 3 – Business Combinations, and as a result, the Transaction has been accounted for as an asset acquisition. The value of the consideration paid after allocation to the other net assets acquired, was allocated to the Project.

If the Exploration Expenditure is not satisfied by September 30, 2027, the Company must pay Trek any shortfall either with cash or shares with the number of shares determined based on the 20-day volume weighted average price of the Company's shares.

On December 19, 2025, the Company completed the acquisition of Edge. The Company's Edge's assets consisted primarily of the Exploration and Evaluation assets associated with the Project. As Edge did not have processes capable of generating output, Edge did not meet the definition of a business in accordance with IFRS 3 – Business Combinations, and as a result, the acquisition has been accounted for as an asset acquisition. The value of the consideration paid after allocation to the other net assets acquired, was allocated to the Project.

**Acquisition of Edge Minerals Pty Ltd. (continued)**

The purchase price has been determined and allocated as follows:

| | | |
|---|---|---|
| **Cash Consideration** | | |
| **Canadian dollar cash equivalent consideration** | **$** | **411,615** |
| | | |
| **Share Consideration** | | |
| Shares issued | | 6,000,000 |
| Fair value per share | $ | 0.21 |
| Share consideration paid | $ | 1,260,000 |
| **Total Consideration** | **$** | **1,671,615** |
| | | |
| **Net assets of Edge** | | |
| Cash | $ | 3,994 |
| Exploration and evaluation assets | | 1,679,970 |
| Accounts payable | | (12,349) |
| **Net assets of Edge recognized on acquisition** | **$** | **1,671,615** |

**Exploration and Evaluation Properties**

**South Woodie Woodie Manganese Project**

The South Woodie Woodie Manganese Project (the "Project") or ("SWWM") is located in the East Pilbara region of Western Australia, approximately 400 km southeast of Port Hedland. The Project comprises a contiguous group of nine granted exploration licenses and one retention license, collectively covering 518.52 km$^2$ within the Balfour Downs Sub-Basin. The Project includes the Contact and Contact North manganese deposits.

**Fluorite Ridge, Luna County, New Mexico**

The Fluorite Ridge Prospect is located in Luna County in southwestern New Mexico, USA. In 2024, the Company staked 63 lode mining claims (1270 acres), covering multiple prospects and at least eight previously producing mines, over seven kilometers and subsequent  acquired an additional 18 lode mining claims (403 acres) covering identified geological extensions to the Fluorite Ridge Prospect.

**Exploration and Evaluation Properties (continued)**

**Summary of Expenditures**

Below is a summary of the changes in the exploration and evaluation assets during the period ended December 31, 2025 and 2024:

| | South Woodie Woodie Manganese Property $ | New Mexico Fluorspar Projects $ | Total $ |
|---|---|---|---|
| Balance, July 17, 2024 | - | - | - |
| Additions: | | | |
| Acquisition costs | 104,757 | 191,520 | 296,277 |
| Consulting – Geological | 92,774 | 86,035 | 178,809 |
| Consulting – Other | 41,752 | - | 41,752 |
| Land management | 10,888 | - | 10,888 |
| **Balance, December 31, 2024** | **250,171** | **277,555** | **527,726** |
| | | | |
| Additions: | | | |
| Acquisition costs (Note 4) | 1,840,716 | - | 1,840,716 |
| Consulting – Geological | 25,706 | 119,575 | 145,281 |
| Consulting – Other | 333,611 | 6,533 | 340,144 |
| Land management | 429,771 | 76,583 | 506,354 |
| Foreign exchange | 1,134 | - | 1,134 |
| **Balance, December 31, 2025** | **2,881,109** | **480,246** | **3,361,355** |

**Share Capital**

Authorized

The Company has authorized an unlimited number of common shares without par value.

Issued and Outstanding as at December 31, 2025 – 41,433,479 (December 31, 2024 – 10,625,000) common shares.

**SHARE CAPITAL (continued)**

**For the period ended December 31, 2025, the Company had the following share capital transactions:**

On January 31, 2025, 2,000,000 common shares of the Company were issued pursuant to the Option and Acquisition Agreement for the South Woodie Woodie Manganese Project at $0.089 per share for a fair value of $178,000.

On April 30, 2025, the Company closed a non-brokered private placement of 4,006,604 common shares of the Company at $0.134 per shar for gross proceeds of $544,925. Related parties purchased 133,334 common shares under the offering. In addition, 10,000 common shares were issued to related parties for share issuance costs totaling $1,340, and 10,000 common shares were issued to a third party for services rendered. A further 1,066,667 common shares were issued as share issuance costs with a fair value of $142,933.

On July 15, 2025, the Company closed a non-brokered private placement of 1,421,667 common shares of the Company at $0.131 per share for gross proceeds of $186,238. Related parties purchased 150,000 common shares under the offering. In addition, 500,000 common shares were issued to related parties for services provided totaling $65,500, 15,000 common shares with a fair value of $1,965 were issued to a related party as share issuance costs, and 15,000 common shares with a fair value of $1,965 were issued to a third party for services rendered. A further 150,000 common shares with a fair value of $19,650 were issued for non-cash consideration and capitalized as consulting costs relating to the South Woodie Woodie Manganese Project. The shares were issued at fair value based on the July 15, 2025 private placement price.

On October 28, 2025, the Company closed a non-brokered private placement of 700,000 common shares of the Company at $0.15 per share for gross proceeds of $105,000. Related parties of the Company purchased all 700,000 common shares.

On November 20, 2025 the Company issued 6,000,000 common shares issued (issued with a fair value of $1,260,000) payable upon the listing of the Company which closed on December 19, 2025 (Note 5);

On December 19, 2025 the Company completed a private placement of 10,960,468 subscription receipts at a price of $0.25 per Subscription Receipt for gross proceeds of $2,740,117. (Note 4)

On December 19, 2025, The Company completed the Transaction (Note 4) and consolidation all share outstanding in Cavalry on the basis of 1.66 pre-consolidation shares for each post-consolidation share. Cavalry shares outstanding totaled 6,462,500 and were consolidated in exchange for 3,893,073 shares of the Company.The fair value of these shares was $817,545 (Note 4).

**For the period ended December 31, 2024, the Company had the following share capital transactions:**

On August 28, 2024, the Company closed a non-brokered private placement of 3,200,000 common shares of the Company for gross proceeds of $73,600 (US$54,635). Related parties of the Company purchased 2,800,000 of the shares issued as part of this private placement.

On December 31, 2024, the Company closed a non-brokered private placement of 5,320,024 common shares of the Company for gross proceeds of $452,202 (US$314,269). Related parties of the Company purchased 4,220,024 of the shares issued as part of this private placement.

**Share Capital (continued)**

During the period ended December 31, 2024, the Company issued 1,379,976 common shares of the Company to settle an aggregate of $64,598 (US$44.894) of debt owed by the Company for services provided by a related party. The shares were issued at fair value which was based upon the August 28, 2024, private placement share price.

During the period ended December 31, 2024, the Company issued 725,000 common shares of the Company for services rendered totalling $47,675 (US$33,133). Related parties of the Company were issued with 300,000 of these common shares which related to services provided to the sum of $19,300 (US$13,413). The shares were issued at fair value which was based upon the August 28, 2024 and December 31, 2024 private placement share prices.

Stock Options

On December 19, 2025, the Company adopted Cavalry stock option plan, pursuant to which the board of directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to five years from the date the common shares are listed on the Exchange. The number of common shares reserved for issuance to any individual will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised the greater of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The following table summarizes the continuity of the Company's stock options:

| | Number of options | Weighted average exercise price $ |
|---|---|---|
| Outstanding, December 19, 2025 | - | - |
| Options outstanding from the Transaction | 369,842 | 0.083 |
| Outstanding, December 31, 2025 | 369,842 | 0.083 |

**Share Capital (continued)**

Additional information regarding stock options outstanding as at June 30, 2025, was as follows:

| | Outstanding and exercisable | | |
|---|---|---|---|
| Range of exercise prices $ | Number of shares | Weighted average exercise price life (years) | Weighted average exercise price $ |
| 0.83 | 369,842 | 1.34 | 0.083 |

<u>Warrants</u>

The following table summarizes the continuity of the Company's Warrants:

| | Number of Agents' Warrants | Weighted average exercise price $ |
|---|---|---|
| Outstanding, December 19, 2025 | – | – |
| Agent Warrants outstanding from the Transaction | 238,705 | 0.166 |
| Warrants issued relating to the Transaction | 5,480,474 | 0.35 |
| Outstanding, December 31, 2025 | 5,719,179 | 0.34 |

As at December 31, 2025, the following  Warrants were outstanding:

| Number of warrants outstanding | Exercise price $ | Expiry date |
|---|---|---|
| 238,705 | 0.166 | May 4, 2027 |
| 5,480,474 | 0.35 | December 19, 2027 |

**Selected Financial Data - Summary of Annual Results**

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Interest Income | $ 4,845 | $ 1,559 |
| Net Loss | $ (1,602,825) | $ (155,966) |
| Basic and Diluted Loss Per Share | $ (0.09) | $ (0.05) |
| Total Assets | $ 5,767,005 | $ 540,394 |
| Long-Term Debt | $ 0 | $ 0 |
| Dividends | $ 0 | $ 0 |
| Shareholders' equity | $ 4,751,223 | $ 423,409 |

**Results of Operations**

As at December 31, 2025, the company has not generated any revenues from operations, had a working capital of $1,389,868 (2024 – (104,317)), and had an accumulated deficit of $1,758,791 (2024 - $155,966).

Mining and exploration involve a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The company has no source of revenue and has significant cash requirements to conduct its planned exploration, meet its administrative overhead and maintain its resource interest.

As at December 31, 2025, the company had no continuing source of operating revenues and related expenditures. The company has not paid any dividends on AE Fuels shares nor does it have any present intentions of paying dividends on the AE Fuels shares, as it anticipates that all available funds obtained in the foreseeable future will be interested to finance its business activities.

*Fiscal year ended December 31, 2025*

During the year ended December 31, 2025, the company incurred aggregate expenses and a net loss of $1,602,825. Expenses during the year ended December 31, 2025 consisted of $89,501 in advertising and marketing, $96,3855 related to consulting fees, $924,423 in listing expenses related to the RTO transaction, $40,698 in office expenses, $272,615 related to professional fees, $70,755 in regulatory and filing fees, $68,805 in share-based compensation and $29,259 in travel fees. The company had interest income of $4,845.

*Fiscal year ended December 31, 2024*

During the year ended December 31, 2024, the company incurred aggregate expenses and a net loss of $155,966. Expenses during the year ended December 31, 2024 consisted of $24,000 related to advertising and marketing expenses, $57,972 related to consulting fees, $2,562 related to office expenses, $49,339 related to professional fees, $15,002 related to travel expenses, $7,236 related to income tax expenses and $19,300 related to share-based compensation. The company had interest income of $1,559 and a foreign exchange gain of $17,886.

**Summary of Quarterly Results**

The following is a summary of quarterly financial information of the Company since its inception:

| | **Three months ended December 31, 2025** | **Three months ended September 30, 2025** |
|---|---:|---:|
| | **$** | **$** |
| Net loss and comprehensive loss | (1,300,919) | (243,478) |
| Basic and diluted loss per share | (0.05) | (0.01) |
| Working capital | 1,389,868 | (41,434) |
| Total assets | 5,767,005 | 1,256,932 |
| Total liabilities | 1,015,782 | 150,218 |

**Results of Operations (continued)**

**Liquidity and Capital Resources**

The Company had a working capital of $1,389,868 as at December 31, 2025, compared to a working capital deficit of $104,317 as at December 31, 2024. The increase was primarily the result of several financing activities completed during the year.

During the year ended December 31, 2025, the Company reported a comprehensive loss of $1,544,397 (December 31, 2024 - $214,666) due to listing fees, advertising and marketing expenses and professional fees pertaining to the Company's public listings, management and consulting costs. During the year the Company used net cash of $572,209 (December 31, 2024 – $52,205) in operating activities and of $1,048,516 (December 31, 2024 - $550,887) in investing activities related to exploration and evaluation expenditures. Net cash provided by financing activities totaled $3,796,918 (December 31, 2024 - $585,225) primarily from financing efforts.

As of the date of this report, the Company has received total proceeds from the following:

- exercise of 77,861 stock options in the amount of $6,229

As at May 8, 2026, the Company has approximately $868,379 in cash and cash equivalents.

**Loan payable**

The Company received advances from a third party to fund working capital requirements. The loan is unsecured, non-interest bearing and has no fixed terms of repaying and is due on demand. As at December 31, 2025, the total amount owing under the loan payable was $58,909 (December 31, 2024 - $Nil).

**Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the year ended December 31, 2025 and 2024, directors and officers, including entities controlled by key management personnel, participated in private placements financings of the Company. These transactions were conducted on the same terms and conditions as non-related participants.

During the year ended December 31, 2024, the Company issued common shares to certain related parties in settlement of amounts owing. These transactions represent non-cash settlements of management fees and/or advances and have been recorded as share capital with a corresponding reduction in the related liability or expense. The shares were issued at a price consistent with the Company's private placement financing during the year.

**Results of Operations (continued)**

During the year ended December 31, 2025, the Company paid or accrued management fees of $64,865 (2024 - $Nil) to ACT2 Pty Limited, a company controlled by Gary Lewis, the President and CEO of the Company. As at December 31, 2025, the Company reimbursed costs incurred on behalf of the Company of $177,530 (2024 – $Nil) to Gary Lewis.

During the year ended December 31, 2025, Gary Lewis, the President and CEO, advanced funds to the Company. As at December 31, 2025, $44,274 (2024 - $36,873) was owing to the President and CEO. The balance is unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2025, the Company paid or accrued management fees of $38,500 (2024 - $Nil) to NUMIS CPA's, a company controlled by Jack Cartmel, the CFO and corporate secretary of the Company. As at December 31, 2025, an amount of $5,500 (2024 - $Nil) included in accounts payable was due to NUMIS CPA's. The balance is unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2025, the Company reimbursed costs incurred on behalf of the Company of $1,000 (2024 - $Nil) to Brandon Bonifaco, a former CEO and Director of the Company.

On January 27, 2026, Giulio Bonifacio, a former director of the company, exercised stock options to acquire 77,861 common shares at an exercise price of $0.083 per share for total proceeds of $6,229.

On March 1, 2026, the company granted 600,000 deferred share units and 400,000 performance share units to certain directors and officers under its equity incentive plan. The awards are subject to vesting conditions and shareholder approval.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements as at December 31, 2025 and at April 30, 2026.

**Financial Instruments**

**Fair value of financial instruments**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

As at December 31, 2025, the Company believes that the carrying amounts of accounts payable and accrued liabilities, loan payable and related party loans approximate their fair values because of their relatively short maturity dates or durations. Cash is measured at fair value based on Level 1 inputs of the fair value hierarchy.

**Management of risks arising from financial instruments**

Discussion of risks associated with financial assets and liabilities are detailed below:

*Credit risk*
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with federally regulated institutions with deposit. The credit risk related to cash is considered minimal.

*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. The Company manages liquidity risk by monitoring the Company's contractual obligations to anticipate any investing and financing activities. The Company's accounts payable and accrued liabilities are due within the 12 months.

As at December 31, 2025, the Company had a cash balance of $2,176,212 to settle current liabilities of $1,015,782.

*Market risk*
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices.

*Interest rate risk*
Interest rate risk is the risk that he future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any borrowings that are subject to fluctuations in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with federally regulated institutions.

*Currency risk*
Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. Amounts subject to currency risk are primarily cash offset by accounts payable and accrued liabilities denominated in foreign currencies. The Company primarily spends funds in US and Australian dollars. The Company is exposed to currency risk primarily on settlements of purchases that were denominated in currencies other than the US dollar and AUD dollar. In order to reduce the Company's exposure to currency risk, the Company periodically increases or decreases the amount of funds held in foreign currencies.

The Company presents the consolidated financial statements in Canadian dollar and is exposed to movements in the US dollar against the Australian dollar and Canadian dollar. Sensitivity analysis has been performed to indicate how the profit or loss would have been affected by changes in the US dollar and each of these currencies.

As at December 31, 2025, the Company had accounts payable and accrued liabilities of A$426,630 (2024 – A$3,927). A 10% strengthening in the Australian dollar relative to the US dollar would result in an increase of approximately A$42,663 (2024 – A$392) in the Company's net loss.

**Management of risks arising from financial instruments (continued)**

As at December 31, 2025, the Company had accounts payable and accrued liabilities of US$30,760 (2024 – US$20,000). A 10% strengthening in the US dollar relative to the CAD dollar would result in a decrease of approximately $3,076 (2024 - $2,000) in the Company's comprehensive loss.

*Other price risk*
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The ability of the Company to develop its exploration and evaluation assets and the future profitability of the Company is directly related to the market price of precious metals and high-purity manganese product prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

**Capital Management**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders equity, which was $4,751,223 at December 31, 2025 (2024 - $423,409).

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. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of asserts or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

The Company is not subject to any external capital requirements.

**Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements and MD&A requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

**Outstanding Share Data**

The Company has authorized an unlimited number of common shares with no par value.

| Type of Equity Instruments | As of December 31, 2025 | As of the date of this MD&A |
|---|---:|---:|
| Common shares | 41,433,479 | 41,511,340 |
| Warrants | 5,719,179 | 5,719,179 |
| Options | 369,842 | 369,842 |

**Corporate Governance**

The Company's Board of Directors substantially follows the recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The current Board of Directors is comprised of four individuals – Gary Lewis, Melissa Sanderson, Derek Marshall, and Mitchell Smith. Derek Marshall and Mitchell Smith are neither executive officers nor employees of the Company and are unrelated in that they are independent of management.

**Board of Directors and Officers**

| | |
|---|---|
| Chief Executive Officer, Director | Gary Lewis |
| Director | Melissa Sanderson |
| Director | Derek Marshall |
| Director | Mitchell Smith |
| Chief Financial Officer, Corporate Secretary | Jack Cartmel |

**Management's Responsibility for Financial Reporting**

The accompanying consolidated financial statements of the Company and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the consolidated financial statements.

The Company maintains systems of internal accounting and administrative controls in order to provide on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving consolidated financial statements. That Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board and two of its members are independent Directors. The Audit Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the consolidated financial statements and the external auditors' report. The Audit Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders, the engagement or appointment of the external auditors.

**Cautionary Statement Regarding Forward-Looking Statements**

Certain statements in this MD&A are forward-looking statements or forward-looking information (collectively "forward-looking statements") within the meaning of applicable securities legislation. We are hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable.

**Management's Responsibility for Financial Reporting (continued)**

While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed.

**Readers are cautioned that the foregoing lists of factors are not exhaustive.**

The forward-looking statements in this MD&A are based on the reasonable beliefs, expectations and opinions of management on the date of this MD&A. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

**Risk Factors**

An investment in the Company should be considered highly speculative, due to the Company's stage and the inherent uncertainty in resource exploration and development.

The Company is exposed to many risks and uncertainties including among other factors the following:

**Risk Factors (continued)**

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production.

The Company's projects are at an early stage of exploration. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of minerals, metals or resources of value. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors.

The business of exploration for minerals and mining involves a high degree of risk. Whether a mineral deposit can be commercially viable depends upon a number of factors, including the particular attributes of the deposit, including size, grade and proximity to infrastructure; metal and uranium prices, which can be highly variable; and government regulations, including environmental and reclamation obligations. Few properties that are explored are ultimately developed into profitable, producing mines.

Substantial expenditures are required to establish the continuity of mineralized zones through drilling and to develop and maintain the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that funds required for any proposed development of the Company's properties can be obtained on a timely basis.

The marketability of any minerals acquired or discovered by the Company in the future may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which may result in the Company not receiving an adequate return on investment capital.

There is no assurance that any regulatory authority having jurisdiction will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise.

Financial Capability and Additional Financing

The Company has limited financial resources and has no assurance that additional funding will be available to it for further exploration and development of its projects. There can be no assurance that it will be able to obtain sufficient financing in the future to carry out exploration and development work on its projects. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Company.

**Risk Factors (continued)**

Mining Titles

There is no guarantee that the Company's title to or interests in the Company's property interests will not be challenged or impugned. The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to the area of mineral properties may be disputed. There is no guarantee of title to any of the Company's properties. The Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

There can be no assurance that the Company's rights will not be challenged by third parties claiming an interest in the properties. In order to retain mining titles, the Company is obligated to perform certain annual work assessment requirements. A failure to perform adequate exploration work on specific mineral tenure claims is, in the absence of cash deposits, expected to result in the loss of such tenure.

Management

The success of the Company is currently largely dependent on the performance of its Directors and officers. The loss of the services of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its Directors, officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Conflicts of Interest

Certain Directors and officers of the Company are, and are expected to continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships, joint ventures and other financial and/or mining interests which are potential competitors of the Company or otherwise adverse in interest. It is understood and accepted by the Company that certain Directors and officers of the Company may continue to independently pursue opportunities in the mineral exploration industry. Situations may arise in connection with potential acquisitions, operational aspects, or investments where the other interests of these Directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to the applicable corporate and securities legislation, regulation, rules and policies and the particulars of any agreements made between the Company and the applicable Director or officer.

Dilution

If the Company raises additional funds through the sale of equity securities, shareholders may have their investment diluted. In addition, if warrants and options are issued in the future, the exercise of such options and warrants may result in dilution to the Company's shareholders. The Company intends to issue further equity in the future.

**Risk Factors (continued)**

History of Losses and No Assurance of Profitable Operations

The Company has incurred a loss since inception. There can be no assurance that the Company will be able to operate profitably during future years. If the Company is unable to operate profitably during future years, and is not successful in obtaining additional financing, the Company could be forced to cease its exploration and development plans as a result of lacking sufficient cash resources. The Company has not paid dividends in the past and has no plans to pay dividends for the foreseeable future.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions may occur. These unexpected or unusual conditions may include rock bursts, cave-ins, fires, flooding and earthquakes. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Environmental and Safety Regulations and Risks

Environmental laws and regulations may adversely affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Furthermore, permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations.

Fluctuating Commodity Prices

The Company's revenues, if any, are expected to be in large part derived from the sale of commodities. The prices of commodities, including prices related to lithium and uranium, have fluctuated widely in recent years and are affected by factors beyond the control of the Company including, but not limited to, economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities and changes in the supply due to new mine developments, mine closures, and advances in various production and technological uses for commodities being explored for by the Company.

All of these factors, and other factors not detailed herein, may impact the viability of Company projects, and include factors which are not possible to predict with certainty.

**Risk Factors (continued)**

Competitive Conditions

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capabilities. Competition in the mining industry is primarily for mineral properties which can be developed and produced economically; the technical expertise to find, develop, and produce such properties; the labor to operate the properties; and the capital for the purpose of financing development of such properties. Many competitors not only explore for and mine for metals, minerals and uranium, but also conduct refining and marketing operations on a world-wide basis and most of these companies have much greater financial and technical resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these mineral deposits could have a material adverse effect on the Company's results.

Inadequate Infrastructure May Affect the Company's Operations

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, community, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.