AMERICAN BIOFUELS INC.
MANAGEMENT DISCUSSION AND ANALYSIS
PERIOD ENDED JANUARY 31, 2025

Date prepared: April 1, 2025

OVERVIEW

The following management discussion and analysis ("MDA") of the financial position of American Biofuels Inc. (the "Company") and results of operations should be read in conjunction with the audited financial statements for the year ended April 30, 2024 and the unaudited condensed consolidated interim financial statements for the nine months ended January 31, 2025. The financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

The head office, the principal address, and the registered and records office of the Company are all located at 303 – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

Additional information related to the Company is available for viewing on SEDAR at www.sedarplus.ca, or by requesting further information from the Company's head office in Vancouver.

FORWARD LOOKING STATEMENTS

Information contained in this MDA that is not historical fact may be considered "forward looking statements." These forward-looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company's objectives, goals or plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including such variables as new information regarding recoverable reserves, changes in demand for and commodity prices of crude oil and natural gas, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates, and other factors discussed herein. Readers are cautioned not to place undue reliance on this forward-looking information.

NATURE OF BUSINESS

The Company was historically engaged in the acquisition, exploration and development of oil and gas properties including biofuel resources in the United States and Canada. The Company is currently pursuing the acquisition of a business of merit. The Company is listed on the the TSX Venture Exchange ("TSX-V"), NEX Board.

The unaudited condensed consolidated interim financial statements for the period ended January 31, 2025 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in this MDA are expressed in Canadian dollars except where noted. Any forward-looking information in this MDA is based on conclusions of management. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

Historical Proposed Transaction

The Company was party to a BCA with Paragon, a Colorado limited liability company engaged in the business of manufacturing and distributing industrial hemp products. The BCA contemplated a reverse takeover of the Company by the members of Paragon via, a series of transactions, including an amalgamation under the Business Corporations Act (British Columbia) and a share exchange under the Nevada Revised Statute as further described in the Company's news release dated July 30, 2019. The time period for the BCA lapsed; however, certain activities transacted pursuant to the BCA were recorded in connection to the agreement as detailed below and further described in the referenced notes:

- The balance of loans receivable advanced to Paragon as at July 31, 2024 is $1. The balance of the loan receivable as at April 30, 2021, was US$1,557,626, CAD$2,097,682 was assessed for collectability and written down to $1 during the year then ended (Note 3 to the financial statements).

- The balance of loans payable is $3,125,482 as at January 31, 2025, including interest accrued during the period of $194,434, and foreign exchange adjustment of $2,023 (Notes 5 and 8 to the financial statements).

The Company was advised that there were restructuring activities within the members of Paragon; efforts to reestablish negotiations of a BCA have not progressed. The Company will continue to assess alternatives for recovery of the loans receivable and alternatives to negotiate a BCA as circumstances permit.

RESULTS OF OPERATIONS

For the period ended January 31, 2025 the Company recorded a net loss of $282,310 (April 30, 2024 - $405,330) and had a cumulative deficit of $27,040,349 (April 30, 2024 - $26,758,038).

Selected Annual Information

The following table provides a brief summary of the Company's financial operations for the prior three fiscal years are prepared under IFRS. For more detailed information, refer to the Company's financial statements for the years then ended.

Year ended April 30,	*2024*	*2023*	*2022*
	-$-	*-$-*	*-$-*
Total assets	14,579	14,284	7,859
Non-current assets	-	-	-
Working capital deficiency	(3,650,254)	(3,244,924)	(2,888,573)
Shareholders' deficiency	(3,650,254)	(3,244,924)	(2,913,828)
Net loss	(405,330)	(331,096)	(296,230)
Net loss per share	(0.04)	(0.03)	(0.03)

Year ended April 30, 2024:

During the year ended April 30, 2024, items of variance include a decrease in office and miscellaneous of $55,772 (2023 - $63,478) mainly comprised of the foreign exchange fluctuation on accounts payable year over year, and interest expense of $233,587 (2023 - $208,630) incurred in connection to loans payable. During the year ended April 30, 2024, the Company recorded a change in estimate of the decommissioning provision of $56,412 (2023 - $nil) to update the provision to current factors and reclassified the liability to current based on the estimated timing of the provision.

Year ended April 30, 2023:

During the year ended April 30, 2023, items of variance include increases in professional fees of $19,705 (2022 - $12,646) which are mainly comprised of the increase in fees related to the annual audit expenses, and interest expense of $208,630 (2022 - $183,966) incurred in connection to loans payable.

Summary of Quarterly Financial Results

The following is a summary of selected financial information compiled from the quarterly interim unaudited financial statements for eight quarters ending January 31, 2025:

Three months ended:	*January 31, 2025*	*October 31, 2024*	*July 31, 2024*	*April 30, 2024*
	$	*$*	*$*	*$*
Total assets	17,631	16,889	15,963	14,579
Working deficiency	(3,932,564)	(3,839,439)	(3,755,297)	(3,650,254)
Shareholders' deficiency	(3,932,564)	(3,839,439)	(3,755,297)	(3,650,254)
Net loss	(93,126)	(99,953)	(89,080)	(148,726)
Loss per share	(0.01)	(0.01)	(0.01)	(0.02)
Three months ended:	*January 31, 2024*	*October 31, 2023*	*July 31, 2023*	*April 30, 2023*
	$	*$*	*$*	*$*
Total assets	14,547	13,567	13,238	14,284
Working deficiency	(3,475,221)	(3,392,322)	(3,298,559)	(3,219,069)
Shareholders' deficiency	(3,501,526)	(3,418,477)	(3,244,924)	(3,244,924)
Net loss	(83,050)	(93,914)	(79,640)	(86,226)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)

There are minimal variances in the eight quarters ending January 31, 2025, and the some of the variation in expenses during the periods presented is commensurate with the variation in costs incurred in maintenance of a public listing. One significant item of variance was during the year ended April 30, 2024, the Company recorded a change in estimate of the decommissioning provision of $56,412 (2023 - $nil) to update the provision to current factors and reclassified the liability to current based on the estimated timing of the provision.

Three months ended January 31, 2025 and 2024:

For the three months ended January 31, 2025, the Company had a net loss of $93,126 (2024 - $83,050).

Expenses during the comparative period are mainly commensurate in nature and amount. During the current period, interest expense increased to $66,755 (2024 - $59,242) mainly due to the increase in accrued debt over time. Office facilities and administrative fees increased to $13,596 (2024 - $10,322) and professional fees were stable at $4,375 (2024 - $4,375) in the current period commensurate with usage.

Nine months ended January 31, 2025 and 2024:

For the Nine months ended January 31, 2025, the Company had a net loss of $282,310 (2024 - $256,602).

Expenses during the comparative period are mainly commensurate in nature and amount. During the current period, interest expense increased to $196,377 (2024 - $175,550) mainly due to the increase in accrued debt over time. Office facilities and administrative fees increased to $43,285 (2024 - $39,667) and professional fees decreased to $13,284 (2024 - $15,839) in the current period commensurate with usage.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows – period ended January 31, 2025 and 2024:

Cash used in operations – Net cash used in operations totaled $27 compared to net cash provided in operations of $2,960 in 2024. There was an increase in receivables of 3,079 compared to a $3,223 in the prior period, and an increase trade payables and accrued liabilities of 90,473 as compared to $83,865 in 2024

Overall cash flows – The Company experienced a net decrease in its cash position of $27 compared to $2,960 in 2024.

In order to continue operations, and provide adequate working capital for ongoing activities, the Company will continue to depend on equity financing through existing and new shareholders, third party financing if available, continued support from its trade creditors and related parties.

Sources and circumstances of funding – the Company's ability to finance future growth will be dependent on its ability to supplement internally generated cash flows through the issuance of common shares pursuant to private placements, the exercise of warrants and stock options, and short-term loans. Operations in the current period have been maintained through equity private placement and loans and services provided by related parties and significant shareholders.

Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for shares of smaller companies, restricting access to some institutional investors. In addition, the circumstances that could affect these sources of funding for the business of exploration and acquisition of oil and gas reserves involves a number of uncertainties and risks inherent to the oil and gas industry. Operationally, the Company faces risks that are associated with finding, developing and producing these oil and gas reserves. These include risks associated with governmental access regulations, cost and availability of third-party services, environmental and safety concerns, and access to processing facilities. The Company is subject to financial risks due to fluctuating commodity prices. The Company's growth is dependent on external sources of financing which may not be available on acceptable terms.

At January31, 2025 the Company had a working capital deficiency of $3,932,564 (April 30, 2024 - $3,650,254).

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets, and oil and gas assets. 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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

RELATED PARTY TRANSACTIONS

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities:

	January 31, 2025	April 30, 2024
Directors and officers and/or corporations controlled by directors and officers of the Company. [1, 2,3 4 5,6,7]	$ 153,644	$ 137,144

[1] *Richard Barnett, Director*
[2] *Jurgen Wolf, Director*
[3] *Ron Hughes, Director*
[4] *Teresa Cherry, CFO and Secretary*
[5] *Christopher Cherry, Director*
[6] *Stephen Watts, Director*
[7] *Keturah Nathe, President, CEO and Director*

As at the period ended January 31, 2025, in connection to the BCA, loans payable includes $1,150,147 (April 30, 2024 - $1,085,889) to a director[6] and/or his family, which includes accrued interest pursuant to the terms of the instrument of $350,147 (April 30, 2024 - 285,889) (Notes 5, and 11 to the financial statements).

Other than the loans payable noted above, amounts due to related parties are unsecured, have no fixed terms of repayment and are non-interest bearing.

Related party transactions

The Company has identified all of the directors and officers as its key management personnel. The remuneration for these key management personnel, which include the amounts disclosed below.

The Company incurred the following transactions with directors and officers of the Company or companies controlled by them.

	January 31, 2025	January 31, 2024
Outside directors [1, 2,3,5,6]	$ 7,500	$ 7,500
Chief financial officer [4]	4,500	4,500
Chief executive officer[7]	4,500	4,500
	$ 16,500	$ 16,500

ADDITIONAL INFORMATION

Off-Balance sheet arrangements

As January 31, 2025, and up to the current date, the Company had no off-balance sheet arrangements.

Legal proceedings

As at January 31, 2025, and up to the current date management is not aware of any legal proceedings involving the Company.

Outstanding share data

As at January 31, 2025, 2024, and up to the current date, the Company has 9,866,224 common shares outstanding.

Contingent liabilities: As at January 31, 2025 and up to the current date management was not aware of any outstanding contingent liabilities relating to the Company's activities.

Any forward-looking information in this MDA is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company, and other factors.

CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition and exploration and development of oil and gas properties. 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 acquire exploration and development assets and manage the Company's current oil and gas properties. 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 for the period ended January 31, 2025 and the year ended April 30, 2024. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on cash which is held at a major bank in Canada, receivables consisting of refundable goods and services taxes owing from the Government of Canada and loan receivable advanced to Paragon which was written off in a prior year. The risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Currently, the Company is relying on advances from its main vendor to maintain operations as well as loans from or deferred payments to related parties. Management and the Board of

Directors are actively involved in the review, planning and approval of significant expenditures and commitments. Liquidity risk is assessed at high.

Foreign exchange risk

The Company is exposed to foreign currency risk on fluctuations related to accounts payable and accrued liabilities and loans payable that are denominated in United States Dollars. The Company's financial results are reported in Canadian dollars while it holds a significant portion of its accounts payable and some loan payable balances denominated in US dollars. The liabilities and expenses that are denominated in US Dollars will be affected by changes in the exchange rate between the Canadian dollar and the US Dollar.

If the Canadian dollar changes by one percent against the US dollar, with all other variables held constant, the impact on the Company's foreign denominated financial instruments would result in a change in net loss for the period of approximately $1,590.

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollars, but also world economic events that dictate the levels of supply and demand including the impact of the war in the Ukraine.

Interest rate risk

The Company is not exposed to significant interest rate risk as it has no variable interest-bearing instruments.

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring oil and gas properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.