ALCHEMY LABS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026

(With comparative information for the three and six months ended June 30, 2025 and as at December 31, 2025)

To be read in conjunction with the unaudited condensed interim consolidated financial statements

(Expressed in Canadian dollars)

Dated August 17, 2026

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Alchemy Labs Inc. ("Alchemy" or the "Company") relates to the Company's financial performance and condition for the three and six month periods ended June 30, 2026 and 2025. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2025.

The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB").

This MD&A has been prepared by management and approved by the Company's board of directors.

All dollar amounts stated in this MD&A are expressed in Canadian dollars unless otherwise noted.

FORWARD-LOOKING INFORMATION

This MD&A contains statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators. It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations up to the date of this MD&A.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company's future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual performance or achievements to differ materially from anticipated results, performance or achievements expressed or implied by such forward-looking statements. The risks and uncertainties that affect forward-looking statements include, but are not limited to:

- our negative operating cash flows and history of losses;
- our requirement for, and our ability to obtain, future financing on favorable terms or at all;
- an investment in the Company's shares is highly speculative due to the nature of the Company's business;
- our projected financial position and estimated cash burn rate;
- our ability to attract and retain key personnel;
- our ability to manage growth
- our ability to continue as a going concern;
- consumer demand of our products;
- our ability to successfully develop, market and commercialize our products;
- our ability to protect against data and security breaches;
- our ability to successfully compete in our targeted markets;
- our ability to adequately protect proprietary information and technology from competitors; and
- our ability to receive the necessary regulatory approvals for our products.

A number of factors and assumptions could cause actual events, performance, or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Material factors and assumptions that could cause actual events, performance, or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the effect of continuing operating losses on our ability to obtain, on satisfactory terms, or at all, the capital required to maintain the Company as a going concern;
- the ability to obtain sufficient and suitable financing to support operations, development, and commercialization of our products;
- the ability of the Company to retain qualified personnel to continue the operation, development and/or upgrades to our products;
- the ability to generate market acceptance of the Company's product suite; and
- the increase in operating costs resulting from additional development and commercialization costs and increased staff.

Forward-looking statements in this MD&A may also include future-oriented financial information and financial outlook information ("FOFI") regarding the Company and its prospective results of operations, cash flows and components thereof. The FOFI contained in this MD&A is subject to the same assumptions, risk factors, limitations and qualifications set forth in this MD&A relating to other forward-looking statements. The FOFI contained in this MD&A is provided for the purpose of providing information regarding management's assessment of the Company's anticipated business operations and may not be appropriate for other purposes.

Forward-looking statements, including FOFI, contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether because of new information, future events or results or otherwise except as required by securities law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

OVERVIEW

Alchemy Labs Inc. ("Alchemy" or the "Company") is a nanotechnology company based in Kitchener, Ontario, focused on developing and commercializing protective nanocomposite coatings for automotive and defence applications.

Defence - Crypsis

The Company's defence solutions division, "Crypsis", is focused on commercializing nanoparticle-based Thermal Signature Management ("TSM") solutions for use in the defence industry. The Company's Crypsis nanoparticles deliver lightweight, passively adaptive and long-lasting thermal camouflage solutions.

Every object emits thermal infrared ("TIR") radiation. Thermal cameras and sensors can both detect and target humans and assets on the battlefield. Traditional camouflage patterns effectively mask visible signatures to avoid enemy detection but fail to provide protection against thermal cameras and sensors. All humans and equipment emit TIR, making them susceptible to electronic detection.

The Company's patent-pending Crypsis nanoparticle technology behaves like nanoscale thermal mirrors, reflecting incident thermal radiation from the surrounding environment in a diffused manner to adaptively blend into the environment. In addition, thermal radiation emitted by the subject asset is reflected inwards, towards the subject, thereby reducing its thermal signature.

In November 2025, the Company was invited to participate in Phase One of the NATO DIANA (Defence Innovation Accelerator for the North Atlantic) Accelerator Programme, occurring between January 1, 2026 and July 15, 2026. The DIANA Accelerator Programme introduces successful applicants of its Challenge Calls to participate in a set of events, programming and related activities that are intended to facilitate dialogue between the chosen applicant and DIANA, NATO and NATO end-users. Challenge Calls are chosen by DIANA to address specific defence needs shared across NATO members. As part of the Accelerator Programme, in December 2025, the Company received €100,000 (approximately $162,000) in contractual funding from DIANA in exchange for the Company defining, explaining and demonstrating how its technology addresses the DIANA challenge addressed and participating in DIANA events, programming and related activities. In February 2026, the Company received additional funding in the form of a grant of $169,000 from the Canadian Department of National Defence's Funding for Canadian Innovators and Accelerators of DIANA (FCIA-DIANA) program.

As of June 30, 2026, the Company completed its participation in the NATO DIANA Accelerator Programme. The Company used the DIANA Accelerator Programme to begin expanding its business development activities in Europe, while continuing to advance defence-related engagement and commercialization activities with prospective government and industrial partners in Canada. The Company also began growing the Crypsis R&D and business development teams to support continued product development, partner engagement, and revenue growth in the defence space. All of this continued to support the Company's 2026 objective of evolving defence business from development projects into an integration-ready technology with a credible path to scale.

During the six month period ended June 30, 2026, the Company continued to progress development and commercialization of its Crypsis technology platform, with ongoing engagement in thermal signature management applications and related development opportunities. Through the Company's NRE arrangement with a leading supplier of garments (the "Supplier") to the United States Department of War (the "DoW"), the Company and the Supplier are working on validating the commercial application of Crypsis on garments to be supplied to the DoW. Under its arrangement with the Supplier, the Company will supply its nanoparticle formulation to the Supplier, who will apply that formulation to textiles used by Supplier to produce garments for the DoW. The Supplier will pay for all costs relating to textile fabrication, setting up production lines and logistics. The Company will supply the nanoparticle coatings and technical support. The Company will continue to own all intellectual property rights relating to the nanoparticle formulation used in the production of garments under this arrangement. Upon commercial validation of the Crypsis coated garments, the Company and the Supplier will negotiate in good faith on a commercial agreement for the commercial manufacture and supply of Crypsis coated garments.

In March 2026, the Company secured a new Non-Recurring Engineering (NRE) arrangement with a Canadian textile-based systems manufacturer and supplier to the Canadian Department of National Defence for a value of $250,000. Under this contract, the Company will receive payment for integrating its Crypsis technology into textile-based solutions targeted by its partner.

Automotive - Exoshield

The Company's core automotive technology platform is based on advanced nanocomposite materials engineered to provide enhanced strength, optical clarity, and resistance to heat, wear, impact and abrasion. Alchemy's automotive product offerings are marketed under the ExoShield brand and include windshield protection film ("WPF") and paint protection film ("PPF") products. These products are sold through a network of professional installers and, in certain cases, directly to consumers.

During the six month period ended June 30, 2026, the Company continued to invest in its growth initiatives while managing certain operational constraints within its automotive business unit. Coming out of calendar 2025, the Company experienced supply chain disruptions affecting its ExoShield GT3+ and ULTRA WPF products stemming from upstream production interruptions at two manufacturing partners that began in 2025 and continued into the first quarter of 2026. In addition, inventory levels were lower due to the Company's limited capital in the first half of 2025, limiting the Company's ability to purchase inventory. Inventory levels were subsequently restored during Q1 2026. However, the disruption impacted automotive sales and the development of the Company's ULTRA kits during the first three-months of 2026. Despite these issues, the Company nevertheless advanced several automotive initiatives. It continued to advance the development of its scalable ULTRA Pro kit manufacturing system, launched its first six ULTRA Pro aftermarket kit models during the second quarter of 2026 and invested in product development, sales, marketing and operational capabilities. The Company also entered into a three-year commercial supply arrangement with Mercedes-Benz to supply windshield protection film kits for the Mercedes-Benz Tourrider coach bus in February 2026.

The Company's focus on the sale of its automotive products during the three months ended June 30, 2026 was increasingly concentrated in the Company's PET-based WPF products, GT3+ and ULTRA, while sales of Sprint and MACH were soft compared with prior periods. This product mix evolution is aligned with the Company's continued prioritization of products with stronger recent customer demand and more attractive gross-margin profiles. The Company also focussed on improving its supply chain reliability by increasing inventory levels and improving production consistency with contract manufacturing partners, including efforts to establish additional production capacity.

As of July 9, 2026, the Company also completed its initial public offering of its common stock at which time it issued 13,738,447 units (a "Unit") at a price of $1.00 per Unit for $13,738,447 in gross proceeds before financial advisory commissions and other related expenses including legal costs. Each Unit consisted of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $1.50 for a period of twenty-four months after the closing date of the initial public offering.

OVERALL PERFORMANCE

Results of Operations

The following table summarizes the Company's results of operations for the three and six months ended June 30:

	Three months ended June 30:		Six months ended June 30:	
	2026	**2025**	**2026**	**2025**
Revenue	**$ 581,027**	$ 496,871	**$ 981,280**	$ 1,119,398
Cost of sales	**356,224**	498,048	**617,790**	892,786
Gross profit	**224,803**	(1,177)	**363,490**	226,612
Operating expenses	**1,413,485**	760,668	**2,786,090**	1,882,983
Operating loss	**(1,188,682)**	(761,845)	**(2,422,600)**	(1,656,371)
Net loss	**$ (1,573,556)**	$ (1,148,152)	**$ (3,368,148)**	$ (1,869,721)

The Company generates revenue primarily from the sale of its automotive products to auto detailers and professional installers, as well as direct sales to consumers through its ExoShield ULTRA DIY kits. The Company also generates revenue from non-recurring engineering ("NRE") contracts with government agencies and defence contractors.

The following is a summary of revenue for each of the Company's business segments:

	Three months ended June 30:		Six months ended June 30:	
Business Segment	**2026**	**2025**	**2026**	**2025**
Automotive	**$ 509,195**	$ 496,871	**$ 834,795**	$ 1,119,398
Defence/Crypsis	**71,832**	-	**146,485**	-
	$ 581,027	$ 496,871	**$ 981,280**	$ 1,119,398

Automotive

The year-over-year increase in second-quarter automotive revenue reflected improved product availability and the recovery of certain distributor shipments that had been deferred earlier in the year. However, automotive revenue for the six month period remained below the prior year, primarily because of product availability constraints at the start of 2026.

The principal factors affecting automotive revenue during the period were as follows:

- **Product availability:** Production interruptions affecting GT3+ and ULTRA began in the latter months of 2025 and continued to constrain product availability early in fiscal 2026. Inventory availability improved by the end of the first quarter, allowing the Company to resume a normal sales rhythm in automotive revenues during the second quarter. The Company continues to work with its manufacturing partners to improve production consistency and is pursuing additional manufacturing capacity to reduce the risk associated with reliance on a limited number of suppliers.
- **Production constraints affecting ULTRA Pro kit development and availability**: During the first few months of 2026, ULTRA Pro kit revenue was constrained by limited ULTRA film availability. With improvements in inventory availability during the three months ending June 30, 2026, the Company launched its first six aftermarket kit models. The pace and timing of additional model releases will depend on successful mould development, manufacturing validation, vehicle availability and product-quality testing.
- **Reduced promotional discounting on ULTRA DIY kits**: During 2025, the Company used promotional discounts to support the initial market introduction of its ULTRA DIY kits. During 2026, the Company reduced the level of promotional discounting to support pricing discipline and improve gross margin. Despite reduced discounting and product availability constraints earlier in the year, ULTRA DIY kit sales were consistent with expectations during the three months ending June 30, 2026.
- **Strategic focus on higher-priority product lines**: In 2026, automotive product sales continued to shift toward GT3+ and ULTRA, the Company's PET-based windshield protection products. Management has prioritized these products because they have demonstrated stronger recent customer demand and more favourable gross-margin profiles than other products in the Company's automotive portfolio. Sales of Sprint and MACH declined compared with the prior-year period as the Company reduced its commercial emphasis on these products and allocated a greater proportion of its sales, inventory and marketing resources toward GT3+ and ULTRA.

Notably, gross profit increased to $224,803 and $363,490 during the three and six months ended June 30, 2026 as compared to $(1,177) and $226,612 during the same periods in 2025. The Company's renewed strategic focus on prioritizing its core PET-based WPF products (GT3+ and ULTRA), which have more attractive margin profiles, directly contributed to this increase in gross profit during the three and six months ended June 30, 2026.

Defence

Defence/Crypsis revenue earned during the first six months of 2026 relates to the Company's participation in Phase One of the NATO DIANA Accelerator Programme, occurring between January 1, 2026 and July 15, 2026. The DIANA Accelerator Programme involves iteration of the Company's proposed solution to the DIANA Challenge Call and participation in DIANA events, programming, and related activities.

Moving forward, sales of the Company's products into the United States remains subject to significant uncertainty due to ongoing uncertainty related to tariffs imposed by the United States. The Canada United States-Mexico Agreement ("CUSMA") is currently subject to review by each of the member countries. In addition, the United States has announced 50% tariffs on a range of goods, including goods fully compliant with CUSMA, which are set to take effect on August 19, 2026. If these tariffs come into effect, or if CUSMA is renegotiated or cancelled, or the United States otherwise determines that tariffs are to be applied to the Company's products sold in the United States regardless of where they are manufactured, the Company may experience lower profit margins on its products or the Company could be required to increase the price of its products, which could negatively impact the Company's sales of those products, including, in both cases, the Company's PET and Crypsis products.

The Company continues to focus on expanding its customer base, improving production reliability, and optimizing its product mix to support future revenue growth.

Continued Development of Crypsis Products

The Company continues to work on completing the development and launch of textile-based solutions integrated with its Crypsis technology. The Company began some initial exploratory work on its expected $2.0M NRE contract with the Canadian DND. This NRE contract is anticipated to be approved in the second half of 2026 by the appropriate regulatory bodies within the Government of Canada. In addition, the Company will continue to pursue additional NRE contracts with European, Canadian, and United States based defence manufacturers and other defence agencies.

The Company anticipates taking the following additional initiatives in support of its research and development efforts in defence products:

- Expanding the Company's engineering and business development teams, hiring specialized engineers and defence sales personnel.
- Constructing internal testing facilities for in-house testing, validation and refinement of the Company's defence solutions.
- Extending ExoShield ULTRA applications to defence and government vehicle fleets.
- Seeking further intellectual property protection for the Company's defence related technologies in key NATO and major non-NATO markets.

The above research and development activities will be a continuation of existing activities of the Company. The current research and development activities have been funded under existing NRE agreements. Although the Company will continue to fund these activities under NRE agreements, the Company will use $1,200,000 of the proceeds of its initial public offering to further advance its research and development objectives on its defence products. The Company anticipates that this business objective will be reached in the first half of 2027.

The Company's research and development of textile-based solutions will be validated through government affiliated laboratory tests and field evaluations. The main barriers to complete the milestone are the retention of skilled employees to advance the Company's research and development efforts.

Financing Activities

During the six months ended June 30, 2026, the Company used its capital resources accumulated from 2025 fund raising activities to support its operations, product development initiatives, and working capital requirements.

These 2025 financing activities significantly increased the Company's available liquidity during 2025 and into 2026. However, the increased use of convertible debt financing resulted in higher interest expense as well as dilution to existing shareholders upon conversion of outstanding debt instruments.

On April 16, 2026, the Company received additional funding of approximately $1,000,000 from the exercise of share purchase warrants. The warrants were issued in 2024 and were exercisable at a price of $0.85 per share, resulting in the issuance of 1,176,470 common shares.

Investing Activities

Net cash used in investing activities including the purchase of property plant and equipment and the generation of internally funded intangible assets for the three months ended June 30, 2026 was $314,658 and $581,036 (2025-$28,256 and $237,196) respectively. The increase in investing activities primarily reflects:

- expenditures on property and equipment, including production equipment and systems to support manufacturing and operational scaling; and
- continued investment in product development, including internally generated capitalized development costs..

The Company also redeemed $1,004,435 in short-term investments during the first quarter of 2026 which added to its balance of cash and cash equivalents as at June 30, 2026.

Corporate Activities

On June 23, 2026, the Company received final approval to complete its initial public offering. The initial public offering closed on July 9, 2026 at which time the Company issued 13,738,447 units (a "Unit") at a price of $1.00 per Unit for $13,738,447 in gross proceeds before financial advisory commissions and other related expenses including legal costs. Each Unit consisted of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share at a price of $1.50 for a period of twenty-four months after the closing date of the initial public offering. In connection with the initial public offering, the Company paid a cash commission of $671,841.18 and issued compensation options to purchase up to 533,617 common shares of the Company at a price of $1.00 per share, exercisable for a period of two years from closing of the initial public offering. The Company also paid a corporate finance fee in the amount of $150,000, which consisted of $75,000 cash and 75,000 common shares.

Subsequent to the completion of the initial public offering and listing of the Company's common shares on the TSX Venture Exchange, the outstanding principal and interest under the Company's convertible debt obligations were converted into a total of 11,718,642 common shares.

RESULTS OF OPERATIONS

The following selected financial information for the periods ended June 30, 2026 and December 31, 2025 has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. All amounts are presented in Canadian dollars.

	June 30, 2026	December 31, 2025
Cash and cash equivalents	$1,259,817	$2,265,030
Total current assets	3,071,170	4,546,322
Total non-current assets	4,230,511	3,490,155
Total assets	**$7,301,681**	**$8,036,477**
Total current liabilities	$11,697,637	$10,319,655
Total non-current liabilities	1,788,245	1,684,317
Total liabilities	**$13,485,882**	**$12,003,972**
Total equity (deficiency)	**($6,184,201)**	**($3,967,495)**

Total assets decreased to $7,301,681 as at June 30, 2026 (December 31, 2025 – $8,036,477), driven primarily by the redemption of short-term investments during the quarter. Capital was deployed to the acquisition of inventory, pre-IPO related activities and expenses, property plant and equipment as well as to fund internally generated capitalized development costs.

Total liabilities increased to $13,485,882 (December 31, 2025 – $12,003,972), primarily reflecting accruing interest charges on all convertible loans. Subsequent to the completion of the Company's initial public offering and the listing of the Company's common shares on the TSX Venture Exchange, the outstanding principal and interest on all convertible loans was converted for a total of 11,718,642 common shares.

The Company reported a shareholders' deficiency of $6,184,201 as at June 30, 2026, compared to shareholders' deficiency of $3,967,495 at December 31, 2025, reflecting the net loss incurred during the period.

Statement of Loss

	Three months ended June 30:		Six months ended June 30:	
	2026	2025	2026	2025
Revenue	581,027	496,871	$ 981,280	$ 1,119,398
Cost of sales	356,224	498,048	617,790	892,786
Gross profit	224,803	(1,177)	363,490	226,612
Expenses				
Sales and marketing	721,006	487,390	1,286,462	941,661
General and administrative	535,646	152,790	1,327,419	641,010
Research and development	106,699	25,466	145,713	71,356
Product development	47,558	64,981	82,671	127,303
Other operating expenses (income)	2,576	30,041	(56,175)	101,653
Total operating expenses	1,413,485	760,668	2,786,090	1,882,983
Operating loss	(1,188,682)	(761,845)	(2,422,600)	(1,656,371)
Finance expense	366,018	125,588	945,033	179,322
Foreign exchange loss (gain)	(85,541)	239,073	(183,609)	2,850
Other expenses	104,397	21,646	184,124	31,178
Total other expense	384,874	386,307	945,548	213,350
Net loss	(1,573,556)	(1,148,152)	(3,368,148)	(1,869,721)
Other comprehensive loss (gain)				
Items that may be recycled subsequently to net gain (loss):				
Currency translation of foreign operations, net of tax	(92,691)	235,849	(195,804)	(10,353)
Other comprehensive loss (gain) for the period, net of tax	(92,691)	235,849	(195,804)	(10,353)
Total comprehensive loss	$ (1,666,247)	$ (912,303)	$ (3,563,952)	$ (1,880,074)
Weighted average number of shares outstanding for basic and diluted calculation	27,866,776	27,818,428	28,156,864	27,818,428
Basic and diluted loss per share	$ (0.06)	$ (0.03)	$ (0.12)	$ (0.07)

For the three and six months ended June 30, 2026, the Company reported revenue of $581,027 and $981,280, compared to $496,871 and $1,119,398 in the prior year periods, respectively. The decline in revenue for the six months ended June 30, 2026 has been addressed in the 'Results of Operations' section above. However, considerable progress was made in both revenues and margin improvement during the second fiscal quarter ended June 30, 2026 as compared to the second quarter ended June 30, 2025. Many of the factors described above contributed to this improvement in quarterly revenues and gross profit.

Cost of sales for the three and six months ended June 30, 2026 was $356,224 and $617,790 as compared to $498,048 and $892,786 in the prior period respectively. As was noted above, during the first six months of 2026, the Company has prioritized its core PET-based WPF products (GT3+ and ULTRA), which reflect stronger customer demand and more attractive margin profiles and has de-emphasized its imported TPU WPF (Sprint) and PPF (MACH) products.

Gross profit increased to $224,803 and $363,490 during the three and six months ended June 30, 2026 as compared to $(1,177) and $226,612 during the same periods in 2025. The Company's renewed strategic focus to prioritize its core PET-based WPF products (GT3+ and ULTRA), which have more attractive margin profiles, directly contributed to this increase in gross profit during the three and six months ended June 30, 2026.

For the three and six month periods ended June 30, 2026, gross profit margin was 38.7% and 37.0% respectively compared to gross profit margin of (0.2%) and 20.2% during the same periods in 2025. The Company did not write down any inventory during the period.

For the three and six months ended June 30, 2026, operating expenses increased to $1,413,485 and $2,786,090 respectively (three and six months ended June 30, 2025 – $760,668 and 1,882,983), driven by increased sales and marketing expenses as well as higher general and administrative costs related to preparations for the Company's public listing event. This also included investing in additional Crypsis related sales and marketing costs as well as new staff hires in engineering and business development costs. Additional investments were made in engineering and operational infrastructure to support the Company's growth initiatives particularly around ULTRA Pro kit mould development and manufacturing improvements.

As a result, the Company recorded an operating loss of $1,188,682 and $2,422,600 for the three and six month periods ended June 30, 2026 compared to $761,845 and $1,656,371 during the same periods in 2025. The increase in operating loss is consistent with higher operating expenses driven by business expansion activities

Finance expense for the three and six months ended June 30, 2026 were $366,018 and $945,033 respectively compared to $125,588 and $179,322 in the similar periods of 2025. The increase reflects interest expense associated with debt and lease obligations.

The Company recorded a foreign exchange gain of $85,541 and $183,609 for the three and six months ended June 30, 2026 compared to a foreign exchange loss of $239,073 and $2,850 during the same periods in 2025.

Other expenses of $104,397 and $184,124 for the three and six months ended June 30, 2026 compared to $21,646 and $31,178 during the same periods in 2025 reflects the change in value ascribed to the current derivative liability on the Company's balance sheet associated with the convertible loan (the "NameSilo Loan") from NameSilo Technologies Corp. ("NameSilo") and the convertible notes issued by the Company (the "Additional Convertible Loans") in 2025. Following the completion of the Company's initial public offering and listing of the Company's common shares on the TSX Venture Exchange, the outstanding principal and interest under the Namesilo Loan and the Additional Convertible Loans were converted into common shares.

Net loss for the three and six month periods ended June 30, 2026 increased to $1,573,556 and $3,368,148 (three and six months ended June 30, 2025: $1,148,152 and $1,869,721) respectively, primarily due to higher operating costs and increased finance expenses associated with the Company's debt and lease obligations.

Moving forward, sales of the Company's products into the United States remains subject to significant uncertainty due to ongoing uncertainty related to tariffs imposed by the United States. The Canada United States-Mexico Agreement ("CUSMA") is currently subject to review by each of the member countries. In addition, the United States has announced 50% tariffs on a range of goods, including goods fully compliant with CUSMA, which are set to take effect on August 19, 2026. If these tariffs come into effect, or if CUSMA is renegotiated or cancelled, or the United States otherwise determines that tariffs are to be applied to the Company's products sold in the United States regardless of where they are manufactured, the Company may experience lower profit margins on its products or the Company could be required to increase the price of its products, which could negatively impact the Company's sales of those products, including, in both cases, the Company's PET and Crypsis products.

Comprehensive Loss

Total comprehensive loss for the three and six months ended June 30, 2026 was $1,666,247 and $3,563,952 respectively compared to $912,303 and $1,880,074 during the same periods in 2025. The increase reflects the net loss for the period and foreign currency translation adjustments.

LIQUIDITY AND CAPITAL RESOURCES

Cash Position and Working Capital

As at June 30, 2026, the Company had cash and cash equivalents of $1,259,817 and a working capital deficiency of $8,626,467, compared to cash and cash equivalents of $2,265,030 and working capital deficiency of $5,773,333 as at December 31, 2025.

The decrease in cash reflects the Company's continued investment in its operations as well as the acquisition of additional assets during the period. This included $150,244 in new Ultra Pro kit production moulds, $77,780 in additional production equipment as well as $34,079 in new lab equipment. The working capital deficiency is primarily attributable to the classification of certain debt and lease obligations as current liabilities.

On April 16, 2026, the Company received approximately $1,000,000 from the exercise of share purchase warrants. The warrants were issued in 2024 and were exercisable at a price of $0.85 per share, resulting in the issuance of 1,176,470 common shares.

On July 9, 2026, the Company completed its initial public offering at which time it issued 13,738,447 units (a "Unit")at a price of $1.00 per Unit for $13,738,447 in gross proceeds before financial advisory commissions and other related expenses including legal costs. Each Unit consisted of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $1.50 for a period of twenty-four months after the closing date of the initial public offering. In connection with the initial public offering, the Company paid a cash commission of $671,841.18 and issued compensation options to purchase up to 533,617 common shares of the Company at a price of $1.00 per share, exercisable for a period of two years from closing of the initial public offering. The Company also paid a corporate finance fee in the amount of $150,000, which consisted of $75,000 cash and 75,000 common shares.

Subsequent to June 30, 2026, current liabilities attributable to the NameSilo Loan and the Additional Convertible Loans will be reduced as principal and interest payable under the NameSilo Loan and the Additional Convertible Loans were converted to common shares upon completion of the Company's initial public offering and listing of the Company's common shares on the TSX Venture Exchange. 2,093,873 common shares were issued on the conversion of outstanding principal and interest under the NameSilo Loan and 9,624,769 common shares were issued on the conversion of outstanding principal and interest under the Additional Convertible Loans.

The Company has not entered into any credit facilities, which it can draw down. Although the proceeds of the Company's initial public offering will provide sufficient capital to the Company for the next twelve months, in the future the Company may be reliant on new financings to meet its ongoing obligations and growth initiatives.

Cash Flow Summary

	For the six months ended June 30:	
	2026	**2025**
Net cash flows used in operating activities	**$ (2,186,340)**	$ (1,591,166)
Net cash flows provided by (used in) investing activities	**108,741**	(265,452)
Net cash flows provided by financing activities	**1,072,386**	2,085,131

Operating Activities

The Company generated negative cash flow from operations of $2,186,340 for the six months ended June 30, 2026, compared to $1,591,166 in the prior year. The increase in cash used in operations is consistent with higher operating expenses and continued investment in growth initiatives.

Investing Activities

Net cash provided by (used in) investing activities for the six months ended June 30, 2026 was 108,741 compared to ($265,452) during the same period in 2025. This change reflects the Company's redemption of short-term investments during the period which offset a continued investment in product development, including internally generated capitalized development costs, and expenditures on property and equipment to support operational scaling.

Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2026 was $1,072,386 compared to $2,085,131 during the same period in 2025. Financing activities during the period ended June 30, 2026 primarily consisted of proceeds from the redemption of short-term investments, additional Federal Development of Southern Ontario Business Scale-Up debt proceeds and the exercise of share purchase warrants resulting in approximately $1,000,000 of additional share capital.

Liquidity Outlook

The Company's ability to continue operations is dependent on its ability to generate sufficient cash flows from operations and/or obtain additional financing. Management continues to actively evaluate financing alternatives, including equity financings, debt arrangements, and strategic partnerships, to support ongoing operations and planned growth initiatives.

While the Company has successfully raised capital during the period and subsequently on its initial public offering of common shares completed on July 9, 2026, there can be no assurance that additional financing will be available on terms acceptable to the Company, or at all.

RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2026, the Company entered into transactions with related parties in the normal course of business.

The following total balances are outstanding with related parties:

		June 30, 2026		December 31, 2025
Convertible loan payable to:				
NameSilo Technologies	**$**	**1,282,709**	$	988,535
Maxcroft Holdings Inc.		**173,495**		115,160
Off the Grid Ventures Fund 1, LLC		**115,010**		76,113

The President and Chief Executive Officer of NameSilo Technologies Corp. is also a director of the Company and NameSilo is also a minority common shareholder of the Company.

Maxcroft Holdings Inc. is wholly owned by the Company's Chief Financial Officer, Douglas Lawson.

Off The Grid ("OTG") Ventures lead principal, David Mes, is the Chair of the Company's Board of Directors. OTG Ventures is also a minority common shareholder of the Company. David Mes is also a principal in Assure Labs 2021, LLC, another minority common shareholder of the Company.

Key management compensation, including both salary and stock compensation, totaled $315,637 and $227,745 for the six month period ended June 30, 2026 and 2025 respectively.

Further details regarding related party transactions and balances are disclosed in the Company's unaudited condensed interim consolidated financial statements.

SUBSEQUENT EVENTS

On July 9, 2026, the Company completed its initial public offering at which time it issued 13,738,447 units (a "Unit") at a price of $1.00 per Unit for $13,738,447 in gross proceeds before financial advisory commissions and other related expenses including legal costs. Each Unit consisted of one common share and one-half of one warrant. Each whole warrant will entitle the holder to purchase one common share at a price of $1.50 for a period of twenty-four months after the closing date of the initial public offering. In connection with the initial public offering, the Company paid a cash commission of $671,841.18 and issued compensation options to purchase up to 533,617 common shares of the Company at a price of $1.00 per share, exercisable for a period of two years from closing of the initial public offering. The Company also paid a corporate finance fee in the amount of $150,000, which consisted of $75,000 cash and 75,000 common shares.

Also on July 9, 2026, outstanding principal and interest payable under the NameSilo Loan and the Additional Convertible Loans were converted to common shares upon completion of the Company's initial public offering and listing of the Company's common shares on the TSX Venture Exchange. 2,093,873 common shares were issued on the conversion of outstanding principal and interest under the NameSilo Loan and 9,624,769 common shares were issued on the conversion of outstanding principal and interest under the Additional Convertible Loans.

FINANCIAL INSTRUMENTS

The Company is exposed to a variety of financial risks arising from its financial instruments, including credit risk, liquidity risk, and market risk.

There have been no material changes in the Company's risk exposures or in the policies and procedures used to manage those risks during the three and six months ended June 30, 2026.

For additional information, please refer to Notes 6 and 23 of the Company's audited consolidated financial statements for the year ended December 31, 2025.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by applicable securities legislation, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at June 30, 2026 and has concluded that such controls and procedures were effective.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. There have been no changes in internal control over financial reporting during the six months ended June 30, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

Risks Relating to Corporate History

Limited operating history.

The Company has a limited history of operations and is considered an early-stage issuer. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of profitability. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered remote in light of its early stage of operations.

Negative operating cash flows and history of losses

Although the Company expects to become profitable, there is no assurance that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flows and may continue to have that for the foreseeable future. To date, the Company has not generated operating profits and the Company expects significant capital investment will be required to achieve profitability. The Company expects its net losses from operations to continue in the near future. The Company's ability to generate additional revenues and potential to become profitable will depend largely on its ability to develop, manufacture, market and achieve commercial acceptance of its products. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue its business.

Additional financing.

The Company anticipates that it will require significant additional financing to continue its operations and achieve its business objectives. There can be no assurance that such financing will be available at all or on favourable terms. Failure to obtain such additional financing could result in delay or indefinite postponement of the Company's ability to achieve its business objectives. Additional financing may dilute the ownership interest of the Company's shareholders at the time of the financing and may dilute the value of their investment.

General venture company risks.

An investment in the Company's securities should be considered highly speculative due to the nature of the Company's business, the early stage of its deployment, its current financial position and ongoing requirements for capital. An investment in the Company's securities should only be considered by those persons who can afford a total loss of investment and is not suited to those investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in the Company's securities.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flows. The process for estimating the Company's revenue, net income and cash flows requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

Staffing challenges.

The recruitment and retention of qualified professionals to develop products, as well as sales, marketing and financial professionals, is critical to the Company's future success. Employee turnover rates can be high and competition for experienced personnel is high. The Company's failure to attract and retain professionals may prevent or hinder its ability to pursue the business plan and grow its business.

Managing growth.

If the business plan is successful, the Company may experience significant growth in a short period of time and encounter potential scaling issues. The Company's financial, management and operating resources may not expand sufficiently to adequately manage growth. Costs may increase disproportionately if rapid growth is not manageable, and future revenues may stop growing or decline and the Company may face dissatisfied customers. Failure to manage growth may adversely impact the Company's business and the value of the shareholders' investment.

Discretion and uncertainty of Use of Available Funds.

Although the Company has set out its intended use of available funds, these intended uses are estimates only and subject to change. While management does not currently contemplate any material variation, management does retain broad discretion in the application of such proceeds. The results and the effectiveness of the application of the funds are uncertain. The failure by the Company to apply these funds effectively could have a material adverse effect on its business, including the Company's ability to achieve its stated business objectives. In addition, the Company may use the funds in ways that a shareholder may not consider desirable.

Risks Relating to the Company's Business and the Industry

Consumer discretionary spending.

The Company's business is affected by general economic conditions as its products are discretionary, and the Company depends, to a significant extent, upon a number of factors relating to discretionary consumer spending. These factors include economic conditions and perceptions of such conditions by consumers, employment rates, the level of consumers' disposable income, business conditions, interest rates, consumer debt levels and availability of credit.

Development of products.

To execute the business plan, the Company must develop, market and commercialize its products. If the technologies represented by its products are not accepted in the marketplace, or if the Company's products are not brought to market in a timely manner, this could materially and adversely impact the Company.

The Company's future success depends on the ability to maintain a competitive position with respect to technological advances. Competitors may develop products that are more effective or develop products faster, which could in turn render the Company's technology obsolete or non-competitive.

There can be no assurance that there is a market for the Company's products, or of the size of the market or the market's acceptance of our products. Sales outcomes are based upon a variety of factors which cannot be assured. If the Company fails to successfully develop and commercialize the Company's products, or if the products are not accepted by the market, the Company's business prospects will suffer.

Data and security breaches.

During the course of its operations, the Company may collect and have access to confidential and private information, including personally identifiable information. The Company believes that it is taking reasonable steps to protect the security, integrity and confidentiality of the information the Company collects, uses, stores and discloses, but there is no guarantee that inadvertent or unauthorized data access or use will not occur despite prevention efforts. In the future, attempts may be made to disable the Company's systems or breach the security of its systems. It is generally difficult to recognize techniques to obtain unauthorized access to personal information, confidential information and/or the systems on which such information are stored and/or to sabotage systems until they are launched against a target, as they frequently change. As a result, the Company may be unable to anticipate these techniques or to implement adequate preventative measures.

The market perception of the Company's security measures could be harmed if an actual or perceived security breach occurs. A security breach could cause the loss or corruption of data, which could harm the Company's business and business prospects. Any failure to maintain the security of the Company's systems could result in loss of personal information and/or other confidential information, damage to the Company's reputation and relationships with customers and suppliers, early termination of contracts with customers and suppliers and other business losses, indemnification of others, financial penalties, litigation, regulatory investigations and other significant liabilities. In the event of a major third-party security incident, the Company may incur losses in excess of its insurance coverage.

Competing innovations and products.

The Company expects to encounter intense competition from business that provide competing products to those offered by the Company. Many of the Company's competitors have substantially greater financial, technical, research, marketing, sales, service and other resources than the Company, and may develop products that are superior or may gain greater market acceptance than those offered by the Company. Competitors may succeed in obtaining intellectual property protections for their products before the Company obtains protection for its own innovations and inventions. If the Company's competitors develop products that have greater market attraction than the Company's or that render the Company's products obsolete or non-competitive, the Company's business will suffer.

Intellectual Property.

The Company relies on trade secrets, patent and other intellectual property laws of Canada, the United States and the other countries where it intends to do business to protect its intellectual property rights. The Company may be unable to prevent third parties from using its intellectual property without its authorization. The unauthorized use of the Company's intellectual property could reduce any competitive advantage that it has developed, reduce its market share or otherwise harm its business. In the event of unauthorized use of the Company's intellectual property, litigation to protect and enforce the Company's rights could be costly, and the Company may not prevail.

In addition to patents, the Company may rely on unpatented technological innovation and other trade secrets to develop and maintain its competitive position. Although the Company may enter into confidentiality agreements with its employees and third parties to protect its intellectual property, these confidentiality agreements may be of limited in duration, could be breached and may not provide meaningful protection of its trade secrets including in relation to the Company's intellectual property. Adequate remedies may not be available if there is an unauthorized use or disclosure of the Company's trade secrets or expertise. In addition, others may obtain knowledge about the Company's trade secrets through independent development or by legal means. The failure to protect the Company's processes, technology, trade secrets and proprietary manufacturing expertise, methods and compounds could have a material adverse effect on its business by jeopardizing critical intellectual property.

Where product development or processes are kept as a trade secret, third parties may independently develop or invent and patent products or processes identical to such trade secret products or processes. This could have a material adverse effect on the Company's ability to make and sell its products or use such processes and could potentially result in costly litigation in which the Company might not prevail. The Company could face intellectual property infringement claims that could result in significant legal costs and damages and impede its ability to produce key products, which could have a material adverse effect on its business, financial condition, and results of operation.

Regulation of Products.

The Company's products may be subject to significant regulatory approval. Where regulatory approval is required, the Company's future profitability may depend on the Company receiving regulatory approval for its product candidates and its ability to successfully manufacture and market approved products. If the Company is not able to obtain regulatory approval if and when such approval is required, the value of the Company and the Company's results of operations could be harmed. Obtaining regulatory approval for the Company's products where required may be a lengthy and expensive process, and the Company's ability to obtain such approval may be uncertain.

Reliance on Third Party Manufacturers

The Company relies on well established large-scale contract manufacturers to produce its WPF and PPF products and to mix and supply the nanoparticles used in the Company's automotive products. In addition, the Company uses one large manufacturer to produce its nanoparticles for its defence products. As these are third parties over which the Company will have little or no control, the failure of such third parties to manufacture or supply these products on a timely basis could have a material adverse effect on the business, financial condition and operating results of the Company. In addition, contracting manufacturers used by the Company could face their own unexpected interruptions in the manufacturing process or they could fail to manufacture products to the Company's specifications, which could have a material adverse effect on the Company's operations.

Although the Company utilizes well established large-scale contract manufacturers and believes that the source of raw materials used to manufacture the Company's products, including nanoparticles, are generally adequate, it is difficult to predict what effects disruptions to the operations of the Company's contract manufacturers or shortages or price increases in raw materials may have in the future. Disruptions to the operations of contract manufacturers, the inability of contract manufacturers to keep up with the Company's needs or disruptions in the supply of raw materials could affect the Company's ability to manage its inventory and meet customer delivery requirements. The Company's inability to fill its supply needs would jeopardize its ability to fulfill its purchase orders, which could, in turn, result in reduced sales and damage to customer relationships, and could have a material adverse effect on the Company's operating results, financial condition, or cash flows.

With respect to the Company's defence products, the Company currently uses a single manufacturer to produce its nanoparticles. As the Company does not currently have alternative suppliers for this business line, the Company's defence related business may be more susceptible to disruptions emanating from the Company's single source supplier, including labour disputes, accidents, acts of god or other interruptions to the supplier's business.

In the future, the Company may seek to implement toll manufacturing for its nanoparticle formulations, including Crypsis. Implementing a toll manufacturing arrangement may provide benefits to the Company, such as greater control over its supply chain and greater flexibility in its ability to customize formulations. However, such an arrangement may come with additional risks. In particular, the Company would be responsible for sourcing raw materials for the manufacture of its nanoparticle formulations, which could result in supply chain disruptions if the Company is not able to find a reliable source of the necessary required raw materials. In addition, because the Company will be responsible for coordinating more parts of the manufacturing process, the Company may not be able to effectively manage this process. Although the Company would expect to enter into confidentiality and non-disclosure arrangements with its toll manufacturers and raw material suppliers, there may be greater risk that proprietary information may be leaked or misused.

Inventory Holdings

Upon completion of the Offering, the Company intends to purchase additional inventory in order to mitigate any potential future supply issues. Although the Company believes that it will ultimately sell all additional inventory, the holding of additional inventory may result in an increase in costs to store the inventory and may become obsolete if not sold in a timely manner. These additional costs and the inability to sell the additional inventory may have a negative impact on the financial results of the Company.

No Long-Term Supply Contracts

The Company does not currently have fixed long term supply contracts with its third party manufacturers. This provides the Company with greater flexibility with respect to allocation of resources and sourcing of alternative suppliers. However, this may place the Company at greater risk of negative impacts to its supply chain. In particular, the Company may be at greater risk of arbitrary changes to the terms and conditions attached to the Company's purchases of materials, including price increases. In addition, there may be risks that the Company's suppliers are unwilling or unable to meet the Company's future supply needs.

Tariff and Trade Restriction Risk

Countries may, from time to time, implement, modify, and remove tariffs and other trade restrictions. These actions can negatively affect the Company by increasing the cost to produce or sell its products or otherwise disrupt the supply of its products or limit the Company's ability to sell its products in markets outside Canada.

In 2025, the United States raised tariffs on most goods imported to the United States, prompting Canada to respond with counter-tariffs. However, products covered under the Canada United States-Mexico Agreement ("CUSMA") are not subject to import tariffs. The Company's PET products are manufactured in the United States. The Company's Crypsis nanoparticles are also manufactured in the United States. As such, the Company believes that its PET products and Crypsis nanoparticles are covered under CUSMA and are free from tariffs imposed by the United States. However, there remains a risk that tariffs are nonetheless imposed on these products by government agencies or that customs brokers or other shipping agents may mistakenly charge the Company for tariffs. In addition, the Company's other automotive film products (ExoShield Sprint and ExoShield MACH) are manufactured outside the United States, Mexico and Canada and, as such, are currently subject to tariffs when shipped to the United States. The Company has not increased its prices due to the tariffs which negatively impact profits. In the future the Company may pass these additional costs onto its customers, which could reduce sales and damage the Company's relationship with its customers.

Notwithstanding the foregoing, CUSMA is currently being reviewed by Canada, the United States and Mexico. In addition, on July 20, 2026, the United States announced 50% tariffs on a range of Canadian goods which are set to take effect on August 19, 2026. The tariffs announced by the United States also apply to goods that are compliant with CUSMA. If these tariffs come into effect, or if CUSMA is renegotiated or cancelled, or the United States otherwise determines that tariffs are to be applied to the Company's products sold in the United States regardless of where they are manufactured, the Company may experience lower profit margins on its products or the Company could be required to increase the price of its products, which could negatively impact the Company's sales of those products, including, in both cases, the Company's PET and Crypsis products. In addition, Canada could apply retaliatory tariffs, which could result in the Company being required to pay tariffs on products manufactured in the United States and imported into Canada by the Company for subsequent processing or resale. Tariff rates imposed by the United States, and retaliatory tariffs imposed by Canada, have been subject to significant variance since January 2025 and in some cases changing in the span of months or weeks. As such, the Company is not able to accurately predict the potential impact of tariffs on its business and the Company may have difficulty responding to changes in tariff rates.

Management of Growth

The Company may in the future, experience rapid growth and development in a relatively short period of time by aggressively marketing its automotive and defence related products. The Company may be subject to growth related risks including capacity constraints at its facility in Kitchener, Ontario and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Risks Relating to the Company's securities

Market price of Common Shares and volatility.

Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to the Company's performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Common Shares may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares.

The market price of the Common Shares is affected by many other variables which are not directly related to our success and are, therefore, not within the Company's control. These include other developments that affect the breadth of the public market for the Common Shares, the release or expiration of lock-up or other transfer restrictions on the Common Shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares is expected to make the Common Share price volatile in the future, which may result in losses to investors.

No active market.

An active public market for the Common Shares might not develop or be sustained. Even if a market develops, there is no assurance that the price of the Common Shares will reflect the prevailing market price of the Common Shares immediately following the Listing Date. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited, and the Common Share price may decline below the initial public offering price.

Dividends.

The Company intends to retain earnings, if any, to finance the growth and development of its business and does not intend to pay cash dividends on the Common Shares in the foreseeable future, if ever. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

Substantial number of authorized but unissued shares.

The Company has an unlimited number of Common Shares that may be issued by the Board without further action or approval of the Company's shareholders. While the Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders.

Dilution.

Future sales or issuances of equity securities could decrease the value of the Common Shares, dilute shareholders' voting power and reduce future potential earnings per Common Share. The Company intends to sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) and may issue additional equity securities to finance the Company's operations, development, exploration, acquisitions or other projects. Substantial additional financing may be required by the Company. The Company cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per Common Share.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Tax Issues.

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to subscribing for the securities.

OTHER INFORMATION

Securities outstanding

As at June 30, 2026, the Company had the following securities issued and outstanding:

Security	Number Outstanding	Exercise / Conversion Price
Common Shares	29,017,031	N/A
Stock Options (time-based and performance)	2,563,439	$0.29 – $0.85
Convertible Debt	$7,851,000	$0.75

Notes:

- Convertible debt is convertible into common shares at $0.75 per share upon the Company's public listing. The NameSilo and Additional Convertible Loans, both principal and accrued interest, will automatically convert into common shares upon a public listing event. (*See Debt Financing above*)
- Stock options are exercisable into common shares in accordance with their respective terms.