Zentek.

Management's Discussion and Analysis

For the Three and Six-Month Period ended September 30, 2026

Dated: November 16, 2026

(Expressed in Canadian Dollars)

INTRODUCTION

This Management Discussion and Analysis ("**MD&A**") is dated November 16, 2026, and is in respect of the three and six-month period ended September 30, 2026. The following discussion of the financial condition and results of operations of Zentek Ltd. (the "**Company**") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six-month period ended September 30, 2026.

This discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and corresponding notes to the condensed interim consolidated financial statements for the three and six-month periods ended September 30, 2026 and 2025, the most recently completed fiscal period, and MD&A and audited consolidated annual financial statements for the years ended March 31, 2026 and 2025 (the "Annual Financial Statements"). The Company's condensed interim consolidated financial statements have been prepared using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") (collectively "IFRS Accounting Standards") and have been condensed with certain disclosures from the Annual Financial Statements omitted. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars which is the Company's functional and reporting currency.

Additional information relating to the Company can be found under the Company's profile on SEDAR+ at www.sedarplus.ca.

FORWARD-LOOKING STATEMENTS

This MD&A and the documents incorporated into this MD&A contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as "forward-looking statements"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this MD&A or the dates of the documents incorporated herein, as applicable. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases, or stating that certain actions, events or results "may" or "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company after the date of this MD&A; market position, ability to compete and future financial or operating performance of the Company after the date of this MD&A; statements based on the audited and unaudited financial statements of the Company; anticipated developments in operations; the timing and amount of funding required to execute the Company's development and business plans; intellectual property expenditures; capital and exploration and development expenditures; the effect on the Company of any changes to existing legislation or policy; government regulation of patent law or mining operations; the length of time required to obtain permits, certifications and approvals; markets for the Company's graphene related products and the ability to supply those markets; the success of exploration, development and mining activities; the geology of mineral properties; environmental risks; the availability of labour; demand and market outlook for critical minerals and the prices thereof; progress in development of mineral properties; estimated budgets; currency fluctuations; requirements for additional capital; government regulation; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; planned business activities and planned future acquisitions; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Company's management, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties, and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation, those risks outlined under the heading *Risk and Uncertainties* in this MD&A.

The list of risk factors set out in this MD&A is not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this MD&A generally and certain economic and business factors, some of which may be beyond the control of the Company, including, among other things, potential direct or indirect operational impacts resulting from infectious diseases or pandemics, from international or domestic conflicts or political crises, and other factors not currently viewed as material that could cause actual results to differ materially from those described in the forward-looking statements. In addition, recent events in the world economy and global financial and credit markets have resulted in high market and commodity volatility and a contraction in debt and equity markets, which could have a particularly significant, detrimental, and unpredictable effect on forward-looking statements. The Company does not intend and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all these reasons, the Company's securityholders should not place undue reliance on forward-looking statements.

Description of the Business

The Company is an intellectual property development and commercialization company operating in the advanced materials and graphene sector, with activities spanning healthcare, clean air and next-generation materials. On January 29, 2026, the Company issued a shareholder letter outlining a strategic reset adopted in January 2026. In that letter, management set out is intention to continue de-risking and advancing the Albany Graphite Project through additional technical work and continued advancement of a purification process, and to improve the quality and completeness of the technical and economic information base, so that the Company could evaluate strategic options including partnerships, offtake opportunities and other potential transactions. Following such strategic reset, the Company has concentrated its activities on three core platforms, each described below.

These platforms are: (i) the development of specialty materials, including ZenGUARD™, a proprietary graphene-oxide dispersion coating applied to personal protective equipment ("**PPE**") and heating, ventilation and air conditioning ("**HVAC**") air-filtration media; (ii) the Albany Graphite Project, a graphite project located in Northern Ontario held through the Company's wholly-owned subsidiary Albany Graphite Corp., from which ultra-high-purity graphite has been produced at bench scale, and which is being advanced for high-value markets such as lithium-ion battery anodes and nuclear-grade graphite; and (iii) aptamer-based diagnostic and therapeutic technologies held through the Company's wholly-owned subsidiary Triera Biosciences Ltd. under an exclusive global license from McMaster University.

The Company generates, or intends to generate, value through the licensing of its intellectual property, the supply of finished coated media and products, direct product sales, sales of specialty materials, and contract research and development services, supplemented by government grants and programs.

Discussion of Operations

The Company's operations are set out below under three subheadings: (i) Current Business, (ii) Products and Business in Development, and (iii) Operations not Currently Being Pursued.

Current Business

Specialty Materials Platform

The Company develops graphene-based coatings and has the capability to apply them at industrial scale, and operates a licensed and permitted coating and compounding facility at its leased premises in Guelph, Ontario. Currently, the Company's ZenGUARD™ coating and coated products is the only specialty material generating revenue. The Company also earns revenue from contract intellectual property development work.

ZenGUARD™ is engineered as a graphene oxide ("**GO**") / silver compound coating, which has shown to significantly increase viral filtration efficiency by enhancing the mechanical disruption of microbe-carrying aerosols, and was developed to be incorporated into PPE and HVAC filter materials. In 2022 the Company completed construction of an industrial scale production and coating facility for manufacturing and coating the ZenGUARD™ compound to spunbond polypropylene for use in surgical masks, HVAC filter materials, other PPE equipment, and potentially other uses. The Company operates this licensed and permitted coating and compounding facility at leased premises in Guelph, Ontario. The facility produces the ZenGUARD™ coating formulation and applies it to filter media and other materials. The Company has invested approximately $5.3 million in property, equipment, research and development and process validation at the facility. The existing slitter configuration is not appropriate for commercial-scale production of coated HVAC filters, and it expects to incur additional capital expenditures of at least approximately $85,000 for basic retrofit and scale-up modifications to the coating line in order to provide custom size coated media. Because its third-party manufacturer did not provide reliable supply, on June 5, 2026 the Company acquired mask manufacturing equipment so that it controls production, and ZenGUARD™-coated surgical masks are now manufactured at the Guelph facility. The mask line became production-ready on October 13, 2026.

Additionally, the Company also performs development work for industrial customers under contract, billed on milestones or on time and materials.

ZenGUARD™-Coated PPE

The Company is authorized to sell ZenGUARD™-coated PPE such as surgical masks in Canada pursuant to its Medical Device Establishment Licence from Health Canada (licence number 18823). Sales of ZenGUARD™-coated PPE in the United States requires U.S. Food and Drug Administration ("**FDA**") 510(k) clearance. The application was filed in April 2024 and currently remains outstanding.

The Company acquired mask manufacturing equipment in June 2026, which has been installed and commissioned, and the Company is now manufacturing ZenGUARD™-coated surgical masks at its Guelph facility. Distributed in Canada by Henry Schein Inc., under an agreement that remains in effect and has generated recurring sales in each of the last three financial years, and by Southmedic Inc., under an agreement that remains in effect but under which no sales have been made. Medwell Solutions LLC holds United States distribution rights, and to date no sales have been made under that agreement and none are expected until the Company's 510(k) application for ZenGUARD™ Surgical Masks receives clearance from the United States Food and Drug Administration.

ZenGUARD™ Enhanced Air Filters for HVAC

Applied to HVAC filter media, the ZenGUARD™ coating is designed to enhance filtration performance of the substrate filter media without increasing pressure drop, and thus decreasing energy consumption, and related carbon emissions relative to filter performance, while being compatible with existing HVAC systems. ZenGUARD™ -coated HVAC filter media is supplied to reputable filter converters, which complete filter assembly prior to marketing ZenGUARD™ Enhanced Air filters.

On May 6, 2026, Health Canada confirmed that ZenGUARD™ Enhanced Air Filters are not subject to the *Pest Control Products Act*, the result of which was that the Company could commence accepting commercial orders in Canada and that ZenGUARD™ Enhanced Air Filters were added to the Innovative Solutions Canada Pathway to Commercialization source list for a three year period, meaning that Canadian federal departments or agencies can purchase ZenGUARD™ Enhanced Air Filters directly. On August 20, 2026, the Company was awarded a Government of Canada standing offer for HVAC filters, running to August 18, 2027. The standing offer allows federal departments to order from the Company on pre-agreed terms. It carries no minimum purchase volume and does not guarantee orders. The Company has received its first orders under the standing offer. ZenGUARD™ Enhanced Air Filters have also been available for direct procurement by federal departments and agencies since May 13, 2026.

In the United States, the Environmental Protection Agency ("**EPA**") issued a written determination that a ZenGUARD™ Enhanced Air Filter is a pesticide under the *Federal Insecticide, Fungicide, and Rodenticide Act* ("**FIFRA**") and also constitutes a pesticidal device. EPA reached this conclusion because the filters are treated with a silver-based coating and are promoted with viral filtration efficiency and other public-health claims. As a result, sale or distribution of ZenGUARD™ Enhanced Air Filters with pesticidal claims in the United States requires compliance with FIFRA, which may include registration of the product and its active ingredient(s) and approval of labelling. The Company is assessing the feasibility, cost and timing of any potential FIFRA registration pathway and has not yet filed a full registration application for ZenGUARD™ Enhanced Air Filters with EPA. However, the Company is currently able to sell ZenGUARD™ Enhanced Air Filters in the United States, through its contracted United States manufacturer and distributor Quality Filters Inc., by incorporating into such filters a silver technology licensed by the Company from Applied Silver Inc. that has already been EPA registered.

ZenGUARD™ Monetization Framework

The Company's ZenGUARD™ technology offers three principal commercialization pathways, capitalizing on the Company's proprietary graphene-oxide dispersion coating process and manufacturing expertise developed at its Guelph, Ontario facility where the Company has established pilot-scale compounding capabilities.

During the quarter, the Company invested in the team needed to execute its commercialization strategy. In the last two weeks of September 2026, the Company added a Market Development lead focused on defence applications, to pursue opportunities in that sector. It also added a Capital Projects and FP&A lead to support the planning, financing and execution of capacity investments as commercial demand develops. Subsequent to quarter end, on October 14, 2026, the Company added an highly experienced Vice President of Sales to deploy our indoor air filtration go to market strategy. Because these hires joined at or near the end of the quarter, their contribution is not yet reflected in Q2 results.

Pathway 1 - Comprehensive IP Licensing and Technology Transfer: The Company would license its ZenGUARD™ intellectual property, precise dispersion coating formulation, molecular synthesis protocols, and operational know-how to a well-capitalized regional partner. The Company anticipates that an agreement under this pathway would provide that the partner assume full capital expenditure responsibility to construct a commercial-scale dispersion coating facility for continuous filter media treatment, and an integrated molecular synthesis and compounding facility to produce the active ZenGUARD™ nanocomposite, while the Company would receive license and/or royalty fees, potentially representation high-margin recurring revenue for the Company. The pathway contemplates partner-led regulatory navigation in target markets, and therefore the Company's revenue realization from royalties is thus contingent upon local partners' proficiency in securing requisite product registrations and certifications.

Pathway 2 - Finished Coated Media Supply: The Company supplies pre-coated filter media directly to partners for final assembly into finished HVAC filters or face masks. This model requires minimal partner capital expenditure, being assembly equipment only, while delivering media sales revenue through validated supply chain and quality assurance protocols. The Company currently has the coating capability at its Guelph facility required for this pathway, which produced the coated media from which the Company's initial product revenue was generated, and the pathway is therefore executable without further capital investment by the Company at current volumes. Supply at volumes beyond the Company's present capacity would require scale-up. The pathway contemplates partner-led regulatory navigation in target markets, and therefore the Company's revenue realization is thus contingent upon local partners' proficiency in securing requisite product registrations and certifications.

Pathway 3 - Direct-to-Consumer: The Company continues to evaluate and work towards, direct-to-consumer sales of finished ZenGUARD™-enhanced products to end users, including potential online and e-commerce fulfillment. The Company has not operated a direct-to-consumer model to date, and any such channel would be pursued only where supported by regulatory clearance, available manufacturing capacity, and acceptable margins.

The Company views Pathway 1 (IP licensing with technology transfer) as the preferred commercialization route, as it generates high-margin recurring revenue without significant capital requirements from the Company while enabling rapid geographic expansion through well-capitalized regional partners. However, the Company continues work to seeking to generate revenue within Pathways 2 and 3.

Summary of Patents

The Company's intellectual property comprises patent families covering graphene-silver and graphene-oxide nanocomposites, including the ZenGUARD™ technology; anti-corrosion and intumescent coating additives; icephobic elastomer coatings; and multivalent aptamer constructs licensed from McMaster University. On May 5, 2026, the United States Patent and Trademark Office issued U.S. Patent No. 12,616,206 covering ZenGUARD™ as a graphene-based coating for use on filtration media, including HVAC filters and PPE masks. The Company holds a ZenGUARD™ trademark family with registrations or applications in North America, Europe, South America, Africa and the Asia-Pacific region, together with the ZenARMOR™ and TRIERA™ marks at various stages of protection.

The Company's revenue model depends on licensing, and a license is worth only what the underlying patent will support. The portfolio is therefore the asset being sold rather than a defensive cost. The Company files in the jurisdictions where its target markets and partners are and allows filings outside those markets to lapse.

The Company and its external counsel review every patent family to identify issue fees, maintenance fees, national-phase deadlines and outstanding assignments, and to decide which families to maintain and which to let lapse. The decisions that carry the most weight are in the United States and Europe and concern the ZenGUARD™ and coating additive families and the licensed McMaster aptamer applications.

The Company files for quality rather than count. New filings, continuations and country selections are directed at technologies that support a product on the market, a development program under contract, or a licensing discussion already underway.

To support this objective, management is implementing a formal IP governance framework which includes:

- A centralized intellectual property register;
- Clear accountability by business line; and
- Regular cross-functional reviews involving research and development, commercial, and legal teams to assess whether individual assets should be maintained, expanded, licensed, or discontinued.

The Company treats its patents and trademarks as revenue-generating assets. They are the foundation on which stands the Company’s business model of licensing formulations to partners, and the basis on which partners operating in regulated markets are prepared to rely on the Company's technology.

Set out below is a list of patents currently held by the Company.

Business Arm	Patent Family / Title	Jurisdiction	Application / Patent No.	Owner / Applicant
Zentek (general)	Graphene-silver nanocomposites as an antimicrobial composition (ZenGUARD)	Canada	CA 3,152,759	Zentek Ltd.
Zentek (general)	Graphene-silver nanocomposites as an antimicrobial composition (ZenGUARD)	United States	US 18/245,971 (US Pat. 12,616,206)	Zentek Ltd.
Zentek (general)	Graphene-silver nanocomposites as an antimicrobial composition (ZenGUARD)	Japan	JP 2023-517716 (JP Pat. 7794814)	Zentek Ltd.

Zentek (general)	Graphene-silver nanocomposites as an antimicrobial composition (ZenGUARD)	Europe (EPO)	EP 21867999.1	Zentek Ltd.
Zentek (general)	Graphene-silver nanocomposites as an antimicrobial composition (ZenGUARD)	Australia	AU 2021345508	Zentek Ltd.
Zentek (general)	Graphene-silver nanocomposites as an antimicrobial composition (ZenGUARD)	India	IN 202317028770	Zentek Ltd.
Zentek (general)	Graphene-silver nanocomposites as an antimicrobial composition (ZenGUARD)	Mexico	MX/a/2023/002560	Zentek Ltd.
Zentek (general)	Graphene oxide–cationic silver nanocomposites as broad-spectrum antimicrobial agents	Canada	CA 3,169,191	Zentek Ltd.
Zentek (general)	Graphene oxide–cationic silver nanocomposites as broad-spectrum antimicrobial agents	United States	US 18/259,010	Zentek Ltd.
Zentek (general)	Carbon-based nanomaterial-enhanced elastomer coating for passive ice accretion prevention	Canada	CA 3,228,232	Zentek Ltd.
Zentek (general)	Carbon-based nanomaterial-enhanced elastomer coating for passive ice accretion prevention	Europe (EPO)	EP 22854817.8	Zentek Ltd.
Zentek (general)	Carbon-based nanomaterial-enhanced copolymeric coating for passive ice accretion prevention	International (PCT)	PCT/CA2026/050990	Zentek Ltd.
Zentek (general)	Hybridized graphene / metal-organic framework nanocomposite as additive for intumescent coatings	United States	US 18/851,046	Zentek Ltd.
Zentek (general)	Intumescent gels for rapid, short-term protection against fire and flame spread	International (PCT)	PCT/CA2026/050106	Zentek Ltd.
Zentek (general)	Anti-corrosion cerium-modified zinc phosphate decorated graphene oxide nanoplatform	Canada	CA 3,259,223	Zentek Ltd.
Zentek (general)	Anti-corrosion cerium-modified zinc phosphate decorated graphene oxide nanoplatform	United States	US 18/874,567	Zentek Ltd.
Zentek (general)	Graphene oxide nanoplatforms modified with walnut-shell-derived phenols as anti-corrosion additives	Canada	CA 3,281,906	Zentek Ltd.
Zentek (general)	Graphene oxide nanoplatforms modified with walnut-shell-derived phenols as anti-corrosion additives	United States	US 19/154,661	Zentek Ltd.
Zentek (general)	Conductive polymer-modified ferrite-decorated thermomechanically exfoliated graphite composites for EMI shielding	United States	US Prov. 64/125,958	Zentek Ltd.

Zentek (general)	Processes for the preparation of expanded graphite and exfoliated graphene oxide	Canada	CA 3,155,463	Joint: University of Guelph and Zen Graphene Solutions Ltd. (now Zentek Ltd.)
Triera	Homotrimeric aptamer for molecular recognition	Canada	CA 3,268,607	McMaster University (licensed to Zentek / Triera)
Triera	Homotrimeric aptamer for molecular recognition	United States	US 19/113,862	McMaster University (licensed to Zentek / Triera)
Triera	Multivalent trident aptamers for molecular recognition	Canada	CA 3,268,608	McMaster University (licensed to Zentek / Triera)
Triera	Multivalent trident aptamers for molecular recognition	United States	US 19/113,866	McMaster University (licensed to Zentek / Triera)
Triera	Multivalent trident aptamers for molecular recognition	Europe (EPO)	EP 23866764.6	McMaster University (licensed to Zentek / Triera)
Triera	Multivalent trident aptamers for molecular recognition	India	IN 202517038558	McMaster University (licensed to Zentek / Triera)

Products and Business in Development

Specialty Materials Platform

ZenGUARD™ - Global Partnerships

The Company invested significant management time and travel in developing commercialization channels in the Gulf Cooperation Council region. That work established relationships and advanced technical validation, and it also established that the commercial conversion cycle in the region is longer than the Company had anticipated. Management has since applied a capital discipline test to this activity: no incremental management time or Company capital is committed to a regional channel without a validated revenue path and partner cost-sharing. Therefore, certain of such initiatives have been paused and are described below under the heading "*Operations not Currently Being Pursued*". The initiatives described below are consequently structured to advance only with partner capital and partner developed timelines. Each such arrangement contemplates partner funding, and none requires capital from the Company to proceed. Management currently regards them as downstream market expansion opportunities preserved by the existing relationships, rather than as near-term revenue contributors. The current status of each arrangement described in this subsection is set out below, together with whether any sales have been made under it.

The Company announced on March 30, 2023 that it had appointed Arka BRENStech Pvt Ltd as a local partner in India to develop sales and distribution opportunities for the Company's ZenGUARD™-coated masks and ZenGUARD™ Enhanced Air Filters in India, and to assist with regulatory navigation and sourcing of manufacturing partners. While the agreement remains in effect and the relationship is being maintained for potential work in the future, no sales or revenue has been generated to date and the Company has elected to prioritize resources toward partnerships with nearer-term revenue potential and is not currently allocating management time or capital to the Indian market.

On April 14, 2025, the Company announced a collaboration agreement with Filtration Solutions Industrial Co. ("**FSCO**"), a manufacturer and distributor of air filtration products based in Saudi Arabia, to manufacture and distribute ZenGUARD™ Enhanced Air Filters across the Gulf Cooperation Council region. The arrangement contemplates partner-funded coating and compounding capacity in Saudi Arabia, with no capital from the Company required for it to proceed. The collaboration remains in effect. FSCO has completed initial sampling and customer validation and is working toward integration with Aramco's procurement system, which is a prerequisite to purchase orders. The Company is not funding the arrangement ahead of a partner commitment, and there have been no sales generated under this agreement to date.

The Company entered into an agency agreement dated May 7, 2025, with RSK Environment Ltd. ("**RSK**"), a global environmental consulting, engineering and technical services business, headquartered in the United Kingdom. The agreement engaged RSK as a sales and project development conduit for ZenGUARD™ Enhanced Air Filters and provides for compensation solely through fixed commissions on closed sales. The arrangement requires no capital from either party and the Company retains responsibility for manufacturing, coating and fulfilment. The engagement remains in effect and to date has not produced a closed sale or generated any revenue. Contacts arising from it have advanced toward a prospective pilot deployment in the United Arab Emirates. The Company's cost of maintaining the arrangement is limited to commissions payable on sales actually closed.

In November 2025, at the Middle East Corrosion Conference, the Company entered into a non-binding memorandum of understanding with Aramco relating to graphene-based HVAC filtration. The memorandum of understanding contemplates that Aramco or a consortium of local partners would fund coating and compounding facilities. While technical validation has progressed, commercial conversion has been slower than anticipated and the Company does not currently expect the memorandum of understanding to convert to definitive agreements in the near term. The Company maintains the relationship and will respond to partner-led progress but is not allocating incremental resources to accelerate it. The memorandum of understanding has not resulted in any sales or revenue to date, and there is no assurance that it will result in definitive agreements, sales or revenue.

The Company submitted a proposal to the Ministry of Mining and Industries, Kingdom of Saudi Arabia for the manufacturing in Saudi Arabia of ZenGUARD™ Enhanced Air Filters, which proposal is currently under review. Any resulting facility would be funded by a partner, potentially with government incentives. However, it is a proposal only, no sales or revenue has been generated to date, there is no binding agreement or commitment from any party, and there can be no assurance that any agreement or commitment will result.

ZenFire – Fire Retardant

The Company has filed patent applications for a Graphene Oxide–Metal-Organic Framework ("GO-MOF") compound for use in fire retardant products: a provisional application with the United States Patent and Trademark Office in March 2022, an international (PCT) application with the World Intellectual Property Organization in March 2023, and a United States national phase application in September 2024. Management of the Company considers the manufacturing of the GO-MOF compound as relatively easily scalable and efficient, due to a patent-pending facile synthesis process. The Company believes the fire-retardant GO-MOF additive could potentially be placed in a variety of coating products, such as latex, epoxies, resins, or to be included in structural polymers. When integrated into a polymer, it could potentially create a fire-resistant plastic that could be used in electric vehicles, providing a fire-resistant non-metal casing for the batteries. Management currently expects that GO-MOF production could be carried out at the Company's Guelph facility with minimal additional capital expenditure. Formulation optimization in the Company's laboratory was continuing as at September 30, 2026.

As a result of this optimizations, the Company has expanded its development of fire retardant additives to include alternative nanomaterials and carrier matrices. Development efforts are now directed toward a separate formulation approach intended for fire retardant coating products. Management believes this approach may offer a more direct path to commercially relevant applications than an additive-only strategy. Current activities include formulation refinement, internal performance screening, and preparation for independent testing against recognized fire performance standards. The Company is also evaluating intellectual property protection, applicable regulatory requirements, and potential commercialization pathways, which may include collaboration with industry participants. The program remains at an early stage of development. There can be no assurance that the Company will successfully develop, validate or commercialize a fire retardant coating product, or as to the timing of any such development. The Company intends to provide further updates as development milestones are achieved and as appropriate. The new formulation is based on silane-treated ammonium polyphosphate and is halogen-free. In ASTM E84 testing at Intertek (November 2025), a 0.7 mm coat on ¼-inch OSB achieved a flame spread index of 5 and a smoke-developed index of 70, within the range associated with Class A. The Company's next step is testing on weathered specimens to ASTM E84 and CAN/ULC-S102.

On November 5, 2025, the Company announced the development of a novel Graphite Gel-Based Fire-Retardant ("**GBFR**") product that combines both rapid gelation and intumescent components to rapidly protect homes from wildfires. Altek Advanced Materials Inc. ("**Altek**") was granted conditional, exclusive rights to commercialize the technology in the US, pursuant to a development and collaboration agreement between the Company and Altek dated November 4, 2025 ("**Altek GBFR Agreement**") with a five year term. Pursuant to the Altek GBFR Agreement, the Company granted an exclusive license to Altek to develop, manufacture and commercialize the GBFR in the US, in consideration for Altek funding the development of the GBFR, providing, however, that such license will convert to a non-exclusive license in the event that the annual royalty payments to the Company are less than $1M annually, following a ramp-up period of 18 months from the date of the agreement. Under the Altek GBFR Agreement, the Company will retain ownership of the GBFR intellectual property, and Altek is responsible and liable for all regulatory matters in the US. The Company substantially completed the defined GBFR development work packages. On March 3, 2026, Altek informed the Company that they were moving forward in another direction and work with Altek was completed. To date, the Company has recognized IP development fees earned from Altek under the GBFR Agreement only. The Company has not received a commercialization plan from Altek for the GBFR in the United States. Zentek retains ownership of all intellectual property developed under the Altek GBFR Agreement, including the GBFR formulation and the results of the completed development work packages. Under its terms, the exclusive license converts to a non-exclusive license if annual royalty payments to Zentek fall below $1 million following an 18-month ramp-up period from November 4, 2025. The Company is assessing its options with respect to the agreement and is evaluating commercialization pathways for its intellectual property portfolio, including licensing structures intended to maintain continuity of commercialization activity where a counterparty does not proceed.

Icephobic Coating ("ZICE01")

The Company is developing a patent-pending, carbon-based, nanotechnology-enhanced coating designed to prevent or reduce ice accretion on aviation surfaces, including uncrewed aircraft, and wind energy infrastructure. The technology functions passively, without heating elements, chemical de-icing fluids or mechanical intervention. Development has proceeded through a sequence of independent validation stages. The Company prepared graphene-enhanced elastomer material and coated coupons for testing at the National Research Council of Canada's ("**NRC**") Altitude Icing Wind Tunnel in Ottawa. The ZICE01 coatings underwent full flight trials on a specially equipped research aircraft under real-world ice-forming conditions, and testing included laboratory evaluation, in-flight trials (including outdoor), drone applications in adverse weather, and sand erosion testing, and produced very successful results. The Company has filed a full patent application with the World Intellectual Property Office for Nanomaterial-Enhanced Elastomer for Passive Ice Accretion Prevention, and in Canada and Europe. Independent repetition of the ice-adhesion results, icing-cycle retention testing and durability testing are planned for the period ending March 31, 2027.

Transport Canada regulations prohibit the operation of a remotely piloted aircraft system where icing conditions are observed, reported or likely to be encountered along the route of flight, unless the aircraft is equipped with de-icing or anti-icing equipment together with equipment designed to detect icing. The Company is consulting with Transport Canada regarding the potential acceptance of its passive ice accretion technology as a means of compliance with the anti-icing requirement and is concurrently seeking a collaborator capable of supplying complementary ice detection equipment. There can be no assurance as to the outcome or timing of these discussions.

The Company continues to evaluate and pursue partners to commercialize the technology, including drone manufacturers and specialists in elastomer production. Because the NRC has been evaluating a range of coatings in parallel, the Company has participated in the NRC testing program to date at no cost.

Ice accretion remains an unresolved operating constraint across aviation, wind energy, telecommunications and power transmission, and existing mitigation methods carry meaningful energy, weight or maintenance penalties. Subject to the availability of appropriate funding and commercial partners, the Company considers continued development of this technology to be warranted.

Battery Technology

The Company has collaborated with Dr. Michael Pope at the University of Waterloo since 2017 on the development of battery technology intended to improve anode performance. Anode material has been one of the most studied areas of lithium-ion battery development. Electric vehicle anodes are composed of graphite, which has a limited theoretical specific capacity of approximately 372 mAh/g. Silicon has attracted significant attention as a replacement material, owing to its high specific capacity of 4,200 mAh/g, its low working potential, its low price and its availability. Silicon, however, undergoes substantial volumetric fluctuation, greater than 300% in all dimensions, during charge and discharge. That behaviour is the root cause of poor cycle lifetime, irreversible capacity loss, and the destruction and reformation of the solid electrolyte interface.

Working with silicon in the anode material, Dr. Pope developed a patent-pending graphene-wrapped silicon anode material intended to address these limitations, which achieved a specific capacity of over 1,000 mAh/g and retained over 80% of its capacity over 320 charge-discharge cycles. That specific capacity represented a significant improvement over common graphite anodes, although cycle life remained below that of typical electric vehicle batteries, which lose approximately 4% of capacity over 1,000 charge-discharge cycles. The Company has filed a provisional patent with the United States Patent and Trademark Office and under the Patent Cooperation Treaty.

The Company entered into an agreement under Natural Resources Canada's Energy Innovation Program to continue development of the graphene-wrapped silicon anode material with the University of Waterloo. The program runs from April 1, 2025, to March 31, 2029, with a total budget of approximately $2.1 million, of which approximately $1.55 million is funded by Natural Resources Canada. Its objective is to produce full pouch cells demonstrating the material's storage and performance characteristics. The Company recognized government grants of $84,943 and $196,848 under the program in the three- and six-month periods ended September 30, 2026, respectively.

On October 28, 2022, the Company announced the commencement of a four-year, $1,600,000 research project in collaboration with Professors Mohini Sain and Ning Yan of the University of Toronto and the Ford Powertrain Engineering Research and Development Centre. Funding for the project included $1,200,000 from the Mitacs Accelerate program. The project was directed at assessing novel concepts for the invention of multifunctional materials for use in automotive battery components, including anode, cathode, electrolyte and separator. The Company worked in tandem with University of Toronto researchers, providing and testing advanced graphene materials, including the patent-pending anode material developed by Dr. Pope. As the project reaches its endpoint, numerous innovations in electrode, separator, and solid electrolyte design and fabrication have been achieved by the teams at U of T. Pertinent details from the final report will be made public once available. The Company and U of T are in the process of securing funding to continue development of these technologies.

On August 8, 2024, the Company announced preliminary battery testing results and the commencement of a three-year, $441,000 project in collaboration with Professors Sain and Yan of the University of Toronto, funded by an NSERC Mission Alliance Grant. The Company reported that preliminary results had been achieved from pouch cell batteries featuring engineered Albany graphite prepared by the University of Toronto, showing a minimum 17% increase in capacity over batteries using commercial grade anode material. The project was directed at characterizing and optimizing Albany graphite by exploring pathways to purify the material, increase capacity, enhance cycle life, and engineer the graphite to meet or exceed commercial standards for anode material in the electric vehicle market. These results were generated by the University of Toronto, are preliminary and have not been independently verified. Work under the project is continuing in coin and pouch cells using purified Albany graphite, and the Company expects to report comparative results against industry-standard electrode materials once cells have been tested over a representative number of charge cycles.

Building on this work, the Company is exploring the potential to develop a new category of batteries using ultra-high-purity graphite purified through a fluidized bed reactor process. This collaboration with the University of Toronto is ongoing, with a focus on NATO-aligned defence applications, where supply chain security, material qualification and performance requirements take priority over commodity-scale cost. The Company believes that pairing engineered Albany graphite with fluidized bed reactor purification may support battery components capable of meeting the standards required by allied defence end users. This work is exploratory, the results achieved to date are preliminary, and any path to commercialization would be subject to further testing, independent verification, qualification, and the availability of appropriate funding and partners.

The Company is evaluating the broader application of its materials to work in high-performance battery and energy storage systems for defence end users. Requirements in that market differ from those of the commercial electric vehicle sector: qualification standards, supply chain provenance, environmental tolerance and material traceability are weighed ahead of commodity-scale cost, and the ability to demonstrate a NATO-aligned source of supply is itself a qualifying criterion. The Company believes that domestically sourced, ultra-high-purity graphite produced from the Albany deposit, combined with the graphene materials developed through its university collaborations, may be applicable to energy storage systems used in dismounted, uncrewed and platform applications. This work is at an early stage. The Company has not entered into any agreement for the supply or qualification of materials for defence energy storage applications, and any advancement would be subject to further development, independent testing, formal qualification by end users, and the availability of appropriate funding and partners.

Corrosion Protection

ZenARMOR™ is a novel corrosion protection technology based on functionalized GO, for potential use in naval and marine infrastructure, bridges, buildings, pipelines, and other industries, and which could be produced in the ZenGUARD™ facility. The Company has filed an International Patent Application on this corrosion protection technology, which was filed in Canada and the United States, as well as a trademark for ZenARMOR™.

NRC's Aerospace Research Centre's Aerospace Manufacturing Technologies Centre tested the Company's nano pigment in military-grade chromate-free paints for evaluation. ZenARMOR™ was evaluated in commercial non-chromate aviation paint systems developed by PPG Industries Inc. and Akzo Nobel N.V. The testing on corrosion paint samples was successful in demonstrating the effectiveness of ZenARMOR™ nano-pigments in inhibiting corrosion of the aluminum alloy AA2024-T3. Since these encouraging results, further optimizations and testing designs have been performed, including the development of polyaniline-graphene hybrid additives to allow for lower zinc loading in so-called "zinc-rich" anticorrosive primers, aiming to move toward lighter, more cost-effective primer systems and improve corrosion resistance. The preliminary testing is promising, and the Company is actively seeking collaboration partners to tailor a specific coating system for its compatibility with the high-performance additives.

Electromagnetic Interference Shielding

On August 17, 2026, the Company filed a provisional patent application with the United States Patent and Trademark Office for ZEN-EMI-01, a water-based electromagnetic interference ("**EMI**") shielding coating made from purified graphite from the Company's Albany deposit. The coating is designed to absorb incoming electromagnetic energy, rather than reflect it as metal and metal-filled shielding does. It combines purified Albany graphite for electrical conductivity, magnetic ferrite particles for magnetic absorption, and a conductive polymer binder, and can be applied with standard industrial coating equipment.

In internal laboratory testing at the Company's Guelph facility, an engineered coating of less than 200 um was shown to significantly reduce microwave frequency intensity in the X-band (8 to 12 GHz) primarily through absorption, with the reflected signal below 5 decibels across the tested range. Optimized, engineered coatings have reached attenuations of over 40 dB at frequencies in this band, and further optimization is underway to broaden this attenuation band to produce defence and industry relevant shielding. These results are preliminary and have not been independently verified.

The provisional filing starts a twelve-month period in which the Company may file international (PCT) and national applications. Over that period the Company plans third-party shielding effectiveness testing under standard methods and benchmarking against commercial products; formulation work on ferrite loading, polymer content, layer design and thickness; application and durability testing with prospective defence, aerospace and communications partners; and scale-up of its exfoliation and formulation processes.

ZEN-EMI-01 is at laboratory stage. It has not been tested or qualified for any application, and the Company has no customer agreements for it. There is no assurance that the development program will result in a commercial product or that patent protection will be granted.

Specialty Materials Processing

Since 2024, the Company has pursued a structured program to establish whether material sourced from the Albany Graphite Project can be purified to the specifications required by nuclear, defense, aerospace and premium battery end users, and whether those results are reproducible at increasing scale. The program has advanced from fixed-bed furnace work on bench samples to bench-scale fluidized bed reactor ("FBR") purification, with independent analysis at each stage. The process uses flotation followed by thermal purification in a FBR. Flotation uses widely available reagents and does not require lime or acid pH modifiers. In the reactor, concentrate is suspended in an upward-flowing gas stream and treated at elevated temperature, which removes residual mineral impurities and raises carbon content beyond what flotation alone achieves. No hydrofluoric acid is used at any stage.

Purification performance has been demonstrated at bench scale only. Independent bench-scale testing confirmed purity of 99.9992% with an equivalent boron content of 2.60 ppm. The Company has since reported bench-scale results of 99.99985% carbon purity. Bench-scale results are not necessarily indicative of results at commercial scale. The Company intends that its work on processing using the FBR could result in proprietary technology that could potentially be used by other materials beyond materials sourced from the Albany Graphite Project.

Albany Graphite Project

The scientific and technical information in this MD&A relating to the Albany Graphite Project, including the purification results described under the "Specialty Materials Processing" above, has been reviewed and approved by Peter Wood, P.Eng., P.Geo., Vice President, Development of Albany Graphite Corp., a "qualified person" as defined in NI 43-101, who is not independent of the Company.

Property

The Company holds, through its wholly-owned subsidiary Albany Graphite Corp. ("**AGC**"), a 100% undivided interest in 521 mining claims (461 single-cell claims and 60 boundary-cell claims) located north of Lake Superior and west of James Bay in Ontario, Canada, which hosts an igneous-hosted, fluid-derived graphite deposit (the "**Albany Graphite Project**"). The claims comprising the Albany Graphite Project are presently held in good standing by AGC. The claims currently require assessment work of $197,200 per year to remain in good standing, and the Company holds approximately $6.8 million in available assessment work credits in reserve which, at current requirements, would be sufficient to keep all the claims in good standing for approximately the next 34 years. To the Company's knowledge, there are no environmental liability issues related to any previous exploration work on the claims. Neither the Company nor AGC have received from any government authority any communication or notice concerning any actual or alleged breach of any environmental laws, regulations, policies or permits.

Purity, Purification, and Potential Applications

At bench scale, material from the Albany Graphite Project has been purified to five-nines (5N) purity of 99.9992% carbon with an equivalent boron content of 2.60 parts per million, below the 3 ppm threshold associated with nuclear-grade specifications, without the chlorine or other halogen gases conventionally required to reach that purity level and without hydrofluoric acid. Bench-scale results are not necessarily indicative of results at commercial scale. If these results can be reproduced at scale, the Company believes the Albany Graphite Project could become a secure North American source of thermally purified natural graphite for nuclear, defence, aerospace and advanced battery applications, markets historically served principally by synthetic graphite and by non-NATO-aligned supply.

The Company's purification program for Albany Graphite Project material is described above under the heading "Specialty Materials Processing.".

AGC completed material characterization tests on bench-scale purified material, confirming that the nuclear specifications tested continue to be met at bench scale. The material met the particle size distribution and D50 median particle diameter required for nuclear applications, which governs processing efficiency and performance consistency during manufacturing. Albany Graphite Project sourced material demonstrated high compact density and low elastic expansion after compression, both of which bear on the structural integrity and long-term stability of matrix graphite in reactor service, particularly in pebble bed designs. The material also exhibited low electrical resistivity, indicating a high degree of graphitization and correspondingly favourable thermal and electrical conductivity.

AGC has also achieved near-theoretical anode performance in independent lithium-ion battery testing using ultra-high-purity Albany Graphite Project graphite. Across four industry-standard coin cell tests, carbon-coated, spheroidized graphite sourced from the Albany Graphite project delivered an average reversible capacity of approximately 367 mAh/g, approximately 1.3% below the theoretical maximum for graphite, with cycling stability and processing efficiency consistent with commercial requirements. These results indicate that Albany graphite has the potential to serve as a high-performance natural graphite anode material for lithium-ion batteries.

The Company is also evaluating the integration of ultra-high-purity Albany Graphite Project material into its own specialty coatings and advanced materials development pipeline.

Potential Byproducts

The Company reported that, as part of the characterization process, an elemental analysis covering 72 elements was performed to identify impurity elements. The service provider noted that the feed material contained concentrations of rare earth elements ("**REE**") and other potentially valuable elements that could be recovered as part of the thermal purification process. Impurity elements, including REEs, removed from the graphite during purification were collected and concentrated in a scrubber handling all FBR exhaust products. The elements identified for evaluation as potential byproducts comprise 13 rare earth elements (cerium, dysprosium, erbium, europium, gadolinium, holmium, lanthanum, lutetium, neodymium, praseodymium, samarium, terbium and ytterbium), together with lithium, scandium, yttrium, niobium and molybdenum. The Company intends to continue investigating the REE potential of the Albany Graphite Project, including submitting samples of unprocessed mineralization and tailings material for additional elemental analysis, to verify REE content, determine whether enrichment is consistent across the two pipes, identify which REEs are enriched and estimate average concentrations. No byproduct credit for REEs or other elements was included in the recent preliminary economic assessment ("**PEA**") on the Albany Graphite Project. The Company currently views this work principally as informing waste characterization and permitting rather than as a secondary revenue stream.

Government Support

On September 2, 2025, the Company announced that AGC had been awarded a grant of $500,000 from the Government of Ontario's Critical Minerals Innovation Fund for the development of its FBR purification and anode material development. Under the project, AGC is collaborating with North American counterparties and Natural Resources Canada ("**NRCan**") with the objective of producing approximately five to six tonnes of flotation concentrate at approximately 85% TGC, while concurrent test work addresses purification using NRCan's electrothermal FBR and the suitability of previously produced ultra-high-purity Albany graphite for lithium-ion battery applications, as anode and cathode additive, and for nuclear applications. AGC is contributing $314,500 to the project and NRCan is providing $200,000 of in-kind support.

2026 Preliminary Economic Assessment

On September 24, 2026, the Company filed a new PEA for the Albany Graphite Project entitled "NI 43-101 Preliminary Economic Assessment (PEA) Technical Report on the Albany Graphite Project, Northern Ontario, Canada" dated September 18, 2026, with an effective date of June 30, 2026, prepared by Micon International Limited. The PEA evaluates the Albany Graphite Project as an integrated operation, from extraction through flotation processing and FBR purification to finished ultra-high-purity graphite products for nuclear, defense and other strategic supply chains.

The PEA estimates an after-tax net present value at a 5% discount rate of US$3.85 billion, an after-tax internal rate of return of 27.4%, an after-tax payback period of 4.4 years and initial capital costs of US$817.0 million, over a 30-year operating life, which figures are subject to the assumptions and qualifications, and procedures described in the PEA, and is qualified in its entirety by the full text of the PEA. The PEA is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The capital cost estimate is a Class 5 estimate with an accuracy range of ±50%. For further information, refer to the technical report available under the Company's profile on SEDAR+.

First Nations

The claims are located in the traditional territory of the Constance Lake First Nation ("**CLFN**"), with whom the Company has been formally collaborating with since it entered into an exploration agreement with CLFN in 2011. In 2021, the parties signed an Implementation Agreement under which are set out the governance, roles, responsibilities, and activities for establishing the partnership structure between the Company and CLFN in respect of the development of the Albany Graphite Project. The Company maintains its position that the Albany Graphite Project is advanced with the community rather than around it, and continues to work with CLFN leadership to design a broader Indigenous participation and procurement model under which CLFN-affiliated businesses can access federal and provincial Indigenous procurement programs, with the Company acting as the production, administration and fulfilment provider for certain goods and services. The intent is to create scalable and repeatable commercial opportunities linked to both the Albany Graphite Project and the Company's wider specialty materials portfolio, so that economic participation for CLFN is tied to the Company's long-term growth rather than to a single project milestone. Priorities identified jointly include training, employment, business development and long-term environmental stewardship.

United States Joint Venture

The Company has formed Strategic Graphite Partners LLC ("**Strategic Graphite Partners**") with ALO Graphite Partners LLC ("**ALO Partners**"). Strategic Graphite Partners was formed to establish a United States footprint for the graphite produced from the Albany Graphite Project potentially for energy, defence, and national-security markets. The Company's wholly-owned subsidiary, Zentek USA Inc., owns 90% of Strategic Graphite Partners, with the remaining 10% owned by ALO Partners, a company owned and controlled by Perkin Industries and Jeremy Roenick. The joint venture is engaged in United States customer engagement and material qualification, offtake discussions, industry and government relations, and the evaluation of federal and allied government funding opportunities. The joint venture is in preliminary stages, and there can be no assurance that it will result in any commercial agreements for the Company.

Triera Aptamer Development

Pursuant to a license agreement dated June 11, 2021, as amended June 23, 2023, McMaster University has granted to the Company, for a twenty-year term, a worldwide exclusive royalty-bearing license to use and practice all aptamer and DNAzyme uses, including, but not limited to, diagnostics, therapeutics, and as neutralization agents, which license is held through the Company's wholly-owned subsidiary Triera Biosciences Ltd. ("**Triera**"). A license fee of $100,000, comprised of $50,000 cash and $50,000 in common shares of the Company (19,157 common shares at $2.61 per share) was paid to McMaster University as consideration.

The technology was developed by a team of researchers under the guidance of Drs. Yingfu Li, John Brennan and Leyla Soleymani, who have expertise in biosensing technologies and applications as point of care diagnostics. Initially, the Company focused on the development of an aptamer-based rapid detection technology, primarily for SARS-CoV-2. In 2023 the aptamer development team at McMaster University then developed a new aptamer technology platform that significantly increases the binding affinity of aptamers. The increased binding affinity enhances the limits of detection for aptamer-based diagnostics and could lead to the successful adaptation of these same aptamers for new therapeutic and prophylactic treatments, and later testing supported the aptamer as a lead therapeutic target. Provisional patent applications were filed with the United States Patent and Trademark Office which have since resulted in the filing of three international patent applications filed with the World Intellectual Property Office.

On November 29, 2023, the Company announced results of a pre-clinical study by the Miller Lab at McMaster University testing its COVID-19 HBA (C19HBA) aptamer against the Omicron XBB 1.5 variant. According to the Miller Lab, the aptamer's performance was comparable to that of monoclonal antibodies, providing prophylactic protection against infection with the Omicron XBB 1.5 variant in an animal model. As at the date hereof, the Company has not entered into any partnership, licence or collaboration agreement in the pharmaceutical space in respect of the COVID-19 HBA aptamer, and there is no agreement under negotiation. The Company is currently working with McMaster University to assess the strength of the aptamer portfolio and the indications it is best suited to address. Following such assessment, the Company will then determine whether or not to engage in potential partnership discussions.

In 2024, the Company began focusing on testing multivalent aptamer technology for the rapid drug discovery of therapeutics or prophylactics of highly pathogenic avian influenza A(H5N1), through a $1,100,000 Government of Canada contract awarded to Triera. The first phase of the contract was completed in early 2025 with the delivery of a lead candidate countermeasure for A(H5N1). The Company then applied the same methods to seasonal influenza and, later in 2025, completed the first in vivo tests of a separate candidate countermeasure for seasonal influenza A(H1N1). That testing, in a mouse model, was facilitated by Nexus Health at McMaster University under the supervision of Dr. Matthew Miller. Animals given the H1N1 candidate prophylactically had substantially improved clinical scores, five times greater survival, 80% less weight loss five days post-infection and shorter recovery times than the control group. These results are pre-clinical and have not been independently verified.

Triera entered into an Ontario Centres of Innovation ("**OCI**") Collaborate 2 Commercialize agreement to advance a new phase of development targeting proprietary seasonal influenza treatment candidates, with a total approved project budget of approximately $300,000 funded through matched cash contributions from OCI and the Company. This work is conducted in collaboration with the Li and Miller Laboratories at McMaster University and will apply the Company's multivalent aptamer engineering methods, previously established through its SARS-CoV-2 and H5N1 programs, to other commercially relevant hemagglutinin subtypes. Planned workstreams include advanced candidate selection and optimization, expanded strain coverage (H1N1, and H3N2, and H7N9), dose-finding and pharmacokinetic/pharmacodynamic modeling, and initiation of toxicology and immunogenicity studies oriented toward future regulatory dialogue with Health Canada.

Triera continues to advance its multivalent aptamer platform in collaboration with McMaster University, including ongoing preclinical work in the Miller Lab evaluating C19HBA and related candidates as both prophylactic and therapeutic agents, and has not currently received the final data set and reports on this program, which is expected to further characterize the aptamer platform's potential as an accelerated drug-development engine, with the goal of reducing time and cost from target identification to lead candidate selection.

To bring an aptamer detection product to market, the Company will be required to obtain authorization from Health Canada under an interim order, or to obtain a Class IV Medical Device Active License. The process for obtaining an MDAL involves completing certain testing requirements and demonstrating that the product is (i) safe, (ii) effective, and (iii) fit for purpose. Assuming that process is completed, the Company would then start preparing a product technical file and then seek to complete a Health Canada Class IV application. The Company has not currently filed a Class IV Medical Device Active License application. The testing required to support such an application has not been completed and no product technical file has been prepared. The program remains pre-clinical and the Company has not committed to a date for commencing the application process.

The Company continues to evaluate the commercial opportunity presented by the aptamer platform. Advancing a life sciences asset from preclinical validation through clinical development requires sustained capital at a scale materially greater than the Company has directed to this platform to date. The Company has previously disclosed an estimated $2,500,000 to reach commercialization of the diagnostic platform and a further $1,000,000 to complete the preclinical program for the SARS-CoV-2 therapeutic and enter clinical trials. Against finite available capital, the Company has prioritized its graphite and coatings platforms, which offer nearer-term revenue and are supported by existing operating infrastructure, and the aptamer platform has consequently advanced primarily through grant funding, government contracts and in-kind university collaboration rather than through direct capital deployment by the Company. This approach has preserved the underlying intellectual property and generated third-party validated results at limited cost to the Company, but it has not funded the platform at the level required to independently advance a candidate through clinical development. The Company continues to assess the appropriate path forward for the platform, including partnership, licensing, external financing at the subsidiary level, and service-based commercialization models. There can be no assurance that any such arrangement will be concluded, or as to the timing or terms on which the platform may be further advanced.

Operations not Currently Being Pursued

The Company applies one test to each initiative: whether there is a validated route to revenue, and whether a partner is prepared to share the cost. Management has determined to stop or pause initiatives that do not meet that test, rather than continue to incur ongoing development cost.

Applying that test, the Company has stopped committing incremental management time and Company capital to developing its Gulf Cooperation Council channel, after it was established that the commercial conversion cycle in the region is longer than the Company had anticipated. Arrangements in the region that advance on partner capital remain in place and are described above under "Products and Business in Development – ZenGUARD™ – Global Partnerships". The initiatives described below are those on which the Company has stopped or paused work.

On December 12, 2024, the Company announced that it had entered into a Memorandum of Understanding with Al-Ramez International Group, through Saudi Excellence Holding Company, establishing a framework to develop a strategic partnership to drive innovation and commercialization in advanced technologies, across the Kingdom of Saudi Arabia and the Middle East and North Africa regions. The framework produced no milestones, and the Company has determined not to continue spending resources pursuing the partnership at this time, unless funding is secured for such purpose.

The Company announced on April 16, 2025, a collaboration with Jazeera Paints Company, to evaluate ZenARMOR™ corrosion-prevention nano-pigments in industrial and infrastructure coatings. The technology is pre-commercial, and no product specification was defined. Therefore, the work on the collaboration was suspended and the Company expects that work with Jazeera Paints Company will not resume unless product specifications are determined and development costs provided to the Company.

There was also a prospective manufacturing arrangement between the Company and Levidian Nanosystems Limited, for potential manufacturing in the Middle East. Testing established that the graphene produced by Levidian Nanosystems Limited is not compatible with the ZenGUARD™ oxide formulation. Therefore, the Company has determined to pause any such arrangement and work will not resume unless that technical question is resolved at no additional development cost to the Company.

The Company also had discussions with Gulf Air Filters Factory Company in Saudi Arabia, regarding potential contract manufacturing of ZenGUARD™ filters. No agreement was reached and the discussions have ended.

On September 3, 2025, the Company entered into a binding letter of intent with Altek, a Nevada private company, to negotiate one or more non-exclusive licensing agreements for the Company's technologies, including ZenGUARD™, in the United States (the "Altek LOI"). On November 4, 2025, the Company and Altek entered into a development and collaboration agreement for the Company's graphite gel-based fire retardant (the "Altek GBFR Agreement"). On March 3, 2026, Altek informed the Company that it was moving forward in another direction and has since advised the Company that it has developed its own formulation and is not using the Company's. No licensing agreement was concluded under the Altek LOI. The Company has not recognized revenue from Altek under either arrangement. Amounts billed to Altek for development funding under the Altek GBFR Agreement were recorded as IP development fees earned. The related receivable, against which an expected credit loss allowance of $32,347 was recorded at March 31, 2026, $23,800 was collected in the quarter ended September 30, 2026, and recognized as a bad debt recovery.

The Company has stopped funding development of its diesel fuel technology and will resume that work only if funding is obtained specifically for the continued development thereof.

After attempts to sell its excess GO inventory acquired in 2022 were unsuccessful, the Company recorded an impairment of $1,698,000 against it at March 31, 2026 and, in the quarter ended June 30, 2026, a provision of $286,000 for the cost of destroying approximately 497,000 litres of it. The Company expects to complete the destruction in the quarter ending December 31, 2026, which will eliminate storage costs of approximately $180,000 per year.

The Company holds exclusive global rights under a license from the University of Guelph dated September 22, 2020, for a commercial scale electrochemical exfoliation process to produce GO. A dedicated GO production plant had been previously contemplated, but the Company has currently not made any determination to move forward with construction and does not expect to do so in the foreseeable future.

On December 8, 2023, the Company announced a distribution agreement with 1Click Heating and Cooling Inc. ("1Click"), a private HVAC company focused on the heat pump market. The agreement contemplated 1Click using ZenGUARD™ filters for its regular customer service maintenance programs, along with making ZenGUARD™ filters available to customers from inventory held in various provinces. The Company's agreement with 1Click was to commence with an initial term of 2 years from the date of approval from the PMRA. Following the revised Health Canada classification announced on May 6, 2026, no such approval will be issued, and the Company does not currently intent to continue with the agreement.

Where an agreement is in place for the initiatives described above, it has not been terminated, and the Company would consider resuming work under it if a partner provides funding. There is no assurance that any of these initiatives will be resumed.

Development Progress and Industry Qualification

The table below summarizes how far each development program has advanced toward the qualification its target industry requires, what independent validation is on record, and the specific gate that stands between the program and adoption.

Progress is measured on five stages: (1) formulation established; (2) independently tested by a third party; (3) tested to a recognized industry standard or method; (4) in partner or customer qualification; and (5) approved, certified or in commercial use. A shaded stage has been reached. Reaching a stage is not an approval, certification or endorsement of the technology unless the table says so expressly, and no assurance can be given that any program will reach the next stage or pass the gate described.

Program	Where it is aimed	Progress	Independent validation on record	The gate it must pass
ZenGUARD™ coated surgical masks	Medical devices: dental and hospital	1 2 3 4 5	Independent testing by GAP Labs and SGS Standard Technical Services. ISO 13485:2016 quality management system and MDSAP certification held. Medical Device Establishment Licence held.	Sold in Canada under the Company's MDEL. Entry to the United States requires FDA 510(k) clearance; the application was filed in April 2024 and remains outstanding.
ZenGUARD™ Enhanced Air Filters	Commercial HVAC and indoor air quality	1 2 3 4 5	Tested by LMS Technologies, an ISO 17025:2017 accredited laboratory, using ASHRAE 52.2 methods. MS2 bacteriophage removal of 42% against 16% untreated, aligned to ASHRAE Standard 241. Modelled by ParticleOne Inc. and tested by CREM Co with the NRC Aerospace Research Centre.	Health Canada confirmed on May 6, 2026 that the filters are not subject to the Pest Control Products Act, and the product was added to the ISC Pathway to Commercialization source list on May 13, 2026. In the United States the filters are regulated under FIFRA; the Company licensed EPA-registered silver ion technology from Applied Silver, Inc. on June 26, 2026 to address that route, and a first commercial order followed on July 7, 2026.
ZenARMOR™ anti-corrosion nano-pigments	Aerospace and defence coatings; marine and infrastructure	1 2 3 4 5	Qualified for the Innovative Solutions Canada Testing Stream Military Call for Prototypes. Tested by the NRC Aerospace Research Centre through three rounds between September 2023 and July 2024, in non-chromate aviation paint systems supplied by PPG Industries Inc. and Akzo Nobel N.V., on aluminum alloy AA2024-T3. ASTM B117 salt spray to 1,500 hours with no blistering, and ASTM D5894.	Adoption requires the coating manufacturer to qualify the finished paint system for its own specification. No such qualification has been granted, no partner or customer qualification is under way, and no supply agreement is in place. The evaluation with Jazeera Paints Company was suspended (see “Operations not Currently Being Pursued”).
ZICE01 icephobic coating	Uncrewed aircraft and drones; wind turbine blades; aviation surfaces	1 2 3 4 5	Tested at the NRC Altitude Icing Wind Tunnel. Full flight trials on an instrumented research aircraft under real icing conditions. Outdoor drone testing in freezing drizzle and freezing rain in which coated blades maintained flight to battery exhaustion and uncoated blades did not. Durability established through 1,000 hours of UV weathering followed by dynamic icing, sand erosion at the NRC and rain erosion at the Anti-icing Materials International Laboratory.	Transport Canada prohibits remotely piloted aircraft operation in icing conditions unless the aircraft carries anti-icing equipment together with ice detection equipment. The Company is consulting with Transport Canada on acceptance of the coating as a means of compliance and is seeking a collaborator for the detection element. No determination has been made.
Albany ultra-high-purity graphite	Nuclear, defence and aerospace graphite	1 2 3 4 5	Purified at bench scale to five-nines carbon, verified by Eurofins EAG Laboratories through full 72-element glow discharge mass spectrometry. Boron equivalent of 2.60 parts per million, below	Qualification by a nuclear or defence buyer requires material produced at scale and a buyer-specific qualification programme. Results to date are at bench scale.

the 3 ppm threshold associated with nuclear-grade specifications, achieved without chlorine or other halogen gases.

Program	Where it is aimed	Progress	Independent validation on record	The gate it must pass
Albany graphite as anode material for mission critical environments.	Lithium-ion battery anode	1 2 3 4 5	Independent lithium-ion testing across four industry-standard coin cell tests returned an average reversible capacity of approximately 367 mAh/g, approximately 1.3% below the theoretical maximum for graphite.	Cell manufacturers qualify anode material through multi-year programmes at pilot and then commercial scale. Testing to date is at coin cell and pouch cell scale.
Graphene-wrapped silicon anode	Lithium-ion battery anode	1 2 3 4 5	None by a third party. In testing by the University of Waterloo (development partner), the optimised material achieved specific capacity above 1,000 mAh/g and retained over 80% of capacity across 320 charge-discharge cycles, against a theoretical maximum of approximately 372 mAh/g for graphite.	Cell manufacturers qualify anode material through multi-year programmes at pilot and then commercial scale. No such programme has commenced.
ZenFire GO-MOF fire-retardant additive	Coatings, polymers and construction materials	1 2 3 4 5	Graphene oxide metal-organic framework compound. Provisional patent filed March 2022, international application March 2023, United States national phase September 2024. Formulation optimisation carried out in the Company's own laboratory and continuing as at September 30, 2026.	Specification into a coating or polymer product requires third-party fire testing to a recognized standard, for example UL 94 for plastics or ASTM E84 for surface burning characteristics. No such testing has been carried out. The Company estimates the cost of the further testing planned at approximately $50,000.
Graphite Gel-Based Fire-Retardant	Wildfire protection of structures	1 2 3 4 5	Combines rapid gelation with intumescent components. The defined development work packages were substantially completed in the quarter ended March 31, 2026. The Company retains ownership of the formulation and of the results of the completed work packages.	Adoption by fire agencies and insurers requires independent efficacy testing against a recognised wildfire gel protocol. No such testing has been carried out and no commercialisation plan has been received from the counterparty.
Aptamer platform	Diagnostics and therapeutics	1 2 3 4 5	Exclusive worldwide license from McMaster University. Pre-clinical results generated by the Miller Lab at McMaster, including binding affinity improvements of over 500 times against the base aptamer and a safety and toxicity profile reported in pre-clinical testing.	Market entry in Canada requires authorization under a Health Canada interim order or a Class IV Medical Device Active License. Neither has been applied for and the required testing has not been completed.
Electromagnetic Interference Shielding	Defence, aerospace and communications electronics	1 2 3 4 5	Validation on record none yet; internal laboratory testing in the X-band only (preliminary); provisional patent filed August 17, 2026.	Third-party shielding - effectiveness testing to ASTM D4935, reproducible across batches, then system-level qualification (MIL-STD-461) inside a partner’s enclosure or vehicle. No partner agreement in place.

The ZenFire GO-MOF additive and the graphite gel-based fire retardant each have a completed formulation, and, in the case of the gel, a completed development work package owned outright by the Company, but neither has been tested by an independent laboratory against a recognized fire standard. Until that testing is carried out, neither can be specified into a customer's product. The Company estimates the cost of the further ZenFire testing at approximately $50,000.

Objectives and Milestones

The table below sets out the Company's development programs, what has been demonstrated for each to date, and the next milestone for each. For each program the table gives a description of the objective, its stage against plan, the next significant event that must occur, the period in which that event is expected, and the amount spent to date.

Programme	Stage	What has been demonstrated to date	Next milestone	Anticipated Cost for Completion of Next Milestone	Target Date	Spend to date
ZenGUARD™-coated masks	Advanced stage of development (currently in market)	Sold through Henry Schein and potentially Southmedic. ISO 13485:2016 and MDSAP certification held. FDA 510(k) filed April 2024.	Complete commissioning of the in-house mask line and re-establish production.	$85,000	October, 2026.	~$170,000
ZenGUARD™ Enhanced Air Filters, Canada	Advanced stage of development (currently in market)	MS2 bacteriophage removal of 42% against 16% untreated, aligned to ASHRAE Standard 241. Health Canada confirmed on May 6, 2026, that the filters are not subject to the Pest Control Products Act.	Convert the settled Canadian regulatory position into recurring commercial orders through existing distribution channels.	$35,000 - $70,000	Fiscal year ending March 31, 2027.	~$750,700

Programme	Stage	What has been demonstrated to date	Next milestone	Anticipated Cost for Completion of Next Milestone	Target Date	Spend to date
ZenGUARD™ filtration media, United States	Advanced stage of development (currently in market)	Exclusive licence from Applied Silver, Inc. dated June 26, 2026, for EPA-registered silver ion technology. Validation and qualification with Quality Filters Inc. completed and a first commercial order received July 7, 2026, from which sales of approximately US$40,000 were recorded.	Fulfil the first Quality Filters Inc. order and establish recurring supply.	Nil incremental	Quarter ending December 31, 2026.	included above
ZenARMOR™ anti-corrosion nano-pigments	Intermediate stage of development	Three rounds of testing to ASTM B117 and ASTM D5894 in PPG and Akzo Nobel non-chromate aviation paint systems, September 2023 to July 2024. Announced successful April 16, 2025, on aluminum alloy AA2024-T3.	Qualification of a finished paint system incorporating the nano-pigments by a coatings manufacturer.	$50,000 - $120,000	Partner dependent; no date committed.	~$91,200
ZenFire GO	Intermediate stage of development	USPTO provisional March 2022, PCT March 2023, United States national phase September 2024. Formulation optimization ongoing.	Independent fire testing to a recognized standard (for example UL 94 or ASTM E84), estimated at approximately $50,000	$615,000 - $1,029,000 gross ($335,000 - $549,000 net if potential grants are received)	Not committed; subject to capital prioritization.	~$175,700
Graphite Gel-Based Fire-Retardant	Intermediate stage of development	Announced November 5, 2025. Development and collaboration agreement with Altek Advanced Materials Inc. dated November 4, 2025, under which Altek funds development in return for conditional exclusive United States rights.	Independent efficacy testing against a recognized wildfire gel protocol, and determination of the commercialization path following Altek's March 3, 2026 decision.	Included in row above	Under assessment; no date committed.	Funded by Altek
Icephobic coating, ZICE01	Intermediate stage of development	Tested at the National Research Council Altitude Icing Wind Tunnel; full flight trials on a research aircraft; drone testing showing coated propellers retaining thrust and maintaining flight where uncoated blades failed; 1,000 hours of UV weathering followed by dynamic icing wind tunnel testing; sand erosion at the NRC and rain erosion at the Anti-icing Materials International Laboratory. Patent filed with WIPO August 2022, since filed in Canada and Europe. Collaboration with Pattern Energy Group LP announced May 30, 2023, supported by NSERC and PRIMA Quebec. In consultation with Transport Canada on acceptance as a means of compliance.	Outcome of the Transport Canada consultation on acceptance as a means of compliance, and identification of an ice detection collaborator.	$255,000 - $400,000 gross ($135,000 - $200,000 net if potential grants are received)	Regulator dependent; no date committed.	~$19,900
ZEN-EMI-01 Electromagnetic Interference Shielding	Early stage of development	Preliminary testing showed coating significantly reduced microwave frequency intensity in the X-band primarily through absorption; provisional patent Aug. 17, 2026	Third-party ASTM D4935 testing across X-band, above 20 dB and reproducible to +- 3dB across three batches	$158,000 - $270,000 gross	Quarter ending March 31, 2027	$Nil Project was included in spend for 3D Printing, and will replace 3D Printing project

Programme	Stage	What has been demonstrated to date	Next milestone	Anticipated Cost for Completion of Next Milestone	Target Date	Spend to date
Albany ultra-high-purity graphite	Early stage of development	Bench scale; pilot-scale FBR test work under way	Show purification is reproducible and meets nuclear and defence specifications at scale; Independent boron-equivalent confirmation (ASTM C1233), and purification consistency on three batches with an independent check	$19,000 - $52,000 for testing	Quarter ending March 31, 2027	$1,209,385 since May 27, 2026
Triera seasonal influenza (OCI)	Early stage of development, pre-clinical	Seasonal influenza aptamer candidates	Final OCI Collaborate 2 Commercialize project reports	$97,406	Quarter ending Dec. 31, 2026	$70,619
Aptamer-based rapid diagnostic	Intermediate stage of development	Exclusive worldwide license from McMaster University, held by Triera Biosciences Ltd. Route to market requires Health Canada authorization under an interim order or a Class IV Medical Device Active License.	Decision on the interim order or Class IV MDAL route following the aptamer portfolio assessment with McMaster University.		Not committed.	~$2,881,982
SARS-CoV-2 prophylactic and therapeutic	Early stage of development (pre-clinical)	Inhalation-delivered universal aptamer construct. Pre-clinical.	Receipt of the Miller Lab final data set and reports.		Quarter ending March 31, 2027.	~$92,000
Influenza and H5N1 prophylactic and therapeutic	Early stage of development	Aptamer-based construct prioritized for highly pathogenic avian influenza.	Assessment of partnering and funding options informed by the completed Government of Canada contract results.		Not committed.	~$94,600
Anode and battery technologies	Early stage of development	Graphene-wrapped silicon anode material developed with the University of Waterloo. USPTO provisional February 2022, PCT May 2022. Optimized material achieved specific capacity above 1,000 mAh/g and retained over 80% of capacity across 320 cycles, against approximately 372 mAh/g theoretical for graphite.	Production of full pouch cells under the NRCan funded program with the University of Waterloo.		Program period to March 31, 2029.	~$314,900
3D printing and electromagnetic shielding	Early stage of development; Project to be replaced by ZEN-EMI-01	Graphene oxide and nanomaterials in polymers for conductive printable filaments, at UBC Okanagan.	No milestone committed; continuation is subject to partner funding.	Not applicable; This project to be replaced by ZEN-EMI-01	Not applicable	~$65,600
Graphene oxide production, ECE process		Exclusive global rights from the University of Guelph under a license dated September 22, 2020. A dedicated production plant is contemplated but not built. A provision of $286,000 was recorded in the quarter for destruction of 497,000 litres of graphene oxide acquired in 2022.	None. A production plant will not be built without an acquired technology and partner funding; see Operations previously disclosed that are not being pursued.		Not applicable.	$35,000 (plant investigations to March 31, 2026).
Adaptogen detection technology	Early stage of development	See Operations previously disclosed that are not being pursued: the Company does not maintain a development program under this name; the reference is to the aptamer-based detection technology described above, which has not been discontinued.	Not applicable		Not applicable	$Nil

Spend to date is cumulative to September 30, 2026. Estimated costs are management estimates and have not been quoted. Where a net figure is shown, it assumes grant funding that has not been awarded, and there can be no assurance that any such award will be obtained. Each program phase is subject to management approval at a decision gate. Programs other than the Albany Graphite Project are expected to be funded from working capital, government grants (if obtained) and revenue.

Use of Proceeds

As at September 30, 2026, the Company had working capital of $11,265,625 (March 31, 2026, working capital deficit - $1,256,222) defined as current assets less current liabilities.

On May 27, 2026, the Company closed a private placement of 18,000,000 units at $1.00 per unit for gross proceeds of $18,000,000. The Company disclosed in its offering document dated May 14, 2026 (the "**Offering Document**") that it expected the net proceeds of the financing to be $16,077,778 after deducting the payment of the commission to the underwriter, offering costs, and the Company's working capital deficiency at such time. The following table sets out the uses that the Company planned for such proceeds, as disclosed in the Offering Document, and an update on the actual expenditures using such funds:

Category	Expected Amount as at date of Offering Document ($)	Approximate Actual Amount spent as at September 30, 2026 ($)	Variance ($)
Development of and derisking of the Albany Graphite Project[(1)]	11,500,000	1,209,385	10,290,615
ZenGUARD™ commercialization, Triera CRO launch	500,000	338,017	161,983
Payment of Obligations, Working Capital and General Corporate Purposes	4,077,778	1,901,895	2,175,883
Total	16,077,778	3,449,297	12,628,481

Note:

1. Although the Offering Document did not specify, this includes the Company's work on its FBR purification process (as discussed above under "*Products and Business in Development - Specialty Materials Platform – Specialty Materials Processing*".

From May 27, 2026, to September 30, 2026, the Company spent approximately $3,449,297 of the $16,077,778 that was expected to be available including $1,209,385 on the development and derisking of the Albany Graphite Project. The variance between planned and actual amounts reflects timing rather than a change in intended use. The variance has had no impact on the Company's ability to achieve its business objectives and milestones. The development programs described under the heading "Objectives and Milestones", other than the Albany Graphite Project and ZenGUARD™ commercialization, were not specifically allocated proceeds of the May 2026 financing. They are expected to be funded from working capital and, where available, government grant programs. A number of those grant applications have not yet been submitted or awarded, and there can be no assurance any such grants will be obtained.

Overall Performance

During the six-month period ended September 30, 2026, the Company recorded $5,398 of net sales and a net income of $15,157,172. Work during the six-month period ended September 30, 2026, was directed mainly at: completing the Albany Graphite Project's preliminary economic assessment, advancing the commercialization of ZenGUARD and reducing the Company's cost base.

The Company had cash expenditures consisting mainly of professional and consulting fees and general operating expenses offset by the funds raised of $18,000,000 through the LIFE Offering, netting approximately $16,531,658. Government grant revenue of $196,848 was recognized in six-month period ended September 30, 2026.

Results of Operations

Net income (loss)

The Company recorded a net income of $17,200,847 with basic and diluted net income per share of $0.14 and $0.13 respectively, for the three-month period ended September 30, 2026 (2025 – loss of $2,391,190 and $0.02). The Company recorded a net income of $15,157,172 with basic and diluted net income per share of $0.13 and $0.12 respectively, for the six-month period ended September 30, 2026 (2025 – loss of $3,753,538 and $0.04).

The Company's net income in the quarter and year-to-date is a result of the impairment reversal of exploration and evaluation assets of $19,671,935 during the three and six-month periods ended September 30, 2026. Without this reversal, the results would have been in a net loss position reflecting the transitional nature of operations as revenue generation shifts from direct product sales (historically low-margin, low-volume) toward intellectual property licensing and CRO services (high-margin, scalable). During the three-month period ended September 30, 2026, net sales were $5,398. The Company continued its work on revenue generation by acquiring their own internal mask producing machine for future production and sales and its first purchase order from Quality Filters. Sales include the partial fulfillment of the Quality Filters purchase order with the balance to be produced and fulfilled in the coming quarter. Operating expenses include an increase spend in consultants and research and development, offset by government grants of $196,848 and other income of $92,249 during the six-month period ended September 30, 2026.

Net Sales

Consolidated net sales for the three-month period ended September 30, 2026, was $5,398 (2025 - $6,204). Sales generated from operations for the six-month period ended September 30, 2026, was $5,398 (2025 - $64,001). Net sales recognized in the three-and six-month periods ended September 30, 2026 and 2025, includes the sale of products only.

Six-Month Period ended September 30	Intellectual Property Development	Biotech	Albany Project	Total
2026	$ 5,398	$Nil	$Nil	$ 5,398
2025	$ 64,001	$Nil	$Nil	$ 64,001

Cost of Sales

Consolidated cost of sales for the three-month period ended September 30, 2026, was $15,638 (2025 - $3,225). Cost of sales includes the allowance for impairment of inventory in the amount of $Nil for the three-month period ended September 30, 2026 (2025 - $Nil). Consolidated cost of sales for the six-month period ended September 30, 2026, was $15,638 (2025 - $33,826). Cost of sales includes the write-down for impairment of inventory in the amount of $Nil (2025 – ($9,267)) for the six-month period ended September 30, 2026.

Six-Month Period ended September 30	Intellectual Property Development	Biotech	Albany Project	Total
2026	$ 15,638	$Nil	$Nil	$ 15,638
2025	$ 33,826	$Nil	$Nil	$ 33,826

Expenses

Accretion expense was $37,210 for the three-month period ended September 30, 2026 (2025 - $29,358) and $71,969 for the six-month period ended September 30, 2026 (2025 - $53,700). The carrying value of the debt element of the convertible debentures is accreted to the original face value of the convertible debentures, over their expected term to maturity and was new starting April 2025.

Depreciation and amortization expense was $125,804 for the three-month period ended September 30, 2026 (2025 - $135,090) and $250,425 for the six-month period ended September 30, 2026 (2025 - $269,425). Amortization is taken on the capitalized cost of the Company's building, computers, equipment, leasehold improvements, and right-of-use assets.

Bad debts recovery of $23,800 was recognized during the three-month period ended September 30, 2026 (2025 - $Nil) and ($23,800) for the six-month period ended September 30, 2026 (2025 - $Nil) and represents amounts owing from the Altek GBFR agreement previously provided for that was subsequently collected in the quarter.

Consulting fees were $154,846 for the three-month period ended September 30, 2026 (2025 - $370) and $260,260 for the six-month period ended September 30, 2026 (2025 - $6,525). The most significant component of the consulting costs incurred was for consultants working on investor relations activities.

Directors' fees expense was $58,125 for the three-month period ended September 30, 2026 (2025 - $59,373) and $116,250 for the six-month period ended September 30, 2026 (2025 - $122,498). This expense relates to compensation paid to the Company's independent Directors.

Insurance expense was $77,824 for the three-month period ended September 30, 2026 (2025 - $78,918) and $152,644 for the six-month period ended September 30, 2026 (2025 - $156,600). These expenses relate to the costs required to adequately insure the Company's assets, operations and directors and officers.

Investor relations and promotion expenses were $15,009 for the three-month period ended September 30, 2026 (2025 - $62,729) and $15,906 for the six-month period ended September 30, 2026 (2025 - $72,772). These expenses consist primarily of the costs of marketing trips and other costs such as attending industry conferences.

Listing and filing fees were $134,459 for the three-month period ended September 30, 2026 (2025 - $58,312) and $217,857 for the six-month period ended September 30, 2026 (2025 - $144,246). These expenses consist primarily of the costs of maintaining registered status on various stock listing exchanges. During the three-month period ended September 30, 2026 the Company incurred additional fees related to the application to join the OTCQX of approximately $8,300, additional fees paid to the Nasdaq on the appeal submission of approximately $42,000 and additional fees of $7,300 to edgarize documents related to the preliminary economic assessment filed with the SEC.

Office expenses were $11,875 for the three-month period ended September 30, 2026 (2025 - $23,834) and $30,918 for the six-month period ended September 30, 2026 (2025 - $45,801). Expenses have decreased as a result of the reduced head count, year-over-year.

Professional fees were $684,201 for the three-month period ended September 30, 2026 (2025 - $467,014) and $931,447 for the six-month period ended September 30, 2026 (2025 - $776,446). These fees consist primarily of the amounts charged for services provided by the Company's lawyers, auditors, and accountants. During the three-month period ended September 30, 2026, the Company spent approximately $34,400 on legal fees related to the Nasdaq appeal and $135,000 towards recruiter fees related to new hires.

Rent expense was $90,153 for the three-month period ended September 30, 2026 (2025 - $95,164) and $180,306 for the six-month period ended September 30, 2026 (2025 - $180,950). Rent expense relates to lab space and a manufacturing facility both in Guelph, Ontario. In September 2026, the Company renewed the lease at the manufacturing facility commencing February 1, 2027, to January 31, 2032.

Research and development expenses were $274,245 for the three-month period ended September 30, 2026 (2025 - $267,909) and $516,275 for the six-month period ended September 30, 2026 (2025 - $408,703). These expenses related to continued research and development activities across all 3 segments of business including the further development of graphene use and development, as well as aptamer research and Albany Project development. Testing costs incurred under the Critical Minerals Innovation Fund for the development of the Albany project are included in this expense. A request for a refund of a deposit of $225,000 made in December 2021 for a research project that was cancelled in December 2022, was recorded as a reduction in research and development expenses in Q1 2025.

Salaries and benefits expense was $536,392 for the three-month period ended September 30, 2026 (2025 - $974,877) and $946,296 for the six-month period ended September 30, 2026 (2025 - $1,635,517). These expenses relate to staffing costs required to operate the business. At September 30, 2026, there were 14 full-time employees versus 17 during the same period of the prior year. Salaries and benefits expense for 2025, included severance and retention payments of approximately $400,000 whereas 2026 included approximately $46,000.

Share-based compensation costs were $402,239 for the three-month period ended September 30, 2026 (2025 - $69,303) and $803,937 for the six-month period ended September 30, 2026 (2025 - $190,865). Share-based compensation was based on the fair value of the options and restricted stock units as described in Note 12(c) and 12(d) of the audited consolidated financial statements. Options were calculated using the Black-Scholes option pricing model and for restricted stock units, fair value was the grant date share value. Share-based compensation is recognized over the vesting period of the underlying options and restricted stock units. Share-based compensation costs increased in the six-month period ended September 30, 2026, as a result of the Company issuing for the first time restricted stock units in October and December 2025 resulting in share-based compensation expense in the six-month period ended September 30, 2026 of $527,295 (2025 - $Nil). In the first six months of 2026, 300,000 options were issued to employees and consultants accounting for $24,308 in share-based compensation expense.

Supplies and materials expense was $5,014 for the three-month period ended September 30, 2026 (2025 – $3,747) and $291,108 for the six-month period ended September 30, 2026 (2025 – $10,734). During the quarter ended June 30, 2026, the Company provided a provision of $286,000 for the destruction of 497,000 litres of excess graphene oxide that was acquired in 2022 and has been in storage since.

Travel expense was $13,190 for the three-month period ended September 30, 2026 (2025 - $43,222) and $29,714 for the six-month period ended September 30, 2026 (2025 - $79,122). This decrease reflects overall less travel by staff compared to the same period of the prior year.

Other expenses were $15,887 for the three-month period ended September 30, 2026 (2025 - $76,858) and $68,876 for the six-month period ended September 30, 2026 (2025 - $147,216). The following table details the material components of the Company's other expenses for the three-month period ended September 30, 2026, and 2025.

	Three-Month Period Ended September 30, 2026	**Three-Month Period Ended September 30, 2025**
Automotive	-	4,304
Bank fees	880	2,753
Dues and subscriptions	3,449	7,425
Freight and delivery	1,968	24,229
Meals and entertainment	1,379	7,164
Other expenses	1,560	4,863
Property taxes	-	7,939
Repairs and maintenance	1,489	9,014
Telephone	3,242	5,062
Utilities	1,920	4,105
Total	**15,887**	**76,858**

The decrease in automotive in the three-month period ended September 30, 2026, is a result of the completion of a company leased vehicle for the former CEO.

The decrease in bank fees in the three-month period ended September 30, 2026, are since there were no trades on the ATM during the period and no related fees charged to utilize the ATM which commenced in September 2025.

The decrease in freight and delivery for the three-month period ended September 30, 2026 is a result of the same period of the prior year included additional freight charges for moving the 100 tonnes bulk sample provided by the Albany Graphite Project to produce concentrate for further testing and characterization under the CMIF program.

The decrease in meals and entertainment in the three-month period ended September 30, 2026, is a result of less travel by staff compared to the same period of the prior year.

The decrease in repairs and maintenance in the three-month period ended September 30, 2026, is a result of additional expenses incurred during the same period of the prior year related to extra spend on the lab facility maintenance.

Impairment reversal of exploration and evaluation assets for the three and six-month periods ended September 30, 2026 was $19,671,935 (2025 - $Nil), resulting in a carrying amount of $28.8 million. See Note 6 to the unaudited condensed interim consolidated financial statements for further details.

Interest income for the three-month period ended September 30, 2026, was $102,892 (2025 - $14,501) and $132,609 for the six-month period ended September 30, 2026 (2025 - $26,415) The Company earned interest on the funds received from the LIFE offering during the quarter ended September 30, 2026. Less interest income was generated during the three-month and six-month periods ended September 30, 2025, as there was less funds on hand at that time.

Interest expense for the three-month period ended September 30, 2026, was $29,168 (2025 - $34,997) and $61,732 for the six-month period ended September 30, 2026 (2025 - $71,799). The three and six-month periods ended September 30, 2026 and 2025, included interest incurred on the convertible debentures which were new in April 2025.

Loss on disposal of property and equipment for the three-month period ended September 30, 2026, was $Nil (2025 - $13,453) and for the six-month period ended September 30, 2026, was $4,109 (2025 – gain of $475,376). During the six-month period ended September 30, 2025, approximately $475,000 represents the gain on sale of the Corporate Court building, which was completed on May 15, 2025, offset by losses on disposal of equipment with the move from the Corporate Court location.

In January 2025, the Canada Revenue Agency ("**CRA**") completed its CRA audit of the Company's 2018 and 2019 renunciation of Canadian exploration expenses ("**CEE**") in favour of subscribers of flow-through share private placements that closed on December 21, 2018, and December 20, 2019 (the "**Flow-Through Financings**") for aggregate proceeds of $4,210,000.

In February 2025, the Company received a Notice of Reassessment ("**NOR**") from CRA in respect of its 2018 Flow-Through Financing. This NOR assessed a reduction in amounts previously renounced and resulted in additional Part XII.6 tax of $59,693.

In October 2025, the Company received a NOR from CRA in respect of its 2019 Flow-through Financing. This NOR assessed a reduction in amounts previously renounced and resulted in additional Part XII.6 tax of $22,482.

The Company has estimated its potential Part XII.6 liability as a result of the CRA audit to be $93,000. The reduction in previously provided renunciations may also result in an additional obligation for the Company to indemnify certain flow-through shareholders due to reductions in previously flowed through CEE deductions. Management has estimated this indemnification obligation to be $427,000.

At September 30, 2024, a provision of $520,000 was originally recognized for this liability and included in accounts payable and accrued liabilities. $93,000 of this liability consisted of management's estimate of Part XII.6 tax owing and $427,000 consisted of management's estimate of the Company' indemnification obligation. During the six-month period ended September 30, 2026, payments have been made to CRA in respect of the Part XII.6 liability for $82,175 and to subscribers for the Company's indemnification obligations of $37,321.

The Company recognized $84,942 in government grants during the three-month period ended September 30, 2026 (2025-$86,238) and $196,848 during six-month period ended September 30, 2026 (2025-$86,238). The Company entered into an agreement with Critical Minerals Innovation Fund under which the Company received assistance and cost recoveries to a maximum of $500,000 for work on Albany Graphite purification and anode material development project. The Company entered into an agreement with Natural Resources Canada's Energy Innovation Program ("**NRCan**") which supports Canadian clean energy technologies. The Company's researchers along with the University of Waterloo's Si-C lithium-ion battery anode material research team will work together with a goal of producing full pouch cells which demonstrate the material's superior storage and performance characteristics. The project is for the period April 1, 2025, to March 31, 2029 with a total budget cost of approximately $2.1M, with approximately $1.55M being funded by NRCan. The Company received $84,942 during the three-month period ended September 30, 2026 (2025 - $Nil) and $196,848 during the six-month period ended September 30, 2026 (2025 - $Nil) from NRCan as government grants.

Cash Flows

During the six-month period ended September 30, 2026, cash increased overall by $12,337,995 (2025 – $1,213,119). Operating activities resulted in a decrease in cash of $3,561,728 (2025 –$2,383,599) due to continued spending on consulting and professional fees, research and development, salaries and benefits and other expenses. Investing activities resulted in a decrease in cash of $1,108,872 (2025 – increase of $1,990,459 with the completion of the sale of Corporate Court for proceeds on sale of $2,366,936). Financing activities resulted in an increase in cash of $17,008,595 (2025 – $1,606,259) with gross proceeds from the LIFE Offering of $18,000,000 and at-the-market proceeds of $571,618 offset by LIFE offering issue costs of $1,468,342, repayments of long-term debt and the lease liability. During the same period of the prior year, the convertible debentures of $1,976,003, and proceeds from stock options exercised of $40,000 offset by repayments of long-term debt and the lease liability.

During the six-month period ended September 30, 2026, the Company issued 827,530 (2025 – 15,989) common shares for gross proceeds of $571,618 (2025 – $20,098) through an at-the-market offering in the United States ("**ATM**").

Subsequent Events

On October 5, 2026, the Company settled 543,000 Restricted Share Units that matured October 1, 2026 with 232,980 shares and $226,314 in cash.

On October 5, 2026, the Company announced the departure of Ryan Shacklock, Senior Vice President, Strategy and Business Development.

On October 21, 2026, the Company notified Nasdaq that it did not intend to continue with its listing. Effective September 2, 2026, the Company's common shares were suspended from trading on Nasdaq and began trading on the OTCQX (ZTEKF) in the United States. The Company's common shares continue to trade in Canada on the TSX Venture Exchange (ZEN).

Summary of Quarterly Results

The following table sets out selected quarterly information for the eight most recently completed quarters, for which consolidated financial statements are prepared.

	Sept. 30, 2026 ($)	Jun. 30, 2026 ($)	Mar. 31, 2026 ($)	Dec. 31, 2025 ($)	Sept. 30, 2025 ($)	Jun. 30, 2025 ($)	Mar. 31, 2025 ($)	Dec. 31, 2024 ($)
Revenue	5,398	Nil	36,767	65,280	6,204	57,797	813,596	37,718
Other income (expense)	19,823,760	204,040	367,560	325,706	51,909	465,498	261,808	695
Net Income (Loss)	17,200,847	(2,043,675)	(3,526,268)	(2,488,152)	(2,391,190)	(1,362,348)	(1,839,671)	(2,601,769)
Net Income (Loss) per Share (basic)	0.14	(0.02)	(0.04)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)
Net Income(Loss) per Share (diluted)	0.13	(0.02)	(0.04)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)

Discussion of Interim Period Results

The Company continued to generate limited revenue during the eight most recently completed quarters with the quarter ended March 31, 2025, being an exception, recognizing $792,500 in sales in its BioTech segment.

The quarterly net income figure for the quarter ended September 30, 2026, is a result of the reversal of the impairment of exploration and evaluation assets of $19,671,935. An increase in professional fees of $135,000 for new hires and costs surrounding the Nasdaq appeal of $34,400 were recognized in the quarter. Increased listing and filing fees related to the appeals submission of $42,000 and the application costs to register on the OTCQX of $8,300.

The quarterly net loss figure for the quarter ended June 30, 2026, included a provision of $286,000 for the destruction of the excess GO previously provided for at March 31, 2026. Attempts to sell the inventory have been exhausted and the Company has decided to move forward with the disposal during the next quarter to reduce its continued storage fees of $180,000 per year.

The quarterly net loss figure for the quarter ended March 31, 2026, included the change in the allowance for impairment of inventory in the amount of $1,698,000 representing an impairment for excess GO held in long term storage since 2022. During that time, the Company was in discussions with respect to the sale of its excess GO at liquidation pricing with potential customers. The Company has since decided to destroy the inventory, as described above.

The quarterly net loss figure for the quarter ended December 31, 2025, was a result of the Company's 50% share of costs associated with the Albany Graphite project testing related to the CMIF program of approximately $665,500 and approximately $461,300 of additional share-based compensation expense as a result of 1,579,000 new options and 1,079,000 restricted stock units issued during the quarter. Government grants of $384,838 were recognized in the quarter representing CMIF funding of $332,768 and ISC Challenge of $52,071.

The quarterly net loss figure for the quarter ended September 30, 2025, was more as a direct result of additional salaries expense of approximately $350,000 related to retention and retirement. The Company's 50% share of costs associated with the Albany Graphite Project testing related to the CMIF program of approximately $90,000; additional professional fees of approximately $50,000 for the CEO search and additional mailing fees incurred related to the supplement to the management information circular of approximately $50,000.

The quarterly net loss figure for the quarter ended June 30, 2025, was less as a direct result of the completed sale of Corporate Court. resulting in a gain on sale of property of $488,829.

Government grants are recognized when there is reasonable assurance that the Company will comply with the terms and conditions associated with the grants and the grants will be received. No grant revenue was recognized during the four quarters of fiscal 2025, increasing the loss for these quarters.

Liquidity and Capital Resources

As at September 30, 2026, the Company had working capital of $11,265,625 (March 31, 2026, working capital deficit - $1,256,222) and cash and cash equivalents of $13,640,733 (March 31, 2026 - $1,302,738). As at September 30, 2026, the Company has not yet achieved profitable operations and had an accumulated deficit of $75,633,874.

Going Concern and Capital Strategy: Management is executing a multi-faceted capital strategy to support operations and value creation:

1. Equity Financing: Subsequent to year-end, the Company announced on May 27, 2026, the closing of a private placement for gross proceeds of $18,000,000.

2. Government Funding: Successfully secured $500,000 Critical Minerals Innovation Fund grant for Albany development, fully received and recognized in the financial year ended March 31, 2026 ($500,000 recognized in the financial year ended March 31, 2026), with potential for additional government support programs.

3. CRO Revenue Ramp: Generated first intellectual property development fee revenue of $42,500 in Q3 FY2026, with multiple additional partnership discussions underway targeting higher-value, multi-quarter development engagements.

4. Cost Optimization: Reduced quarterly operating cash burn from $1.67M (Q4 FY2025) to $0.498M (Q4 FY2026), with further optimization planned as product-sales operations wind down and CRO model scales. Management believes the equity financing, combined with CRO revenue growth and continued cost discipline, will provide sufficient liquidity to execute the Company's strategy. While the proceeds from the May 2026 private placement have significantly strengthened the Company's liquidity position, the Company remains dependent on the successful commercialization of its products and technologies, achieving profitable operations, and/or obtaining additional financing in the future.

Accordingly, the unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have, or are reasonably likely to have, a current of future effect on the financial performance or financial condition of the Company.

Transactions with Related Parties

The remuneration of key management personnel during the six-month period ended September 30, 2026 and 2025 were as follows:

a) Directors' fees - $116,250 (2025 - $122,498)

b) Salaries and benefits – $514,569 (2025 - $475,833)

c) Share-based compensation - $712,436 (2025 - $201,007)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

On May 27, 2026, as part of the private placement financing, certain directors and officers of the Company participated in the LIFE Offering for an aggregate of 695,000 Units.

Current and Future Changes in Accounting Policy

Statement of Compliance

The 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") and have been condensed with certain disclosures from the Company's audited consolidated financial statements for the year ended March 31, 2026 (the "Annual Financial Statements") omitted.

New Standards, Interpretations and Amendments not yet Effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following standard is effective for annual reporting periods beginning on or after January 1, 2027 and will be adopted by the Company for the year beginning April 1, 2027:

IFRS 18 Presentation and Disclosure in Financial Statements (New)

The Company is currently assessing the impact of this new accounting standard.

Critical Judgments and estimation uncertainties

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Inventories

Inventories are comprised of raw materials. Inventories are recorded at the lower of cost and net realizable value. Cost is determined on a standard cost basis, and includes the purchase price and other costs, such as import duties, taxes and transportation costs. Inventory cost is determined on a first-in, first-out basis and any trade discounts and rebates are deducted from the purchase price. Raw material costs include the purchase cost of the materials and freight-in. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Expected credit loss allowance and provision

The Company determines an expected credit loss allowance for trade receivables based on the estimated expected lifetime credit loss, considering the actual credit loss in prior years and forward-looking estimates of expected collections. This estimate varies depending on the nature of the trade receivables, the majority of which are associated with the health sciences business; however, also includes receivables from government agencies and related parties. The loss allowance is reviewed on a quarterly basis and any change in estimate is accounted for prospectively.

For the year ended March 31, 2026, one customer accounted for approximately 32% of revenue and approximately 37% of trade accounts receivable. Total trade receivables at that date were $51,029 and the expected credit loss allowance on trade receivables was $32,347, being approximately 63% of the trade receivables balance. The expected credit loss allowance related principally to Altek, and does not relate to the significant customer described above, whose receivable balance as at March 31, 2026 was $18,681, aged 8 days and subsequently collected May 6, 2026 in full.

During the three-month period ended September 30, 2026, Altek paid $23,800 toward their outstanding balance which was recorded as a bad debts recovery.

Impairment (impairment reversal) of exploration and evaluation assets

While assessing whether any indications of impairment or impairment reversal exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets.

Significant judgment and estimation were required to assess whether an indicator existed that the prior impairment loss for Albany may have decreased and to estimate its recoverable amount. In assessing for such an indicator at September 30, 2026, management considered the updated preliminary economic assessment and mineral resource estimate, Albany's identification as a core platform, bench-scale purification results, and market evidence relating to graphite developers and high-purity product potential. The recoverable amount was measured using fair value less costs of disposal ("FVLCD") under a market approach. Significant unobservable inputs included the selection of comparable companies and adjustments to resource multiples and implied enterprise value for Albany-specific characteristics. Changes in these estimates and judgments could affect the recoverable amount and the amount of the impairment reversal recognized.

Impairment of property and equipment

Judgements are required to assess when internal or external indicators of impairment or impairment reversal exist, and impairment testing is required. Management considers internal and external sources of information including forecasted sales, cashflows and expected production volumes. Judgement is required to assess these internal and external factors when determining if the carrying amount of an asset is impaired, or in the case of a previously impaired asset, whether the carrying amount of the asset has been restored.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingencies

By their nature, contingencies will only be resolved when one or more future events transpire. The assessment of contingencies inherently involves estimating the outcomes of future events. The Company has disclosed its disputes and was required to exercise judgement in assessing the recorded amounts.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts and other receivables, accounts payable and accrued liabilities, lease liability and long-term debt. Unless otherwise noted, the Company does not expect to be exposed to significant interest, currency or credit risks arising from these financial instruments. The Company estimates that the fair value of these financial instruments approximates carrying values.

As at September 30, 2026 the Company does have financial instruments recorded at fair value that require classification within the fair value hierarchy. On April 9, 2025, the Company completed a non-brokered private placement of debenture units through the issuance of 2,000 Debenture Units for gross proceeds of $2,000,000. Note 11 to the audited consolidated financial statements present the inputs used to fair value the debenture units and their associated components.

Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Disclosure of Outstanding Share Data

The Company is authorized to issue an unlimited number of shares, of which 126,619,532 (March 31, 2026 – 107,792,002) shares were issued and outstanding as fully paid and non-assessable as at September 30, 2026, and 126,852,512 are issued and outstanding as of the date hereof.

Refer to Note 10(c) to the condensed interim consolidated financial statements for details regarding stock options issued and exercisable as at September 30, 2026.

Risks and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which includes the development of certain intellectual property and the manufacturing of graphene related products, and which may include the future acquisition, financing, and development of the Albany Graphite Project. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Company. Accordingly, any investment in securities of the Company is speculative and investors should not invest in securities of the Company unless they can afford to lose their entire investment.

The Company assesses and attempts to minimize the effects of these risks through careful management and planning of its operations and hiring qualified personnel but is subject to a number of limitations in managing risk resulting from its early stage of development. Below is a non-exhaustive summary of the principal risks and related uncertainties that may impact the Company. Such risk factors, as well as additional risks and uncertainties set out elsewhere in the Company's publicly filed documents, and additional risks and uncertainties not presently known to Company or that the Company currently deems immaterial, could have a material adverse effect on the Company's business, financial condition and results of operations or the trading price of the common shares.

Negative Operating Cash Flow

During the six-month period ended September 30, 2026, the Company had negative operating cash flow because its revenues did not exceed its operating expenses. For the year ended March 31, 2026, the Company recorded revenue of $166,048 and operating expenses of $9,305,708. For the six-month period ended September 30, 2026, net sales were $5,398 and the net income was $15,157,172 after the impairment reversal of exploration and evaluation assets of $19,671,935. In addition, as a result of the Company's business plans for the development of its products, the Company expects cash flow from operations to be negative until revenues improve to offset its operating expenditures. The Company's cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to develop its products. To the extent the Company has negative cash flow in any future period, the Company may be required to allocate funds to fund such negative cash flow from operating activities. In order to stay in business, in the absence of cash flow from operations, the Company will have to raise funding through financing activities. However, there is no certainty the Company will be able to raise funds at all or on terms acceptable to the Company in the event it needs to do so. Furthermore, additional funds raised by the Company through the issuance of equity or convertible debt securities would cause the Company's current shareholders to experience dilution. Such securities also may grant rights, preferences or privileges senior to those of the Company's shareholders. The Company does not have any contractual restrictions on its ability to incur debt and, accordingly, the Company could incur significant amounts of indebtedness to finance its operations. Any such indebtedness could contain restrictive covenants, which likely would restrict the Company's operations.

Liquidity Concerns and Future Financing

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of September 30, 2026, the Company had a cash balance of $13,640,733 (March 31, 2026 - $1,302,738) to settle current liabilities of $3,571,607 (March 31, 2026 - $3,533,474). On October 22, 2025, the Company completed a non-brokered private placement of units through the issuance of 2,338,893 Units at a price of $1.06 per Unit for gross proceeds of $2,479,227. Net proceeds of the Offering are used for working capital and general corporate purposes. In May 2026, the Company completed another private placement for gross proceeds of $18 million, which significantly strengthened its liquidity position. As at September 30, 2026, the Company recognized net income of $15.2 million as a result of the impairment reversal of exploration and evaluation assets of $19.7 million. Without this reversal, the Company had not yet achieved profitable operations. The Company had an accumulated deficit of $75.6 million, and cash outflows from operating activities of $3.6 million in the six-month period ended September 30, 2026, and expects to incur further losses in the development and commercialization of its products and technologies. These events and conditions indicate that a material uncertainty exists that may cast substantial doubt on the Company's ability to continue as a going concern. While the proceeds from the May 2026 private placement have significantly strengthened the Company's liquidity position, the Company remains dependent on the successful commercialization of its products and technologies, achieving profitable operations, and/or obtaining additional financing in the future.

Uncertainties Relating to the Company's Business Plans

There is no assurance that broad successful commercial applications may be feasible for the Company. The Company is continuing to explore, develop, and test its current products and new products, and there can be no assurance that new uses of existing products or new products will be fully developed for commercial application, that test results will be successful, if completed at all, that any necessary permits or approvals required in order to market such products will be obtained by the Company, or that existing technology or products will become profitable. Furthermore, there is no assurance that the Company will complete any acquisitions or acquire any know-how or trade secrets to carry out certain of its future objectives. Should the Company fail to achieve any of the foregoing, this could have a material adverse impact on the business and planned business of the Company.

The Company's business is in part dependent on patents, trade secret and other intellectual property laws of Canada, and potentially foreign jurisdictions. The Company may be unable to prevent third parties from using its intellectual property without its authorization. Some of the Company's current or future technologies and trade secrets may not be covered by any patent or patent application, and the Company's issued and pending patents may not provide the Company with any competitive advantage and could be challenged by third parties. The Company's inability to secure issuance of pending patent applications may limit its ability to protect the intellectual property rights these pending patent applications were intended to cover. The Company's competitors may attempt to design around its patents to avoid liability for infringement and, if successful, could adversely affect the Company's market share. Furthermore, the expiration of the Company's patents may lead to increased competition.

Additionally, the Company plans to construct facilities for some of its operations and business activities. There can be no assurance that locations will be secured on terms favourable to the Company or at all, that engineering plans will be completed or will be satisfactory for the intended business activities of the Company, that any required permitting will be obtained, that construction of such facilities will be completed, or that such facilities will ever become operational. If such facilities are not constructed, or do not become operational, or do not operate at the capacity required or anticipated, there could be a material adverse effect of the Company's planned business and operations.

Economic and Political Conditions

Worldwide financial and economic cycles or conditions are uncertain, and recovery from a business downturn or recession could be very slow and have a significant impact on the Company's business. The Company's business is sensitive to changes in economic and political conditions, including interest rates, currency issues, energy prices, trade issues, international or domestic conflicts or political crises, and epidemics or pandemics.

The credit and financial markets have experienced extreme volatility and disruptions due to the current conflicts in the Middle East and between Ukraine and Russia. The conflicts are expected to have further global economic consequences, including but not limited to the possibility of severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in inflation rates and uncertainty about economic and political stability. In addition, the United States and other countries have imposed sanctions on Russia which increases the risk that Russia, as a retaliatory action, may launch cyberattacks against the United States, its government, infrastructure and businesses. Any of the foregoing consequences, including those we cannot yet predict, may cause our business, financial condition, results of operations and the price of our ordinary shares to be adversely affected.

Revenue from Graphene-related Products Sales; Long and Complex Sales Cycle

To date, the Company has recorded minimal revenue from its graphene enhanced products sales. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses, and capital expenditures may increase in subsequent years. The Company expects to continue to incur losses unless and until such time as it enters into long-term and large-volume supply agreements and generates sufficient revenues to fund its continuing operations.

Intellectual Property

The Company relies on the patent, trade secret and other intellectual property laws of Canada, and foreign jurisdictions. 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.

Some of the Company's current or future technologies and trade secrets may not be covered by any patent or patent application, and the Company's issued and pending patents may not provide the Company with any competitive advantage and could be challenged by third parties. The Company's inability to secure issuance of pending patent applications may limit its ability to protect the intellectual property rights these pending patent applications were intended to cover.

The Company's competitors may attempt to design around its patents to avoid liability for infringement and, if successful, could adversely affect the Company's market share. Furthermore, the expiration of the Company's patents may lead to increased competition.

In addition, effective patent, trade secret and other intellectual property protection may be unavailable or limited in some foreign countries. In some countries, the Company may not apply for patent or other intellectual property protection. The Company also relies on unpatented technological innovation and other trade secrets to develop and maintain its competitive position. Although the Company generally enters into confidentiality agreements with its employees and third parties to protect its intellectual property, these confidentiality agreements are limited in duration, could be breached and may not provide meaningful protection of its trade secrets. Adequate remedies may not be available if there is an unauthorized use or disclosure of the Company's trade secrets and manufacturing 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 a product formulation or process is 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 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 operations.

Product Development and Technological Change

There is no assurance that broad successful commercial applications for the Company's products may be feasible. Most, if not all, of the scientific and engineering data related to the Company's products has been generated by the Company's own laboratories or laboratory environments of the Company's partners, such as universities. There can be no assurance that laboratory data translates to or is representative in commercial applications.

Additionally, the industries in which the Company seeks to operate are characterized by rapid technological change and frequent new product introductions. Part of the Company's business strategy is to monitor such changes and take steps to remain technologically current, but there is no assurance that such a strategy will be successful. If the Company is not able to adapt to new advances in materials sciences, or if unforeseen technologies or materials emerge that are not compatible with the Company's or that could replace its products, the Company's revenues and business would likely be adversely affected.

Market Development and Growth

Failure to further develop the Company's key markets and existing geographic markets or to successfully expand its business in the future into new markets could have an adverse impact on sales growth and operating results. The Company's ability to further penetrate its key markets and the existing geographic markets in which it competes and/or aims to compete, and to successfully expand its business into other countries, is subject to numerous factors, many of which are beyond its control. There can be no assurance that efforts to increase market penetration in the Company's key markets and existing geographic markets will be successful. Failure to achieve these goals may have a material adverse effect on the Company's operating results.

Unpredictable Sales Cycles

The sales cycle for graphene products may range considerably from one to multiple years from the time a customer begins testing the Company's product until the time that they could be used in a commercial product. Timing of product introduction could vary significantly based on the target market.

The Company has demonstrated little track record of success in completing customer development projects, which makes it difficult to evaluate the likelihood of future success. The sales and development cycles for the Company's products are subject to customer budgetary constraints, internal acceptance procedures, competitive product assessments, scientific and development resource allocations, and other factors beyond the Company's control. If the Company is not able to successfully accommodate these factors to achieve commercial success, the Company may be unable to achieve sufficient sales to reach profitability.

Government Regulation and Import/Export Controls

The Company's future operations, including development, and commencement and continuation of commercial production, require licenses, permits or other approvals from various federal, provincial, local and potentially foreign governmental authorities, and such operations are or will be governed by laws and regulations relating to production, exports, taxes, labor standards, occupational health and safety, waste disposal, toxic substances, prospecting, development, mining, land use, water use, environmental protection, land claims of indigenous people and other matters. Furthermore, in certain foreign jurisdictions, these regulatory requirements may be more stringent than those in Canada. Certain export control laws or economic sanctions laws may include restrictions or prohibitions on the sale or supply of certain products and services to embargoed or sanctioned countries, governments, persons and entities. In addition, various countries regulate the import of certain technology, including import and export permitting and licensing requirements, and have enacted or could enact laws that could limit the Company's ability to distribute its products. Changes in the Company's products, or future changes in export and import regulations may prevent any potential international customers from utilizing the Company's products globally or, in some cases, prevent the export or import of the Company's products to certain countries, governments, or persons altogether.

Any change in export or import regulations, economic sanctions, or related legislation, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of the Company's products in the future by, or in the Company's decreased ability to export or sell its products to, potential international customers. Any limitation on the Company's ability to export or sell its products would likely adversely affect the Company's future business, results of operations, and financial results.

Large volume production of graphene requires permits and approvals from various government authorities, and is subject to extensive federal, provincial, state, and local laws and regulations governing development, production, exports, taxes, labour standards, occupational health and safety, environment, and other matters. As graphene is a new chemical substance, production and sale of graphene may be subject to specific occupational health and safety and environment regulatory approvals in different jurisdictions including, without limitations, under the *Canadian Environmental Protection Act* (Canada), the *Food and Drug Act* (Canada), the *Toxic Substances Control Act* (USA), the *Food Drug and Cosmetic Act* (USA) and the *Registration, Evaluation, Authorization and Restriction of Chemicals* (Europe).

Health Canada also regulates certain markets into which the Company intends to supply products or license its intellectual property. There is no assurance that Health Canada or any other body will grant license for sales into markets it regulates. Each foreign jurisdiction for the Company's products is regulated and no assurance exists that sales of graphene-related products will be permitted. Any inability by the Company to obtain approval from Health Canada and/or international bodies could have a material adverse impact of the business of the Company.

The Company is also subject to consumer protection laws that may impact its sales and marketing efforts. These laws, as well as any changes in these laws, could make it more difficult for the Company to sell and market its products. These laws and regulations are subject to change over time and thus the Company must continue to monitor and dedicate resources to ensure continued compliance. Non-compliance with applicable regulations or requirements could subject the Company to investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if the Company does not prevail in any possible civil or criminal litigation, its business, operating results, and financial condition could be materially adversely affected.

Additionally, in order for the Company to carry out its activities, any required licenses and permits must be obtained and kept current. There can be no assurance, however, that the Company will obtain on reasonable terms or at all the permits and approvals, and the renewals thereof, which it may require for the conduct of its future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on the Company's business plans. Possible future environmental and mineral tax legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delay on the Company's planned exploration and operations, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Industry Competition

The Company seeks to compete with other graphene and manufacturing companies, in highly competitive markets. Some of the Company's competitors have substantially greater financial, marketing and other resources and higher market share than the Company has in certain products or geographic areas. As the markets for the Company's products expand, additional competition may emerge, and competitors may commit more resources to products which directly compete with the Company's products. There can be no assurance that the Company will be able to compete successfully with existing competitors or be able to develop any market for its products, or that its business will not be adversely affected by increased competition or by new competitors.

There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects and any such inability could have a material adverse effect on the Company's business and financial condition.

Lack of Trading Market for Graphene

Unlike commodity minerals such as copper, gold or silver, industrial minerals such as graphene precursor graphene materials and graphite do not have a metals exchange or an open market upon which to trade and therefore prices are not set in an open market or publicly traded market, and there can be no assurance that certain items can be sold or purchased at any time. As prices are set with private suppliers and private customers, it is difficult to predict what market prices may be at the time of any transaction. There can be no guarantees that the Company will be able to sell its graphene products in a profitable manner, or at all.

Shortages

The Company will be dependent on various supplies, equipment, parts and labour, and the services of contractors to carry out its business objectives. The availability and cost of such supplies, equipment, parts or labour or the services of contractors could have a material adverse effect on the Company's ability to successfully carry out its exploration and development activities.

Reliance on Key Personnel

The Company's development to date has depended, and in the future, will depend largely on the efforts of key management and other key personnel. Loss of any of these people, particularly to competitors, could have a material adverse effect on the Company's business. Further, with respect to the future development of the Company's projects, it may become necessary to attract both international and local personnel for such development. The marketplace for key skilled personnel is becoming more competitive, which means the cost of hiring, training, and retaining such personnel may increase. Factors outside the Company's control, including competition for human capital and the high-level of technical expertise and experience required to execute this development will affect the Company's ability to employ the specific personnel required. The failure to retain or attract a sufficient number of key skilled personnel could have a material adverse effect on the Company's business, results of operations, and financial condition. The Company has not taken out and does not intend to take out "key man insurance" in respect of any directors, officer, or other employees.

Qualified Employees

Recruiting and retaining qualified personnel is critical to the Company's success. Especially if it relates to its graphene operations, finding skilled scientists and a sales team familiar with the subject matter is difficult. As the Company grows further, the need for skilled labour will increase. The number of persons skilled in the high-tech manufacturing business is limited and competition for this workforce is intense. This may adversely affect the business of the Company if it is unable to recruit and retain qualified personnel as and when required.

Cybersecurity Threats

The reliability and security of the Company's information technology ("IT") systems are important to the Company's business and operations. Although the Company has established and continues to enhance security controls intended to protect the Company's IT systems and infrastructure, there is no guarantee that such security measures will be effective in preventing unauthorized physical access or cyberattacks. A significant breach of the Company's IT systems could, among other things, cause disruptions in the Company's manufacturing operations (such as operational delays from production downtime, inability to manage the supply chain or produce products for customers, disruptions in inventory management), lead to the loss, destruction, corruption or inappropriate use of sensitive data, including employee information or intellectual property, result in lost revenues due to theft of funds or due to a disruption of activities, including remediation costs, or from litigation, fines and liability or higher insurance premiums, the costs of maintaining security and effective IT systems, which could negatively affect results of operations and the potential adverse impact of changing laws and regulations related to cybersecurity or result in theft of the Company's, its customers' or suppliers' intellectual property or confidential information. If any of the foregoing events (or other events related to cybersecurity) occurs, the Company may be subject to a number of consequences, including reputational damage, a diminished competitive advantage and negative impacts on future opportunities which could have a material adverse effect on the Company.

Share Price Fluctuations

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur. In particular, the fluctuations may be exaggerated if the trading volume of the Company's common shares is low.

Cost Absorption and Purchase Orders

Especially as it relates to its activities in the transportation industry, and given the current trends in that industry, the Company is under continuing pressure to absorb costs related to product design and development, engineering, program management, prototypes and validation. In particular, OEMs are requesting that suppliers pay for the above costs and recover these costs through the piece price of the applicable component. Contract volumes for customer programs not yet in production are based on the Company's customers' estimates of their own future production levels. However, actual production volumes may vary significantly from these estimates due to a reduction in consumer demand or new product launch delays, often without any compensation to the supplier by its OEM customer. Typical purchase orders issued by customers do not require that they purchase a minimum number of the Company's products. For programs currently under production, the Company is generally unable to request price changes when volumes differ significantly from production estimates used during the quotation stage. If estimated production volumes are not achieved, the product development, design, engineering, prototype and validation costs incurred by the Company may not be fully recovered. Similarly, future pricing pressure or volume reductions by the Company's customers may also reduce the amount of amortized costs otherwise recoverable in the piece price of the Company's products. Either of these factors could have an adverse effect on the Company's profitability. While it is generally the case that once the Company receives a purchase order for products of a particular vehicle program it would continue to supply those products until the end of such program, customers could cease to source their production requirements from the Company for a variety of reasons, including the Company's refusal to accept demands for price reductions or other concessions.

Acquisitions

The Company could seek to acquire complementary businesses, assets, technologies, services or products, at competitive prices. The Company could pursue acquisitions in those product areas which were identified as key to the Company's long-term business strategy. However, as a result of intense competition in these strategic areas, the Company may not be able to acquire the targets needed to achieve its strategic objectives. The completion of such transactions poses additional risks to the Company's business.

Acquisitions are subject to a range of inherent risks, including the assumption of incremental regulatory/compliance, pricing, supply chain, commodities, labor relations, litigation, environmental, pensions, warranty, recall, IT, tax or other risks. Although the Company seeks to conduct appropriate levels of due diligence on acquisition targets, these efforts may not always prove to be sufficient in identifying all risks and liabilities related to the acquisition, including as a result of limited access to information; time constraints for conducting due diligence; inability to access target company facilities and/or personnel; or other limitations in the due diligence process. Additionally, the Company may identify risks and liabilities that cannot be sufficiently mitigated through appropriate contractual or other protections. The realization of any such risks could have a material adverse effect on the Company's operations or profitability. The benefit to the Company of previous and future acquisitions is highly dependent on the Company's ability to integrate the acquired businesses and their technologies, employees and products into the Company, and the Company may incur costs associated with integrating and rationalizing the facilities (some of which may need to be closed in the future).

The Company cannot be certain that it will successfully integrate acquired businesses or that acquisitions will ultimately benefit the Company. Any failure to successfully integrate businesses or failure of the businesses to benefit the Company could have a material adverse effect on its business and results of operations. Such transactions may also result in additional dilution to the Company's shareholders or increased debt. Such transactions may involve partners, and the formula for determining contractual sale provisions may be subject to a variety of factors that may not be easily quantified or estimated until the time of sale (such as market conditions and determining fair market value).

Launch and Operational Costs

The launch of new business, in an existing or new facility, is a complex process, the success of which depends on a wide range of factors, including the production readiness of the Company and its suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. A failure to successfully launch material new or takeover business could have an adverse effect on profitability. The Company's manufacturing processes are vulnerable to operational problems that can impair its ability to manufacture its products in a timely manner, or which may not be performing at expected levels of profitability. The Company's facilities and proposed facilities contain complex and sophisticated equipment that is used in its manufacturing processes. The Company could experience equipment failure in the future due to wear and tear, design error or operator error, among other things, which could have an adverse effect on profitability. From time to time, the Company may have some operating divisions which are not performing at expected levels of profitability. Significant underperformance of one or more operating divisions could have a material adverse effect on the Company's profitability and operations.

Material and Commodity Prices

Prices for key raw materials and commodities used in the production of graphene-based products, as well as energy prices, have proven to be volatile at certain times. To the extent that the Company is unable to fully mitigate its exposure to price change of key raw materials and commodities, particularly through engineering products with reduced content, by passing price increases to customers, or otherwise, such additional costs could have a material adverse effect on profitability. Increased energy prices could also have an impact on production or transportation costs which in turn could affect competitiveness.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of its manufacturing businesses, certain risks and, in particular, unexpected or unusual catastrophic events including explosions and fire may occur. It is not always possible to fully insure 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 common shares of the Company.

Litigation

The Company has entered into legally binding agreements with various third parties, including supply, license, distribution, non-disclosure, consulting and partnership agreements. The interpretation of the rights and obligations that arise from such agreements is open to interpretation and the Company may disagree with the position taken by the various other parties resulting in a dispute that could potentially initiate litigation and cause the Company to incur legal costs in the future. Given the speculative and unpredictable nature of litigation, the outcome of any such disputes could have a material adverse effect on the Company's business.

Credit Risk

As at September 30, 2026, the Company's credit risk was primarily attributable to cash, accounts and other receivables. Financial instruments included in accounts and other receivables consisted of trade receivables generated through sales as well as recoverable Harmonized Sale Tax. The Company’s cash is held with reputable financial institutions. Management believes that the credit risk with respect to financial instruments included in accounts and other receivables is remote.

Interest Rate Risk

The Company has cash and cash equivalent balances at federally regulated Canadian banks. The Company periodically monitors the investments it makes, the security of such investments and is satisfied with the credit ratings of its banks. The Company closely monitors interest rates to determine the appropriate course of action to be taken by the Company.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Financial Capability and Additional Financing

The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to enable it to fulfill its business objectives or obligations, on acceptable terms or at all. Unanticipated expenses and other developments could cause existing funds to be depleted sooner than expected. In the event that its existing cash resources are inadequate to fund operational expenses, and in order to fund the planned business objectives of the Company, the Company will be required to raise additional financing from external sources, such as debt financing, equity financing or joint ventures. The Company's ability to raise additional equity financing may be affected by numerous factors beyond the Company's control, including, but not limited to, adverse market conditions, commodity price changes and an economic downturn. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of the development of the Company’s business and could cause the Company to reduce or terminate its operations. Additional funds raised by the Company from treasury share issuances may result in significant dilution to existing shareholders, a depressive effect on the price of the common shares and/or a change of control.

Permits and Government Regulation

Although the Company believes it has all of the necessary permits to carry out the proposed business programs, the operations of the Company may require licenses and permits from time to time from various governmental authorities to carry out exploration and development at its projects or locations. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary licenses and permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities. In addition, the requirements applicable to sustain existing permits and licenses may change or become more stringent over time and there is no assurance that the Company will have the resources or expertise to meet its obligations under such licenses and permits.

Fluctuating Prices

The profitability of the Company’s operations will be dependent upon the market price of the ZenGUARD™ masks and other products, their global acceptance and demand along with their regulatory approvals in other jurisdictions. The level of interest rates, rate of inflation, production costs, healthcare and consumer demand, and stability of exchange rates can all cause significant fluctuations in revenue. Such external economic factors are in turn influenced by changes in international purchasing patterns, monetary systems and political developments.

Environmental Regulation

AGC's Albany Graphite Project is subject to environmental laws and regulations which may materially and adversely affect its future operations. These laws and regulations control the exploration and development of the Albany Graphite Project and their effects on the environment, including air and water quality, waste handling and disposal, the protection of different species of plant and animal life, and the preservation of lands. These laws and regulations will require AGC to acquire permits and other authorizations for certain activities. There can be no assurance that AGC will be able to acquire such necessary permits or authorizations on a timely basis, if at all.

Further, environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect AGC's operations.

AGC is not currently insured against most environmental risks. Without such insurance, and if AGC becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds AGC has to pay such liabilities and result in bankruptcy.

Economic Dependence on Supply Agreements

Currently, the Company has entered into a limited number of supply or sales agreements for the sale of its products. Until additional supply agreements are executed by the Company, the Company's revenues will be completely dependent on such agreements. If such agreements are terminated, or if less of the Company's product than anticipated is purchased pursuant to such agreements, this could have a material adverse impact on the Company's business, operations and results.

Legal proceedings and regulatory actions

The Company was not subject to any material legal proceedings during its most recently completed financial year, nor is the Company or any of its properties a party to or the subject of any such proceedings, and no such proceedings are known to be contemplated. The Company may be involved in routine, non-material litigation arising in the ordinary course of business, from time to time.

There were no penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority during its most recently completed financial year, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

On January 29, 2021, the Company was served with a statement of claim issued by Graphene Composites Ltd ("**Graphene Composites**"). In October 2024, Graphene Composites extended a without prejudice offer to settle their action against the Company and bring this matter to a close. The settlement saw both parties discontinue their respective claims with prejudice basis. Each side being responsible for their own costs associated with the action and counterclaim. The Company did not accept the offer. However, no further action has been taken by either side in this matter, and the Company does not expect any further action to be taken.

Proposed Transactions

As is typical of rapidly growing companies, the Company is continually reviewing partnerships, potential merger, acquisition, investment and joint venture transactions and opportunities. As of the date hereof, there is no proposed asset or business acquisition or disposition.

Material Accounting Policies

A detailed summary of all of the Company's significant accounting policies is included in Note 2 to the March 31, 2026, audited annual consolidated financial statements.

Internal Controls over Financial Reporting

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS Accounting Standards. Based on regular reviews of its internal control procedures an evaluation of the effectiveness of the Company's internal control over financial reporting was conducted as of September 30, 2026, based on the criterial described in "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Changes to Internal Control over Financial Reporting

The Company is required to disclose herein any change in the Company's internal control over financial reporting that occurred during the six-month period ended September 30, 2026, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. During the six-month period ended September 30, 2026 there have been no changes to the Company's internal controls over financial reporting that occurred, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure Controls and Procedures

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of September 30, 2026.