

APPLIED GRAPHITE TECHNOLOGIES CORPORATION

(Formerly Audrey Capital Corporation)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Applied Graphite Technologies Corporation (formerly "Audrey Capital Corporation") (the "Company") during the year ended December 31, 2023, and to the date of this report. This MD&A should be read in conjunction with the accompanying financial statements and related notes thereto for the year ended December 31, 2023 (the "Financial Report") and the notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented in this MD&A are stated in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available on SEDAR + at www.sedarplus.ca

This MD&A contains information up to and including March 19, 2024.

FORWARD-LOOKING INFORMATION

Certain statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information, please refer to page 8 of this MD&A.

COMPANY OVERVIEW

The Company was incorporated on March 9, 2021, under the Business Corporations Act of British Columbia. The Company filed its final prospectus on SEDAR on September 27, 2021, and is classified as a reporting issuer under the British Columbia Securities Commission ("BCSC") as principal regulator, as well as Alberta, Manitoba, and Ontario.

The Company's Initial Public Offering (the "IPO") was completed on November 26, 2021, and the Company is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. As a CPC, the Company's objective will be to identify and acquire either operating assets or a business, subject to regulatory approval, that meet the criteria of a Qualifying Transaction as defined by the TSX-V.

COMPANY DEVELOPMENTS AND OUTLOOK

On June 23, 2023, the Company entered into an qualifying transaction agreement (the "Qualifying Transaction Agreement") with Applied Graphite Technologies Corporation ("AGT"), a private company incorporated under the Business Corporations Act (British Columbia), pursuant to which the Company will acquire all of the issued and outstanding securities of AGT by way of a three-cornered amalgamation with a wholly-owned subsidiary of the Company ("Subco") to be incorporated under the laws of the Province of British Columbia, with such acquisition (the "Proposed Transaction") constituting an acquisition of assets, subject to certain terms and conditions. The Company, as the resulting issuer following the completion of the Proposed Transaction (the "Resulting Issuer"), will continue the business of AGT. The

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Company intends that the Proposed Transaction will constitute its Qualifying Transaction, as such term is defined in TSXV Policy 2.4 Capital Pool Companies. On closing of the Proposed Transaction, it is anticipated that the common shares of the Resulting Issuer (the "Resulting Issuer Shares") will be listed for trading on the TSXV. Costs associated with the Proposed Transaction totaling \$183,789 have been recorded as deferred acquisition costs.

Subsequent to year end, TSX -V has accepted for filing the Qualifying Transaction of Audrey Capital Corporation. As a result, effective at the opening on March 12, 2024, the trading symbol for Audrey has changed from AUD.P to AGT.

The Qualifying Transaction includes the following matters:

Immediately prior to the completion of the Amalgamation:

- the issued and outstanding common shares of the former Audrey Capital Corporation were consolidated on the basis of one (1) Audrey Capital Corporation Share for every 1.5 Existing Audrey Capital Corporation Shares.

These financial statements are reflective of the share consolidation.

- the Company changed its name from Audrey Capital Corporation to Applied Graphite Technologies Corporation.

Pursuant to the Amalgamation:

- the Company issued the former shareholders of AGT 8,200,605 common shares, and a total of 21,533,938 common shares of the Resulting Issuer are issued and outstanding, along with 1,333,333 stock options, 333,333 broker warrants all exercisable at \$0.15 per common share.
- As a finder's fee, Audrey issued 1,366,454 transferable warrants to purchase AGT shares at a price of \$0.15 per Resulting Issuer Share, exercisable for a period of five years following the closing of the Qualifying Transaction.

RESULTS OF OPERATIONS

For the year ended December 31, 2023, the Company incurred a net loss of \$97,224. For the year ended December 31, 2022, the Company incurred a net loss of \$161,921.

The following is a summary of operating costs:

	Year ended December 31, 2023	Year ended December 31, 2022
EXPENSES		
Filing fees	\$ 32,562	\$ 17,447
General and administrative	36,000	37,234
Investor Relations	5,890	-
Professional fees	22,772	18,280
Stock-based compensation	-	88,960
Total operating expenses	\$ 97,224	\$ 161,921

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The significant expenditures for the year ended December 31, 2023 were as follows:

- Filing fees mostly consisting of SEDAR and TSX-V filing fees of \$32,562;
- General & Administrative costs consisting of finance, accounting, corporate secretary and administrative charges and reimbursements of \$36,000; and
- Professional fees consisting of \$20,701 for audit fees and \$2,071 for legal fees; and
- Deferred acquisition costs of \$183,789.

The significant expenditures for the year ended December 31, 2022 were as follows:

- SEDAR and TSX-V filing fees of \$17,447;
- General & Administrative costs consisting of accounting and administrative charges and reimbursements of \$37,234;
- Professional fees consisting of \$11,585 for accounting fees and \$6,695 for legal fees; and
- Share-based compensation for 333,000 stock options granted at \$0.15 per share to officers and directors of the Company.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of quarterly results for the eight most recently completed quarters since March 31, 2022.

	Three months ended							
	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
Loss for the period	33,368	18,679	20,109	25,068	24,122	13,191	18,091	106,517
Loss per share basic and diluted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The Results of Operations section above provides information regarding the significant expenditures for the period from March 31, 2022 to December 31, 2023.

For the year ended December 31, 2023, the Company incurred costs related to accounting, administrative and legal fees, and filing fees. During the year ended December 31, 2022, the Company incurred costs related to accounting and administrative fees, filing fees and share-based compensation.

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LIQUIDITY AND CAPITAL RESOURCES

Components		December 31, 2023
Working capital	\$	726,001
Total assets		958,462
Total liabilities		48,672
Share capital		1,207,151
Reserves		246,737
Deficit		(544,098)

The Company had cash of \$768,764 as at December 31, 2023.

At present, the Company has no operations that generate cash flow, and its financial success is dependent on the Company's ability to successfully raise required funding through future equity issuances, asset sales, or a combination thereof.

Many factors influence the Company's ability to raise funds, including the health of global equity prices, the Company's track record, and the experience and quality of its management team. The Company relies on equity financings and the exercise of options and warrants to fund its acquisitions and its general and administrative expenses.

There is no guarantee that the Company will be able to secure additional financing in the future at terms that are favorable. To date, the Company has not used debt or other means of financing to further its operations, and the Company has no plans to use debt financing at the present time.

OUTSTANDING SHARE DATA

Refer to Note 4 of the Company's financial statements for the year ended December 31, 2023.

a) Common Shares

At December 31, 2023, the Company had 13,333,333 common shares issued and outstanding.

On January 7, 2022, the Company closed a non-brokered private placement for 1,000,000 common shares at a price of \$0.15 per share for total proceeds of \$150,000.

The Seed Shares have been transferred to escrow and will be released rateably over an 18-month period following the completion of a Qualifying Transaction.

b) Stock Options

On March 16, 2023, the Board of Directors approved an amended Option Plan of the Company (the "Stock Option Plan"), which provides that the Board of Directors of the Company may, from time to time in its discretion and in accordance with TSX-V regulations, grant to directors, officers, employees, or Management Company employees and consultants to the Company, non-transferrable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options are exercisable for a period

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of up to 10 years from the date of the grant. Vesting terms will be determined at the time of grant by the Board of Directors.

During the year ended December 31, 2023, the Company did not grant any stock options to directors and officers of the Company.

c) Share Purchase Warrants

During the year ended December 31, 2023, the Company did not issue any share purchase warrants.

As of the date of this MD&A, the issued and outstanding shares, options and warrants of the Company are as follows:

Common Shares	21,533,938
Stock Options	1,333,333
Share Purchase Warrants	1,699,787

RELATED PARTY TRANSACTIONS

Related party transactions are measured at the amounts agreed upon by the parties.

Related party transactions for the year ended December 31, 2023 are as follows:

- a) A company owned by a Director, Ian Slater, provided professional services to the Company in the amount of \$36,000 (2022 - \$36,000) for the year ended December 31, 2023;
- b) Farris LLP, in which two of the Directors, Jay Sujir and Peter Roth, are partners provided legal services to the Company in the amount of \$152,072 (2022 - \$6,683), of which \$150,002 was recorded as Deferred Acquisition Costs for the year ended December 31, 2023. A balance of \$34,072 was due to Farris LLP as at December 31, 2023 (2022 – nil).
- c) Compensation of directors and members of key management personnel through stock option grants totalled \$Nil (2022 - \$88,960) as share-based compensation for the year ended December 31, 2023.

FINANCIAL INSTRUMENTS

Refer to Note 7 of the Company's financial statements for the year ended December 31, 2023 for disclosure regarding the Company's financial instruments. The Company has designated its cash and amounts receivable as financial assets at amortized cost and accounts payable and accrued liabilities as financial liabilities at amortized cost.

Fair Value

Management has assessed those fair values of cash, accounts payable and accrued liabilities approximate their carrying amounts, largely due to the short-term maturities of these instruments. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

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Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

CONTINGENCIES

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the financial condition or future results of the Company.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. Actual reports could differ from management's estimates. The accounting estimates and judgments considered to be significant to the Company include the computation of share-based payments expense and warrants.

The Company uses the fair-value method of accounting for incentive stock options and warrants granted, modified, or settled. Under this method, the costs attributable to options granted are measured at fair value at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the expected volatility of the stock, the expected life of the options, and an estimated risk-free interest rate. Changes to these estimates could result in the fair value of the share-based payments costs being less than or greater than the amount recorded. In determining the fair value of the warrants, the Company makes estimates of the expected volatility of the stock, the expected life of the warrants, and an estimated risk-free interest rate.

CHANGES IN ACCOUNTING POLICIES

The Company has not made any changes to accounting policies during period from January 1, 2023 to December 31, 2023. Refer to Note 3 of the Company's financial statements for the year ending December 31, 2023.

RISKS AND UNCERTAINTIES

The following are risk factors associated with the Company:

- a) the Company has not commenced commercial operations and has no assets other than cash, amounts receivable, and prepaid expenses. It has no history of earnings, and shall not generate earnings or pay dividends until some time in the future;

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- b) investment in the common shares of the Company is highly speculative given the proposed nature of the Company's business and its present stage of development;
- c) the directors and officers of the Company will only devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- d) there can be no assurance that an active and liquid market for the Company's common shares exists and an investor may find it difficult to resell its common shares;
- e) Trading in common shares may be halted at other times for other reasons, including for failure by the Company to submit documents to the TSX-V within the time periods required;
- f) Certain directors of the Company resides outside of Canada, and investors may find it difficult or impossible to effect service of notice to commence legal proceedings upon any directors resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts; and

As a result of these factors, this Offering is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the common shares.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

As permitted, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and respective accompanying Management's Discussion and Analysis. In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" (also referred to as "forward-looking statements") within the meaning of applicable Canadian securities legislation. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. All statements, other than statements of historical fact, are forward-looking statements.

In this MD&A, forward-looking statements are necessarily based upon several estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic, and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with potential acquisitions, financing of the Company's acquisitions and other activities, and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information.

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Forward-looking statements involve risks, uncertainties, assumptions, and other factors, including those set out below, that may never materialize, prove incorrect, or materialize other than as currently contemplated, which could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact, and may be forward-looking statements.

Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation:

- the ability of the Company to successfully acquire assets;
- access to funding to support the Company's strategic plans and/or operating activities in the future;
- the volatility of currency exchange rates and global prices;
- the continued participation in the Company of certain key employees; and
- risks normally incident to the acquisition.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this report that would warrant any modification of any forward-looking statement made in this document and other documents periodically filed with or furnished to the relevant securities regulators. All subsequent written and forward-looking oral statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events, or otherwise, subject to the Company's disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the Company's filings with Canadian securities regulatory agencies, which can be viewed online at www.sedarplus.ca

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A on March 19, 2024. A copy of this MD&A is filed on SEDAR+.