

# **APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

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## **MANAGEMENT INFORMATION CIRCULAR**

**ANNUAL GENERAL MEETING OF THE SHAREHOLDERS TO BE HELD ON  
MONDAY, JUNE 16, 2025**

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May 8, 2025

## MANAGEMENT SOLICITATION

This information circular (this “**Circular**”) is being furnished to you in connection with the solicitation of proxies by management of Applied Graphite Technologies Corporation (“**we**”, “**us**”, “**AGT**” or the “**Company**”) for use at the annual general meeting of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) of the Company to be held at 9:30 am (Vancouver time) on Monday June 16<sup>th</sup>, 2025 at the place and for the purposes set forth in the Notice of the Meeting accompanying this Circular (the “**Meeting**”), and at any adjournment of the Meeting. The ISIN of the Company is CA03820A1093.

This Circular is being provided by management of the Company to Shareholders of record as of May 8, 2025 (the “**Record Date**”), which is the date that has been fixed by the board of directors of the Company (the “**Board**”) as the record date to determine the Shareholders who are entitled to receive notice of and to vote at the Meeting. We will conduct the solicitation by mail, and our officers, directors and employees may, without receiving special compensation, contact Shareholders by telephone, electronic means, or other personal contact. The cost of solicitation will be borne by the Company. No solicitation will be made by specifically engaged employees or soliciting agents.

The Meeting materials are being sent to both registered and non-registered owners of the Common Shares as of the Record Date in accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) and arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to deliver proxy solicitation materials to the beneficial owners of the Common Shares. The Company may pay the reasonable costs incurred by such persons in connection with such delivery.

Under the articles of the Company (the “**Articles**”), quorum is two or more persons present and holding, or representing by proxy, 5% or more of the Common Shares eligible to be voted as of the Record Date for the Meeting. This quorum of shareholders entitled to attend and vote at the Meeting must be present at the Meeting before any action may validly be taken at the Meeting. If such a quorum is not present in person or by proxy, the Company will adjourn and reschedule the Meeting.

Words importing the singular include the plural and *vice versa*. In this Circular, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to “dollars” or “\$” are to Canadian dollars and references to “USD” are to United States dollars.

### General Information

The Company was incorporated under the laws of the Province of British Columbia pursuant to the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) on March 9, 2021 under the name “Audrey Capital Corporation” (“**Audrey**”). The Company completed its initial public offering on November 26, 2021 and was listed on the TSX Venture Exchange (the “**Exchange**”) as a capital pool company until it completed its qualifying transaction on March 7, 2024 (the “**Transaction**”). On March 7, 2024, in connection with the Transaction, Audrey, Applied Graphite Technologies Corporation (“**Former AGT**”) and 1445056 B.C. Ltd. (“**Subco**”) completed a three-cornered amalgamation pursuant to which Former AGT and Subco amalgamated to become a wholly owned subsidiary of Audrey under the name “AGT Resources Corporation”, and Audrey changed its name to “Applied Graphite Technologies Corporation”. On March 12, 2024 the Common Shares were listed for trading on the Exchange under the symbol “AGT”.

Additional information relating to the Transaction can be found in the Filing Statement of Audrey dated February 29, 2024, available under the Company’s issuer profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### Cautionary Statement Regarding Forward-Looking Information

The information provided in this Circular, including exhibits, may contain “forward-looking statements” and/or “forward-looking information” within the meaning of applicable securities legislation (collectively, “forward-looking statements”). Forward-looking statements include statements concerning the Company's current expectations,

estimates, projections, assumptions and beliefs, and, in certain cases, can be identified by the use of words such as “potential”, “propose”, “aim”, “depend”, “seeks”, “plans”, “expects”, “is expected”, “budget”, “estimates”, “intends”, “anticipates”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “can”, “could”, “should”, “shall”, “would”, “might” or “will”, “occur” or “be achieved”, or the negative forms of any of these words and other similar expressions.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments as more particularly described in items proposed for approval at the Meeting, as more particularly described in this Circular, including the Company’s intentions and plans.

These statements speak only as at the date they are made and are based on information currently available and on the then-current expectations of the Company and/or assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the occurrence and outcome of the Meeting; and
- risks described in this Circular and elsewhere in the Company's public disclosure record.

Forward-looking statements reflect the Company's current expectations and assumptions, and are subject to a number of known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements. Consequently, all forward-looking statements made in this Circular and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company.

The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on its behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Certain historical information contained in this Circular herein has been provided by, or derived from information provided by, third parties. Although the Company does not have any knowledge that would indicate that any such information is untrue, incorrect or incomplete, the Company assumes no responsibility for the accuracy and completeness of such information or the failure by such third parties to disclose events which may have occurred or may affect the completeness or accuracy of such information but which is unknown to the Company.

## GENERAL VOTING INFORMATION

If you are a registered Shareholder and eligible to vote, you can vote your Common Shares in person at the Meeting or by signing and returning the enclosed form of proxy by internet, by phone, or by mail in the return envelope provided. Please see “*Registered Shareholders*” below.

If your Common Shares are not registered in your name but are held by a nominee (usually a bank, trust company, securities broker or other financial institution), please see “*Non-Registered Shareholders*” below.

### **Registered Shareholders**

#### *Appointment of Proxyholders*

The persons named as proxyholders in the enclosed form of proxy are the Company's directors or officers. **A Shareholder has the right to appoint a person or company (who need not be a Shareholder) in place of the**

**persons named in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate proxy.**

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation and delivery is accompanied by proof of authority to sign on behalf of the corporation.

### ***Voting by Proxy***

The persons named in the enclosed form of proxy will vote or withhold from voting the Common Shares represented by a proxy in accordance with your instructions, provided your instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your Common Shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your Common Shares will be voted in favour of all matters.

**The enclosed form of proxy gives the persons named as proxyholders discretionary authority regarding amendments to or variations of matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Circular, our management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any amendment, variation, or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgment.**

You may indicate the manner in which the persons named in a proxy are to vote on any matter by marking an “X” in the appropriate space. If you wish to give the persons named in a proxy a discretionary authority on any matter described in the form of proxy, then you should leave the space blank. **In that case, the proxyholders nominated by management will vote the Common Shares represented by your proxy in accordance with their judgment.**

### ***Completion and Return of Proxy***

You must deliver a completed proxy to the office of the Company's registrar and transfer agent, **Olympia Trust** (contact information below), or to the Company's registered and records office at the address listed on the cover page of this Circular, by **June 12, 2025** at 9:30 am (Vancouver time), which is not less than 48 hours (Saturdays, Sundays, and holidays excepted) before the scheduled time of the Meeting (or any adjournment, as applicable). The Chair of the Meeting will have the discretion to accept or reject proxies otherwise deposited.

**Mail:** Olympia Trust Company  
PO BOX 128 STN M,  
CALGARY, AB, T2P 2H6

**Email:** PROXY@OLYMPIATRUST.COM

### ***Revocability of Proxy***

If you are a registered Shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered Shareholder who has given a proxy may revoke it by either:

- (a) signing a proxy bearing a later date; or
- (b) signing a written notice of revocation in the same manner as the enclosed form of proxy is required to be signed as set out in the notes to the enclosed form of proxy.

The later proxy or the notice of revocation must be delivered to the office of the Company's registrar and transfer agent or to the Company's registered and records office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment or postponement thereof.

### **Non-Registered Holders**

Only Shareholders whose names appear on our records or validly appointed proxyholders are permitted to vote at the Meeting. However, most Shareholders are “non-registered Shareholders” because their Common Shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a “**Nominee**”). If you purchased your shares through a broker, you are likely a non-registered Shareholder.

Non-registered Shareholders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as “**NOBOs**”. Those non-registered Shareholders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as “**OBOs**”.

In accordance with securities regulatory requirements under NI 54-101, we have distributed copies of the materials related to the Meeting directly to NOBOs and to the Nominees for onward distribution to OBOs.

Nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Management intends to pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials, and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary*.

Shares held by Nominees can only be voted in accordance with the instructions of the non-registered Shareholder. Meeting materials sent to non-registered Shareholders who have not waived the right to receive Meeting materials may be accompanied by a voting instructions form (a “**VIF**”) instead of a form of proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered Shareholder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered Shareholder. VIFs, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered Shareholders to direct the voting of the shares they beneficially own. Should a non-registered holder who receives a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the non-registered holder may request a legal proxy as set forth in the VIF, which will grant the non-registered holder or his/her nominee the right to attend and vote at the Meeting. Non-registered Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered. **Each non-registered Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting so that your Nominee has enough time to submit your instructions to us.**

If you are a non-registered Shareholder who wishes to revoke a proxy VIF or to revoke a waiver of your right to receive materials related to the Meeting and to give voting instructions, you must give written instructions to your Nominee in accordance with such Nominee’s instructions.

### **United States Shareholders**

This solicitation of proxies involves securities of a corporation incorporated in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation. Shareholders should be aware that disclosure and proxy solicitation requirements under the securities laws of the provinces of Canada differ from the disclosure and proxy solicitation requirements under United States securities laws. The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the BCBCA. Shareholders may not have standing to bring a claim against a foreign corporation or its officers or directors

in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign corporation and its officers and directors to subject themselves to a judgment by a United States court.

## MATTERS TO BE ACTED UPON AT THE MEETING

### (1) Financial Statements

The financial statements of the Company for the period ended December 31, 2024 will be placed before you at the Meeting. No vote is required for this item. A copy of these financial statements, together with the auditor's report thereon, and management's discussion and analysis, were mailed to Shareholders. These financial statements and management discussion and analysis (“**MD&A**”) are also available for review on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or are available free of charge by phoning 604-638-2545 ext. 102 and providing your mailing address.

### (2) Number of Directors

Under the Articles, the number of directors may be fixed or changed from time to time by ordinary resolution but must not be fewer than three. It is proposed to set the number of directors at five. This requires the approval of the Shareholders by an ordinary resolution, which approval will be sought at the Meeting.

The Board and management recommend that you vote “FOR” fixing the number of directors at five. **Unless otherwise instructed, the proxies solicited by management will be voted “FOR” fixing the number of directors of the Company at five (5).**

### (3) Election of Directors

There are currently five directors of the Company and five nominees are proposed by management for election at the Meeting. The term of office of each of the nominees proposed for election as a director will expire at the Meeting, and each of them, if elected, will serve until the close of the next annual general meeting, unless he resigns or otherwise vacates office before that time.

**Unless otherwise instructed, the proxies solicited by management will be voted “FOR” the election of the five (5) management nominees as directors of the Company for the ensuing year.**

Management does not expect that any of the nominees will be unable to serve as a director, however, if before the Meeting any vacancies occur in the list of nominees listed below, the person named in a proxy will exercise his or her discretionary authority to vote the Common Shares represented by the proxy for the election of any other person or persons as directors.

#### Management Nominees

Management proposes to nominate the persons named in the table below, three of whom are presently members of the Board, for election as director. The information concerning the proposed nominees has been furnished by each of them as of the date of this Circular:

Name, Jurisdiction of Residence, and Present Office Held	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction Is Exercised	Principal Occupation During the Past Five Years
Donald Baxter Director & CEO ON, Canada	March 7, 2024	2,837,845 <sup>(2)</sup>	Management consultant, public company director, CEO of Ceylon Graphite

Name, Jurisdiction of Residence, and Present Office Held	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction Is Exercised	Principal Occupation During the Past Five Years
Jay Sujir BC, Canada	N/A	0	Partner, Farris LLP 0
Ian Harris Director Medellin, Colombia	March 7, 2024	554,545	CEO, Outcrop Silver & Gold Corporation
Chaanaka Abeyratne <sup>(1)</sup> Director Colombo, Sri Lanka	March 7, 2024	100,000	Practicing attorney at law, Sri Lanka
Lindsay Nagle British Columbia, Canada	N/A	0	CEO of Infinitum Energy (Cayman Islands)

**Notes:**

(1) Denotes a member of the Audit Committee, chaired by Rodney Stevens.

(2) These shares are owned through 1163863 Ontario Ltd., a company owned by Donald Baxter.

(3) Information about principal occupation, business or employment and number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, that is not within the knowledge of the Company has been furnished by respective persons set forth above.

Corporate Cease Trade Orders, Bankruptcy or Penalties and Sanctions

Other than as described below, no proposed nominee for election as a director of the Company is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days,

Donald K. Baxter became the Chief Executive Officer of Ceylon Graphite Corp. (“**Ceylon**”) in June 2021. Due to delays and restrictions relating to the COVID-19 pandemic, Ceylon did not complete its annual filings for the financial year ended March 31, 2021 on time. As a result, a management cease trade order (the “**Order**”) was issued by the British Columbia Securities Commission. The annual filings were subsequently completed and the Order was revoked on September 22, 2021.

Jay Sujir was on the board of directors of Red Eagle Mining Corporation which is subject to a cease-trade order issued by the British Columbia Securities Commission on November 20, 2018 for failure to file interim financial statements, management’s discussion and analysis, and certification of interim filings for the period ended September 30, 2018.

No proposed nominee for election as a director of the Company, other than as described below, is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets. No proposed director of the

Company has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of the proposed director.

Jay Sujir was on the board of directors of Red Eagle Mining Corporation (“Red Eagle”) which owned and operated the Santa Rosa mine in Colombia. Due to start up issues Red Eagle had difficulty servicing its project debt and the mine was only able to commence commercial production on the basis of forbearances from the secured lenders. In August 2018, Red Eagle obtained a firm commitment from a third party to refinance the debt with substantial concessions and co-operation from the secured lenders, but in October 2018 the third party defaulted on its commitment and as a result, the secured lenders withdrew their forbearances and appointed a receiver-manager over the assets of Red Eagle.

No proposed nominee for election as a director, has been subject to any penalties or sanction imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

#### Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will consider, among other things, the degree of risk to which the Company may be exposed relative to the potential reward and its financial position at that time.

Except as disclosed elsewhere in this Circular, to the Company's knowledge, there are no known existing or potential conflicts of interest among the Company and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters, and other members of management may from time to time serve as directors, officers, promoters and members of management of other private or public companies, and therefore it is possible that a conflict may arise in respect of their duties as a director, officer, promoter or member of management of such other companies. In addition, the directors of the Company also have other employment or other business or time restrictions placed on them and accordingly will only be able to devote part of their time to the business and affairs of the Company.

#### **(4) Appointment of Auditor**

Effective April 1, 2021, Davidson & Company LLP, Chartered Professional Accountants, located at 1200-609 Granville Street, PO Box 10372 Pacific Centre, Vancouver, BC, was appointed as the auditors to the Company.

The Audit Committee has reviewed the performance of Davidson & Company LLP and recommends the re-appointment of Davidson & Company LLP, as the Company's auditor to hold office until the Company's next annual general meeting.

**Unless otherwise instructed, the proxies solicited by management will be voted “FOR” the appointment of Davidson & Company LLP as the Company's auditor to hold office until the next annual general meeting and that the Board be authorized to fix the remuneration to be paid to the auditor.**

#### **(5) Approval of the 10% Rolling Stock Option Plan**

During the years ended December 31, 2023 and 2024, the Company had in effect a 10% rolling stock option incentive plan (the “**Stock Option Plan**”) pursuant to which it could, from time to time in the Board's discretion and in

accordance with the requirements of the Exchange, grant to Eligible Persons non-transferable options to purchase Common Shares (collectively, “**Stock Options**”) exercisable for periods of up to 10 years from the date of grant. Policy 4.4 – *Security Based Compensation* of the Exchange’s Corporate Finance Manual (“**Policy 4.4**”), requires that Shareholders approve the Stock Option Plan annually.

**At the Meeting, Shareholders will be asked to consider, and if deemed advisable, approve the 10% Rolling Stock Option Plan.**

An “**Eligible Person**” under the Stock Option Plan is defined as a director, officer, employee, Management Company Employee (as defined in Policy 4.4), or consultant of the Company or its subsidiaries, if any, at the time the option is granted, and includes companies that are wholly owned by Eligible Persons.

The number of Common Shares subject to each Stock Option, the exercise price (subject to a minimum exercise price equal to the greater of \$0.10 and the Discounted Market Price (as defined in the Exchange’s Corporate Finance Manual)), the expiry time, the extent to which such Stock Option is exercisable, vesting requirements, and other terms and conditions relating to the Stock Option will continue to generally be determined by the Board; Stock Options may continue to have a term of up to ten years and will continue to be non-assignable and non-transferable.

The term “Investor Relations Service Provider” has been defined in the Stock Option Plan. The maximum aggregate number of Stock Options granted to all Investor Relations Service Providers in any 12-month period shall not exceed 2% of the outstanding Common Shares at the time of the grant. Investor Relations Service Providers may not receive any compensation involving the issuance or potential issuance of Common Shares other than Stock Options. No more than 1/4 of the Stock Options granted to Investor Relations Service Providers may vest sooner than three months after the Stock Options were granted, and thereafter no more than an additional 1/4 of the Stock Options may vest sooner than six, nine and 12 months, respectively, after the Stock Options were granted.

The aggregate number of Common Shares reserved for issuance under the Stock Option Plan and Common Shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time may not exceed in aggregate such number of Common Shares as is equal to 10% of the Common Shares issued and outstanding at the time of a grant.

The maximum aggregate number of Common Shares issuable pursuant to all security-based compensation granted to any one person will not exceed 5% of the issued and outstanding Common Shares at the time of grant. The maximum aggregate number of Common Shares issuable pursuant to all security-based compensation granted to all technical consultants will not exceed 2% of the issued and outstanding Common Shares at the time of grant. The maximum aggregate value of Stock Options granted to any one non-executive director in any 12-month period shall not exceed \$100,000 (at the time of the grant) and together with the aggregate value of awards to such non-executive under any other share compensation arrangement, shall not exceed \$150,000 (at the time of grant). The maximum aggregate number of Common Shares reserved for issuance to insiders shall not exceed 10% of the outstanding Common Shares at any point in time, and the maximum aggregate number of Common Shares issuable pursuant to all security-based compensation granted to insiders (as a group) in any 12-month period shall not exceed 10% of the outstanding Common Shares at the time of the grant.

Subject to the requirements of the Stock Option Plan and the policies of the Exchange, upon the occurrence of an Accelerated Vesting Event (as defined in the Stock Option Plan and described below), the Board will have the power to accelerate the vesting of Stock Options. An Accelerated Vesting Event includes the acquisition by certain acquirors (beneficial or otherwise) for the first time, of the ability to cast at least 50% of the votes attached to all shares in the capital of the Company, and also includes certain amalgamations, mergers, arrangements or other business combinations involving the Company.

Other than in the case of (i) death, or (ii) termination for cause, Stock Options will cease to be exercisable no later than the earlier of the Expiry Date (as defined in the Stock Option Plan) and 30 days after the option holder ceases to be a Director, Officer, Employee, Consultant, or Management Company Employee (each as defined in the Stock Option Plan). In the case of death of an option holder that is an Eligible Person, each Stock Option held by such

option holder shall be exercisable by the heirs or administrators of such option holder and shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is six months after the date of the option holder's death. The Board may, in its discretion and subject to the approval of the Exchange, extend the date of the aforementioned terminations in certain circumstances. If an option holder who is an Eligible Person is terminated for cause, each Stock Option held by such option holder shall terminate and shall cease to be exercisable upon the date of such termination for cause.

In accordance with Policy 4.4, the Stock Option Plan requires annual approval by shareholders at the Company's annual general meeting, in accordance with the timing requirements set forth in Exchange Policy 3.2 *Filing Requirements and Continuous Disclosure*.

The Stock Option Plan contains a "cashless exercise" provision and a "net exercise" provision. The "cashless exercise" provision provides a mechanism for a brokerage firm to facilitate the exercise of a stock option by loaning funds to the option holder. The "net exercise" provision allows for a method of stock option exercise under which the option holder does not make any payment to the issuer for the exercise of their stock options and receives, on exercise, a number of shares equal to the value (current market price less the exercise price) of the stock option valued at the current market price. Pursuant to Policy 4.4, the current market price must be the 5-day volume weighted average trading price prior to stock option exercise. The "net exercise" provision is not available for use by Investor Relations Service Providers (as defined in Policy 4.4).

Disinterested shareholder approval is required for any amendment to the Stock Option Plan that results in:

- a) any reduction in exercise price of a Stock Option if the option holder is an insider at the time of the proposed amendment;
- b) an increase to the limits prescribed by section 4.3 of the Stock Option Plan including any grant that would result in the limits being exceeded;
- c) an extension of the expiry date of the Stock Options if the option holder is an Insider at the time of the proposed extension;
- d) any benefit to an Insider; and
- e) other types of compensation through Common Share issuance.

Policy 4.4 requires any Stock Options issued in lieu of dividends to be factored into the limits prescribed by section 4.3 of the Stock Option Plan. Therefore, the Stock Option Plan contains a provision allowing for any Stock Options issued in lieu of dividends to be settled in cash.

Other than amendments to fix typographical errors and clarify existing provisions, shareholder approval shall be obtained in accordance with the requirements of the Exchange including without limitation, any amendment that results in;

- a) any cancellation and reissuance of a Stock Option;
- b) the addition of additional categories of Eligible Person;
- c) an increase in the maximum number of Common Shares issuable pursuant to the Stock Option Plan;
- d) the method for determining the exercise price of a Stock Option;
- e) the maximum term of a Stock Option;
- f) the expiry and termination provisions of a Stock Option, including the addition of a blackout period; and
- g) any method or formula for calculating prices, values, or amounts under the Stock Option Plan that may result in a benefit to an option holder.

### ***Shareholder Approval of Stock Option Plan***

At the Meeting, Shareholders will be asked to consider, and if deemed advisable, pass an ordinary resolution (the “**Stock Option Plan Resolution**”) approving the Stock Option Plan, dated for reference as of May 5, 2022. In order to be effective, the Stock Option Plan Resolution must be approved by a simple majority of 50% plus one vote of the votes cast by the Shareholders in respect thereof at the Meeting. The text of the Stock Option Plan Resolution is set out below:

“**BE IT RESOLVED**, as an ordinary resolution that:

1. The 10% rolling stock option plan for the Company, as described in the management information circular of the Company dated May 8, 2025, is hereby approved, ratified and confirmed; and
2. Any director or officer of the Company is hereby authorized to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to the above resolution.”

The Board and management recommend that you vote “FOR” the Stock Option Plan Resolution. **Unless you give other instructions, the proxies solicited by management will be voted “FOR” the Stock Option Plan Resolution.**

### **Other Matters**

Management does not know of any other matters to come before the Meeting other than those referred to in the Notice of Meeting and further described in this Circular. Should any other matters properly come before the Meeting, the Common Shares represented by the proxies solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting such proxies.

### **INTEREST OF CERTAIN PERSONS**

None of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company’s last completed financial year, none of the other insiders of the Company and no associate or affiliate of any of the foregoing persons has any substantial interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of the directors, or any interest arising from the ownership of shares of the Company where the shareholder will receive no extra or special benefit or advantage not shared on a *pro-rata* basis by all holders of Common Shares in the capital of the Company.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company is authorized to issue an unlimited number of Common Shares without par value, of which 23,533,938 Common Shares were issued and outstanding as of the Record Date, being May 8, 2025.

Persons who are registered Shareholders at the close of business on the Record Date will be entitled to receive notice of, attend, and vote at the Meeting. On a show of hands, every Shareholder and proxyholder will have one vote and, on a poll, every Shareholder present in person or represented by proxy will have one vote for each Common Share. In order to approve a motion proposed at the meeting, a majority of more than 50% of the votes cast will be required to pass an ordinary resolution.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no person or company beneficially owns directly or indirectly, controls, or directs shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company, except Donald Baxter, the CEO of the Company, who indirectly owns 2,837,845 shares through 1163863 Ontario Ltd., representing 12% of the Company; Paul Beattie, who indirectly through BT Advisory Inc. and BT Global Capital Inc owns a total of 2,666,667 Common Shares, for a total of 11.3% of the Common Shares of the Company; Jackie Cheung, who owns 2,666,667 Common Shares indirectly through Koi Communications Corporation, representing 11.3% of the Common Shares of the Company; and Ian Slater, who indirectly through Slater Capital Corporation owns 2,666,667 Common Shares representing 11.3% of the Common

Shares of the Company. 5,404,256 Common Shares are held in escrow through the transfer agent as of the Record Date.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### ***Compensation, Philosophy and Objectives***

The Board meets to discuss and determine executive compensation without reference to formal objectives, criteria or analysis.

The general objectives of the Company's compensation strategy are to:

- (a) compensate senior management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value;
- (b) align management's interests with the long-term interests of Shareholders;
- (c) provide a compensation package that is commensurate with other comparable publicly listed companies of a similar size to enable the Company to attract and retain talent; and
- (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under without a history of profits.

The Board as a whole ensures that total compensation paid to all Named Executive Officers (as hereinafter defined) is fair and reasonable. The Board relies on the significant financial industry, consulting, and other related business experience of its members in assessing compensation levels. The Board considered the risks associated with the current compensation program and did not note any potential material risks. No director or Named Executive Officer is permitted to purchase financial instruments that are designed to hedge or offset a decrease in the market value of the Company's equity securities held directly or indirectly.

#### **Compensation Oversight for Named Executive Officers**

All compensation matters for Named Executive Officers are dealt with by the Board.

To determine compensation payable to Named Executive Officers, the Board determines appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the senior management, while taking into account the cash flow projections and financial and other resources of the Company. In setting the compensation, the Board annually reviews the performance of the CEO and CFO in light of the Company's strategic objectives and considers other factors that may have impacted the success of the Company in achieving its objectives.

The Board may seek independent compensation advice where appropriate from external consultants in order to assist it in assessing executive remuneration levels and aligning with comparable market compensation. The Board has not yet engaged such external advice.

#### ***Analysis of Elements***

Base compensation is used to provide the Named Executive Officers a set amount of money during the year with the expectation that each Named Executive Officer will perform their responsibilities to the best of their abilities and in the best interests of the Company. The Company considers the granting of incentive stock options, to be a useful component of executive compensation as it allows the Company to reward each Named Executive Officer's efforts to increase value for Shareholders without requiring the Company to use cash from its treasury. Stock options are

generally awarded to directors, officers, consultants and employees periodically at the discretion of the Board. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's Stock Option Plan.

### ***Long-Term Compensation and Equity-Based Awards***

The Company has no long-term incentive plans other than the Stock Option Plan. The Company's directors, officers, employees and consultants are entitled to participate in the Stock Option Plan. This plan is designed to encourage share ownership and entrepreneurship on the part of senior management, employees and other consultants. The Board believes that the Stock Option Plan aligns the interests of the Named Executive Officers and the Board with Shareholders by linking a component of executive compensation to the longer-term performance of the Common Shares.

Options to purchase Common Shares under the terms of the Stock Option Plan (each, an “**Option**”) are granted by the Board. In monitoring or adjusting the Option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to Shareholder value, previous Option grants if any, and any objectives set for the Named Executive Officers and the Board. In addition to determining the number of Options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- the parties who are entitled to participate in the Stock Option Plan;
- the exercise price of each Option granted;
- the date on which each Option is granted;
- the vesting period, if any, for each Option;
- the other material terms and conditions of each Option grant.; and
- any re-pricing or amendment to an Option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Stock Option Plan and applicable laws. The Board reviews and approves grants of Options periodically during the financial year. The exercise price of Options is determined by the Board but will in no event be lower than the higher of the closing trading price of the Common Shares on the Exchange on a) the day before an Option is granted or b) on the day it is granted.

### **Summary of Compensation**

For the purposes of this Circular, “**Named Executive Officer**” means each of the following individuals:

- (a) each individual who, during any part of the year ended December 31, 2024, served as the chief executive officer (“**CEO**”) of the Company;
- (b) each individual who, during any part of the year ended December 31, 2024, served as the chief financial officer (“**CFO**”) of the Company;
- (c) the most highly compensated executive officer, other than the CEO and CFO, at the end of the year ended December 31, 2024 whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity, on December 31, 2024.

### Compensation Excluding Compensation Securities

During the financial year ended December 31, 2024, the Company had three Named Executive Officers: Don Baxter, CEO, and a director; Sunil Sharma, former CFO; and Robert Scott, CFO. The following table sets forth all direct and indirect compensation, other than the issuance of stock options, for, or in connection with, services provided to the Company and its subsidiaries for each of the two most recently completed financial years for each member of the Board and each Named Executive Officer. Additional information about the Company is available on its SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

Table of Compensation Excluding Compensation Securities							
Name and Principal Position	Year	Salary or Consulting Fee	Bonus	Committee Fees	Value of Perquisites	Value of All Other Compensation	Total Compensation
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Donald Baxter <sup>(1)</sup> CEO & Director	2024	\$100,000	Nil	N/A	Nil	Nil	\$100,000
	2023	Nil	Nil	N/A	Nil	Nil	Nil
Robert Scott <sup>(2)</sup> CFO	2024	Nil	Nil	N/A	Nil	Nil	Nil
	2023						
Sunil Sharma <sup>(3)</sup> Former CFO	2024	Nil	Nil	N/A	Nil	Nil	Nil
	2023						
James Ruane, <sup>(4)</sup> Chairman & Director	2024	Nil	Nil	N/A	Nil	Nil	Nil
	2023						
Rodney Stevens, <sup>(5)</sup> Director	2024	Nil	Nil	N/A	Nil	Nil	Nil
	2023						
Chaanaka Abeyratne, <sup>(6)</sup> Director	2024	Nil	Nil	N/A	Nil	Nil	Nil
	2023						
Ian Harris, <sup>(7)</sup> Director	2024	Nil	Nil	N/A	Nil	Nil	Nil
	2023						
Ian Slater, Former CEO, CFO, & Director <sup>(8)</sup>	2024	Nil	Nil	N/A	Nil	Nil	Nil
	2023	Nil	Nil	N/A	Nil	Nil	Nil
Jay Sujir, Former Director <sup>(9)</sup>	2024	Nil	Nil	N/A	Nil	Nil	Nil
	2023	Nil	Nil	N/A	Nil	Nil	Nil
Paul Beattie, Former Director <sup>(10)</sup>	2024	Nil	Nil	N/A	Nil	Nil	Nil
	2023	Nil	Nil	N/A	Nil	Nil	Nil
Peter M. Roth, Former Director <sup>(11)</sup>	2024	Nil	Nil	N/A	Nil	Nil	Nil
	2023	Nil	Nil	N/A	Nil	Nil	Nil

**Notes:**

- <sup>(1)</sup> Donald Baxter was appointed as CEO on March 7, 2024.  
<sup>(2)</sup> Robert Scott was appointed as CFO on October 31, 2024.  
<sup>(3)</sup> Sunil Sharma was appointed as CFO on March 7, 2024 and resigned effective October 31, 2024.  
<sup>(4)</sup> James Ruane became a director on March 7, 2024. No director is compensated for services.  
<sup>(5)</sup> Rodney Stevens became a director on March 7, 2024.  
<sup>(6)</sup> Chaanaka Abeyratne became a director on March 7, 2024.  
<sup>(7)</sup> Ian Harris became a director on March 7, 2024.  
<sup>(8)</sup> Ian Slater was appointed as CEO on March 9, 2021 and CFO on January 13, 2022, and resigned on March 7, 2024.  
<sup>(9)</sup> Jay Sujir was appointed as director on April 30, 2021 and resigned on March 7, 2024.  
<sup>(10)</sup> Paul Beattie was appointed as director on April 30, 2021 and resigned on March 7, 2024.  
<sup>(11)</sup> Peter M. Roth was appointed as director on August 4, 2021 and resigned on March 7, 2024.

## Stock Options and other Compensation Securities

The following compensation securities were granted or issued to a director or Named Executive Officer during the year ended December 31, 2024:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
<b>Don Baxter</b> <sup>1</sup> <i>CEO and Director</i>	Stock options	200,000 (8.95%)	March 25, 2024	0.15	0.15	0.135	March 23, 2029
<b>Rodney Stevens</b> <sup>2</sup> <i>Director</i>	Stock options	100,000 (4.47%)	March 25, 2024	0.15	0.15	0.135	March 23, 2029
<b>Chaanaka Abeyratne</b> <sup>3</sup> <i>Director</i>	Stock options	100,000 (4.47%)	March 25, 2024	0.15	0.15	0.135	March 23, 2029
<b>Sunil Sharma</b> <sup>4</sup> <i>Former CFO</i>	Stock options	100,000 (4.47%)	March 25, 2024	0.15	0.15	0.135	November 29, 2024
<b>Ian Harris</b> <sup>5</sup> <i>Director</i>	Stock options	100,000 (4.47%)	March 25, 2024	0.15	0.15	0.135	March 23, 2029
<b>James Ruane</b> <sup>6</sup> <i>Director</i>	Stock options	100,000 (4.47%)	March 25, 2024	0.15	0.15	0.135	March 23, 2029
<b>Rob Scott</b> <sup>7</sup> <i>CFO</i>	N/A	Nil	Nil	Nil	Nil	N/A	Nil

## External Management Companies

The Company entered into a cost reimbursement agreement with Slater Corporate Services Corporation, a company controlled by a former CEO, dated November 1, 2021 and revised March 8, 2024 under which the Company reimburses \$10,000 monthly plus applicable taxes for services including accounting, shareholder communications, corporate secretary, administrative, office and IT support costs. The Company reimbursed a total of \$74,419 excluding GST in 2024.

<sup>1</sup> Mr. Baxter had 200,000 stock options at Dec 31, 2024. His options are escrowed.

<sup>2</sup> Mr. Stevens had 100,000 stock options at Dec 31, 2024. His options are escrowed.

<sup>3</sup> Mr. Abeyratne had 100,000 stock options at Dec 31, 2024. His options are escrowed.

<sup>4</sup> Mr. Sharma had 100,000 options which expired unexercised after his resignation October 31, 2024.

<sup>5</sup> Mr. Harris had 100,000 stock options at Dec 31, 2024. His options are escrowed.

<sup>6</sup> Mr. Ruane had 100,000 stock options at Dec 31, 2024. His options are escrowed.

<sup>7</sup> Rob Scott was appointed as CFO on October 31, 2024. He has not been granted options in fiscal 2024.

## **INCENTIVE PLAN AWARDS**

### **Stock Options and other Compensation Securities**

All previously granted Options are non-transferrable and are in escrow with the transfer agent. All stock options granted to directors and NEOs will vest 25% on the date of grant, and 25% quarterly thereafter, unless otherwise determined by the Board. No compensation securities were re-priced, cancelled and replaced, extended, or otherwise were materially modified during the most recently completed financial year.

### **The Stock Option Plan**

The Company has established the “rolling” Stock Option Plan for its directors, officers, employees and consultants pursuant to which the aggregate number of Common Shares reserved for issuance thereunder may not exceed, at the time of grant, in aggregate 10% of the Company's issued and outstanding Common Shares from time to time.

The Stock Option Plan is intended as an incentive to attract and retain qualified directors, senior officers, employees, and consultants to promote a proprietary interest in the Company among such persons, and to stimulate the active interest of such persons in the development and financial success of the Company.

### **Exercise of Compensation Securities by Directors and Named Executive Officers**

No compensation securities were exercised by directors or Named Executive Officers in the year ended December 31, 2024.

### **Pension Plan Benefits**

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following, or in connection with retirement for any director or Named Executive Officer.

## **EMPLOYMENT AGREEMENTS, TERMINATION AND CHANGE OF CONTROL BENEFITS**

Other than as described below, there are no compensatory plans or arrangements, with respect to any Named Executive Officer, resulting from the resignation, severance, constructive dismissal, retirement or any other termination of employment of the officer or from a change in control of the Company or a change of any Named Executive Officer's responsibilities following a change of control.

Effective May 30, 2024, the Company entered into an agreement with 1163863 Ontario Ltd., for consulting fees of \$10,000 monthly relating to the services of Donald Baxter as CEO of the Company, which includes a change of control provision. In the event of a change of control (as defined in the agreement) and subsequent termination of Donald Baxter as CEO and director of the Company, 1163863 Ontario Ltd. will be compensated for up to 24 months of consulting fees, which increased to \$15,000 per month effective January 1, 2025. The Company may terminate the agreement with 1163863 Ontario Ltd. without notice in the event of the death of Donald Baxter, without notice in the event of cause as defined in the agreement, or with 24 months' written notice. 1163863 Ontario Ltd. may terminate the agreement by giving the Company 30 days' written notice.

## **DIRECTOR COMPENSATION**

As at the date of this Circular, the Company has five directors. Directors are eligible for the granting from time to time of incentive stock options in accordance with the policies of the Exchange. Compensation for directors is not tied to any performance criteria or goals. A peer group is not used to benchmark compensation for directors. No director is paid for committee or chairman responsibilities or any meeting fees or other form of compensation except the granting of incentive stock options at the discretion of the Board.

## EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2024 regarding the number of Common Shares to be issued pursuant to the Stock Option Plan. The Company does not have any other equity compensation plans.

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans not approved by securityholders (Stock Option Plan)	0	N/A	0
Equity compensation plans approved by securityholders (Stock Option Plan)	2,233,333	\$0.15	120,061
Total	2,233,333	\$0.15	120,061

## INDEBTEDNESS TO COMPANY OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No person who is, or at any time since the commencement of the Company's last completed financial year was a director, executive officer or senior officer of the Company, and no associate of any of the foregoing persons has been indebted to the Company at any time since the commencement of the Company's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person, other than amounts not exceeding \$50,000 for travel advances.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company.

An "informed person" means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and

- (d) the Company if it has purchased, redeemed, or otherwise acquired any of its securities, so long as it holds any of its securities.

## MANAGEMENT CONTRACTS

Management functions of the Company are substantially performed by executive officers of the Company and not to any substantial degree by any other person with whom the Company has contracted, other than pursuant to the cost reimbursement agreement between Slater Corporate Services Corporation and AGT dated November 1, 2021 and revised March 8, 2024. The Corporate Secretary is employed by Slater Corporate Services Corporation. The agreement may be terminated by either party on 30 days' notice. A new management contract between 1163863 Ontario Ltd. and the Company was entered into on May 30, 2024. 1163863 Ontario Ltd. employs Donald Baxter, who is the CEO and a director of the Company. The CFO, Robert Scott, is a consultant.

## CORPORATE GOVERNANCE

The following is a summary of the Company's corporate governance disclosure required by Form 58-101F2 of National Instrument 58-101 - *Disclosure of Corporate Governance Practices*.

### Board of Directors

The Board is composed of five directors, one of whom is an executive officer of the Company and four of whom are considered to be "independent", as that term is defined in applicable securities legislation. Ian Harris, Rodney Stevens, James Ruane, and Chaanaka Abeyratne are considered to be independent directors. In determining whether a director is independent, the Board chiefly considers whether the director has no direct or indirect material relationship with the Company which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The mandate of the Board is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

### Directorships

Certain of the directors or proposed directors of the Company are also directors of other reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director	Name of Other Reporting Issuer (or Equivalent in Foreign Jurisdiction)
Donald Baxter	N/A
Ian Harris	Emperor Metals Inc. Gladiator Metals Corp. Libero Copper & Gold Corporation Outcrop Silver & Gold Corporation PEZM Gold Inc. Strikepoint Gold Inc.
Rodney Stevens	Antimony Resources Corp. Bocana Resources Corp. GSP Resource Corp. Kesselrun Resources Ltd.

Name of Director	Name of Other Reporting Issuer (or Equivalent in Foreign Jurisdiction)
	Nexus Gold Corp. Nexus Metals Corp. NSJ Gold Corp. Red Metal Resources Ltd. Silver Wolf Exploration Ltd. Solis Minerals Ltd. Terra Balcanica Resources Corp.
James Ruane	N/A
Chaanaka Abeyratne	N/A
Lindsay Nagle	N/A
Jay Sujir	Baltic I Acquisition Corp. EarthLabs Inc. Golden Lake Exploration Inc. Intrepid Metals Corp. Kenorland Minerals Ltd. KORE Mining Ltd. Kraken Energy Corp. Kutcho Copper Corp. Liberio Copper & Gold Corporation Outcrop Silver & Gold Corporation Vanadian Energy Corp.

### **Orientation and Continuing Education**

The Company has not yet developed an official orientation or training program for new directors. As required, new directors can become familiar with the Company by meeting with the other directors and with management and reviewing the recent press releases and financial statements. Orientation activities are tailored to the needs and experience of each director and the overall needs of the Board. Directors are encouraged by the Board to pursue continuing education.

### **Ethical Business Conduct**

The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

### **Nomination of Directors**

The Board has not yet appointed a nominating committee because the Board fulfills these functions. The Board periodically reviews suggestions from existing directors regarding potential changes to the Board and researches new candidates.

## Committees of the Board

The Board has appointed an Audit Committee, the members of which are as follows:

Audit Committee
Rodney Stevens (Chair)
James Ruane
Chaanaka Abeyratne

All members of the Audit Committee are independent. A description of the function of the Audit Committee can be found in this Circular under “*Audit Committee*”.

As the directors are actively involved in the operations of the Company, the size of the Company’s operations does not warrant a larger Board, and does not currently have any other committees.

## Compensation

A description of the compensation process can be found in this Circular under “*Executive Compensation*” and “*Director Compensation*”.

## Assessments

The Board has not adopted procedures for assessing the effectiveness of the Board, or its committee, or individual directors. The relatively small size of the Company enables the Board to satisfy itself that directors are performing effectively.

## AUDIT COMMITTEE

As at the date of this Circular, the Audit Committee is composed of Rodney Stevens (Chair), James Ruane, and Chaanaka Abeyratne. All members are independent and all of the members of the Audit Committee are “financially literate”. Under this heading, the Company is including the disclosure required by Form 52-110F2 of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). The text of the Audit Committee mandate is attached in Appendix A.

The Board and senior management will ensure that the Audit Committee has adequate funding to fulfill its duties and responsibilities.

## Relevant Education and Experience

### Rodney Stevens, Chair of Audit Committee

Mr. Stevens is a Chartered Financial Analyst (CFA) Charterholder with over a decade of experience in the capital markets, first as an investment analyst with Salman Partners Inc. and subsequently as a merchant and investment banker. While at Salman Partners, he became a top-rated analyst by StarMine for the metals and mining industry. Mr. Stevens was also a Portfolio Manager registered with Wolverton Securities Ltd. and over the course of his career, he has been instrumental in assisting in financings and mergers and acquisitions activities worth over \$1 billion in transaction value.

### James Ruane, Director

Mr. Ruane has thirty-one years of experience as a Managing Director with leading advisory firms such as PwC, KPMG, Huron Consulting and currently as Managing Member of Whitney Hill Partners. COO of a coal mining, coal processing and coking manufacturing company. He has provided a broad-based selection of services to customers in a wide range of industries both in the U.S. and abroad such as Interim Management, Operational Consulting, Chief Executive Officer, Chief Restructuring Officer, and Chapter 11 Bankruptcy Trustee. He has twelve years' experience in both specialized industries and traditional corporate lending, project financing, international trade financing, leverage lease financing, business valuations, corporate finance and mergers and acquisitions. Mr. Ruane obtained an MBA from Duke University in North Carolina.

### Chaanaka Abeyratne, Director

Mr. Abeyratne is a Director and Country Manager of AGT's Sri Lankan subsidiary. Chaanaka holds an LLB and is an Attorney at Law in Sri Lanka, with 25 years' experience. He has been involved with the graphite mining industry in Sri Lanka for the last nine years and is an expert in permitting and compliance.

Each member of the Audit Committee has relevant education and experience to allow for:

- (a) an understanding of the accounting principles used by the issuer to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analysing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising one or more individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in Sections 2.4 or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total amount of fees payable to the auditor in the financial year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

The Company has not relied on any of the exemptions under s. 5 of Form 52-110F2:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*),
- (b) the exemption in subsection 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer),
- (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*),

(d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*), or

(e) an exemption from this Instrument, in whole or in part, granted under Part 8 (*Exemption*),

### **Pre-Approval Policies and Procedures**

The Company has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

### **External Auditor Service Fees (By Category)**

#### ***Audit Fees***

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2024 for audit and assurance and related services were approximately \$25,000 (2023 – \$15,000).

#### ***Audit-Related Fees***

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2024 for audit related services were \$15,000 (2023 – \$15,000).

#### ***Tax Fees***

The aggregate fees billed for tax compliance, tax advice, and tax planning services by the Company's external auditor for the financial year ended December 31, 2024 were Nil (2023 – \$2,500).

#### ***All Other Fees***

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2024 for review of unaudited interim financial statements, compilation of consolidated financial statements, and related services were Nil (2023 - \$6,500).

### **Exemption**

The Company is relying on the exemption provided in Section 6.1 of NI 52-110 by virtue of the fact that it is a venture issuer. Section 6.1 exempts the Company from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110 and allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2 *Disclosure by Venture Issuers* and disclosed in this Circular.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on its SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). Shareholders may contact the Company at (604) 638-2545 ext. 102 to request that copies of the Company's financial statements and MD&A be sent to them by mail.

Financial information is provided in the Company's comparative annual financial statements and MD&A for its most recently completed financial year ended December 31, 2024, which are filed on SEDAR+ and included in this mailing.

The contents of this Circular have been reviewed by the Board.

DATED this 8<sup>th</sup> day of May, 2025.

ON BEHALF OF THE BOARD

*“Don Baxter”*  
CEO & Director

**Appendix A – Audit Committee Charter**  
**AUDIT COMMITTEE CHARTER**

**Purpose**

The overall purpose of the Audit Committee (the “Committee”) is to ensure that the Company’s management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company, and to review the Company’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company’s Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and external auditors. The Committee will monitor the independence and performance of the Company’s independent auditors.

**Composition, Procedures and Organization**

- (1) The Committee shall consist of at least three members of the Board of Directors (the “Board”).
- (2) At least two (2) members of the Committee shall be independent and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members’ independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.
- (3) The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- (4) Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
- (5) The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- (6) The Committee shall have access to such officers and employees of the Company and to the Company’s external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- (7) Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet as necessary to fulfill its duties and responsibilities in person or via telephone at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
  - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
  - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.

- (8) The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

### **Roles and Responsibilities**

- (9) The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
- (10) The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
  - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - (i) contents of their report;
    - (ii) scope and quality of the audit work performed;
    - (iii) adequacy of the Company's financial and auditing personnel;
    - (iv) co operation received from the Company's personnel during the audit;
    - (v) internal resources used;
    - (vi) significant transactions outside of the normal business of the Company;
    - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
    - (viii) the non audit services provided by the external auditors;
  - (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
  - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
- (11) The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;

- (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
  - (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- (12) The Committee is also charged with the responsibility to:
- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - (i) the annual report to Shareholders;
    - (ii) the annual information form, if required;
    - (iii) annual and interim MD&A;
    - (iv) prospectuses;
    - (v) news releases discussing financial results of the Company; and
    - (vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
  - (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
  - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (e) review and report on the integrity of the Company's consolidated financial statements;
  - (f) review the minutes of any audit committee meeting of subsidiary companies;
  - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
  - (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.
- (13) The Committee shall have the authority:
- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
  - (b) to set and pay the compensation for any advisors employed by the Committee; and
  - (c) to communicate directly with the internal and external auditors.

**APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

**Consolidated Financial Statements**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Canadian dollars)**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Applied Graphite Technologies Corporation

### ***Opinion***

We have audited the accompanying consolidated financial statements of Applied Graphite Technologies Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had deficiency in working capital of \$142,294 and incurred a net loss of \$787,055 and used cash in operations of \$689,765 during the year ended December 31, 2024. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

### ***Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")***

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$2,160,606 as of December 31, 2024. As more fully described in Notes 2 and 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Obtaining supporting documentation to confirm ownership of the properties.

### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Catherine Tai.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 16, 2025

**APPLIED GRAPHITE TECHNOLOGIES CORPORATION**  
**Consolidated statements of financial position**  
*(Expressed in Canadian dollars)*

	Note	December 31, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent		\$ 34,090	\$ 768,764
Amounts receivable		13,869	5,909
Prepaid expenses		15,665	-
		<b>63,624</b>	<b>774,673</b>
<b>Non-current assets</b>			
Deferred acquisition costs		-	183,789
Deposit	6	126,734	-
Equipment	5	24,080	-
Mineral properties	6	2,160,606	-
		<b>2,311,420</b>	<b>183,789</b>
<b>Total assets</b>		<b>\$ 2,375,044</b>	<b>\$ 958,462</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9	\$ 205,918	\$ 48,672
<b>Total liabilities</b>		<b>205,918</b>	<b>48,672</b>
<b>EQUITY</b>			
Share capital	7(a), 7(b)	\$ 2,802,848	\$ 1,207,151
Share-based reserves	7(d)	318,684	212,438
Warrant reserves	7(e)	187,621	34,299
Deficit		(1,317,504)	(544,098)
Accumulated other comprehensive loss		62,835	-
<b>Total equity attributable to the parent company</b>		<b>\$ 2,054,484</b>	<b>\$ 909,790</b>
<b>Non-controlling interest</b>	8	<b>114,642</b>	<b>-</b>
<b>Equity</b>		<b>2,169,216</b>	<b>909,790</b>
<b>Total liabilities and equity</b>		<b>\$ 2,375,044</b>	<b>\$ 958,462</b>

***Subsequent event (Note 1)***

Approved for issue by the Board of Directors on April 16, 2025:

Signed on the Company's behalf by:

"Rodney Stevens"  
Rodney Stevens, Director

"James Ruane"  
James Ruane, Director

*The accompanying notes form an integral part of these consolidated financial statements.*

**APPLIED GRAPHITE TECHNOLOGIES CORPORATION**  
**Consolidated statements of loss and comprehensive loss**  
*(Expressed in Canadian dollars)*

	Note	Year ended December 31,	
		2024	2023
<b>Expenses</b>			
Project evaluation costs	6	\$ 90,610	\$ -
Filing fees		76,144	32,562
Foreign exchange loss		5,750	-
General and administrative		227,328	36,000
Investor relations		60,970	5,890
Professional fees		61,012	22,772
Share-based compensation	7(d)	106,246	-
Travel		37,496	-
Wages and benefits		122,419	-
		<b>\$ (787,975)</b>	<b>\$ (97,224)</b>
<b>Other Income</b>			
Interest income		920	-
		<b>\$ 920</b>	<b>\$ -</b>
<b>Loss for the year</b>		<b>\$ (787,055)</b>	<b>\$ (97,224)</b>
<b>Loss attributed to:</b>			
Non-controlling interests		(13,649)	-
Shareholders of the Company		(773,406)	(97,224)
<b>Loss for the year</b>		<b>\$ (787,055)</b>	<b>\$ (97,224)</b>
<b>Other comprehensive loss</b>			
Foreign currency translation differences for foreign operations		62,835	-
<b>Comprehensive loss for the year</b>		<b>\$ (724,220)</b>	<b>\$ (97,224)</b>
<b>Attributed to:</b>			
Non-controlling interests	8	(13,649)	-
Shareholders of the Company		(710,571)	(97,224)
<b>Comprehensive loss for the year</b>		<b>\$ (724,220)</b>	<b>\$ (97,224)</b>
Basic and diluted loss per common share		<b>\$ (0.06)</b>	<b>\$ (0.01)</b>
Weighted average number of common shares outstanding		<b>13,208,769</b>	<b>4,333,333</b>

*The accompanying notes form an integral part of these consolidated financial statements.*

**APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

**Consolidated statements of cash flows**

*(Expressed in Canadian dollars)*

	<i>Note</i>	Year ended December 31, 2024	Year ended December 31, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net loss for the year</b>		\$ (787,055)	\$ (97,224)
<i>Adjustment for Items not involving cash:</i>			
Share-based compensation	7(d)	106,246	-
Depreciation		1,175	-
Foreign exchange		(21,491)	-
		<b>(701,125)</b>	<b>(97,224)</b>
<i>Net changes in non-cash working capital items:</i>			
Prepaid expenses		28,084	-
Amounts receivable		18,308	(5,414)
Accounts payable and accrued liabilities		(35,032)	395
<b>Net cash outflows from operating activities</b>		<b>(689,765)</b>	<b>(102,243)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash acquired on acquisition of AGT		6,057	-
Transaction costs for acquisition of AGT		(165,259)	-
Purchase of PPE		(23,491)	-
Deposit		(117,468)	-
Deferred acquisition costs		-	(149,717)
Mineral properties and equipment acquisition		(44,748)	-
<b>Net cash outflows from investing activities</b>		<b>(344,909)</b>	<b>(149,717)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Shares issued		300,000	-
<b>Net cash inflows from financing activities</b>		<b>300,000</b>	<b>-</b>
<b>Change in cash and cash equivalent in the year</b>		<b>(734,674)</b>	<b>(251,960)</b>
Cash and cash equivalent, beginning of the year		768,764	1,020,724
<b>Cash and cash equivalent, end of the year</b>		<b>\$ 34,090</b>	<b>\$ 768,764</b>

*The accompanying notes form an integral part of these consolidated financial statements.*

**APPLIED GRAPHITE TECHNOLOGIES CORPORATION**  
**Consolidated statements of changes in equity**  
*(Expressed in Canadian dollars)*

	Number of Shares	Share Capital	Share- Based Reserves	Warrant Reserves	Accumulated other comprehensive income	Deficit	Non- controlling interest	Total
<b>Balance, December 31, 2022</b>	<b>13,333,333</b>	<b>\$ 1,207,151</b>	<b>\$ 212,438</b>	<b>\$ 34,299</b>	<b>\$ -</b>	<b>\$ (446,874)</b>	<b>\$ -</b>	<b>\$ 1,007,014</b>
Loss for the year	-	-	-	-	-	(97,224)	-	(97,224)
<b>Balance, December 31, 2023</b>	<b>13,333,333</b>	<b>\$ 1,207,151</b>	<b>\$ 212,438</b>	<b>\$ 34,299</b>	<b>\$ -</b>	<b>\$ (544,098)</b>	<b>\$ -</b>	<b>\$ 909,790</b>
Common shares issued for acquisition <i>(Note 4)</i>	8,200,605	1,295,697	-	-	-	-	-	1,295,697
Common shares issued for cash <i>(Note 7(b))</i>	2,000,000	300,000	-	-	-	-	-	300,000
Value of warrants Issued	-	-	-	153,322	-	-	-	153,322
Share-based payments	-	-	106,246	-	-	-	-	106,246
Foreign currency translation adjustment	-	-	-	-	62,835	-	-	62,835
Non-controlling interest acquired <i>(Note 4)</i>	-	-	-	-	-	-	128,291	128,291
Loss for year to Non-controlling interest <i>(Note 8)</i>	-	-	-	-	-	13,649	(13,649)	-
Loss for the year	-	-	-	-	-	(787,055)	-	(787,055)
<b>Balance, December 31, 2024</b>	<b>23,533,938</b>	<b>\$ 2,802,848</b>	<b>\$ 318,684</b>	<b>\$ 187,621</b>	<b>\$ 62,835</b>	<b>\$ (1,317,504)</b>	<b>\$ 114,642</b>	<b>\$ 2,169,216</b>

*The accompanying notes form an integral part of these consolidated financial statements.*

## **APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(Expressed in Canadian dollars)*

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### **1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS**

Applied Graphite Technologies Corporation was incorporated on March 9, 2021, under the Business Corporations Act of British Columbia after which it became a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company's common shares are traded on the TSX-V under the symbol "AGT".

On June 23, 2023, the Company entered into a 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 would 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 ("1445056 BC") incorporated under the laws of the Province of British Columbia.

On March 7, 2024, the Company closed the transaction and acquired 100% of the shares of AGT, for total consideration of \$1,821,458 (Note 4). The TSX-V accepted the transaction as meeting its Policy 2.4 criteria for a Qualifying Transaction.

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As at December 31, 2024, the Company had cash of \$34,090 and deficiency in working capital of \$142,294. For the year ended December 31, 2024, the Company incurred a net loss of \$787,055 and used cash in operations of \$689,765.

The Company has not generated revenue from operations to date and will require additional financing or outside participation to undertake further exploration and subsequent development of its mineral properties. There can be no assurance that the Company will be able to raise sufficient financing on acceptable terms. Future operations of the Company are dependent upon its ability to raise additional equity financing, maintain sufficient working capital and upon future production or proceeds from the disposition of its mineral property interests. These factors represent material uncertainties that give rise to significant doubt as to whether the Company will be able to continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

## **APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### **2. BASIS OF PRESENTATION**

#### **a) Statement of Compliance**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). The policies applied in these consolidated financial statements are based on the IFRS issued and outstanding as at December 31, 2024.

These consolidated financial statements were authorized for issue by the Board of Directors on April 16, 2025.

#### **b) Basis of Measurement**

These consolidated financial statements have been prepared using the historical cost basis, except for certain financial instruments that are measured at fair value, using the accrual basis of accounting, except for cash flow information.

#### **c) Functional and presentation currency**

The presentation currency of the Company is the Canadian dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”), which has been determined for each entity within the Company using an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

#### **d) Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

##### Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, are as follows:

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

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### 2. BASIS OF PRESENTATION *(continued)*

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for income taxes.

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Where such valuations are applied, such as the time of a stock option grant or issuance of shares from trust, management provides detailed valuation assumptions.

#### Judgments

##### *Functional currency*

The functional currency of each of the subsidiaries and the Company were assessed to determine the economic substance of the currency in which each entity performed its operations. The functional currency of the Company and its Canadian subsidiary is the Canadian dollar. The functional currency of the Company's subsidiary in Sri Lanka is the Sri Lankan rupee.

##### *Acquisition of a business*

The determination of whether a corporate entity or set of assets acquired, and liabilities assumed, constitute a business may require the Company to make certain judgements, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. The acquisition of AGT was determined to constitute an acquisition of assets (Note 4). The excess of consideration paid over the net assets of AGT received was allocated on a proportional basis to the mineral properties acquired, which constitutes management's determination of the relative importance of the properties to the Company.

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

#### Principles of Consolidation

These consolidated financial statements include the accounts of the Company, and its subsidiaries and branch operations from the date control was acquired. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee, and has the ability to use its power over the investee to affect its returns. Intercompany balances and transactions, and any income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Name of Subsidiary	Place of Incorporation	Ownership Interest	Principal Activity
AGT Resources Corporation	Province of British Columbia	100%	Holding company
C-Tech Ceylon	Sri Lanka	90%	Mineral exploration

#### Determination of control by one entity over another

Subsidiaries include entities which are controlled by the Company and are accounted for through consolidation. Investments in associates and joint ventures include entities in which the Company has significant influence, but not control or joint control, and are accounted for using the equity method.

#### Mineral exploration and evaluation expenses

Upon acquiring the legal right to explore a property, all direct costs related to the acquisition of mineral property interests are capitalized. Exploration expenses incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. The Company will perform an impairment test on transition from the exploration stage to the development stage.

Expenditures incurred subsequent to a development decision, and to increase or extend the life of existing production, are capitalized and will be transferred to property, plant and equipment and amortized using the unit-of-production method based upon proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property will be assessed for impairment.

The Company assesses mineral properties for impairment at the end of each reporting period or when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

#### Acquisitions

Asset acquisitions are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of acquisition of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company, if any. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

acquisition date, or if the fair values exceed the consideration paid, then the consideration paid is allocated on a pro rata basis to the identifiable assets acquired based on their relative fair values.

#### Equipment

Equipment is recorded at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is recognized in project evaluation costs on a declining balance basis at the following rates:

- Field Equipment – 20% per annum

A straight-line basis over the estimated useful lives of each asset or component part of an item or equipment, may be applied depending on which method (and rate) most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

#### Foreign currency translation

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated at the period end date exchange rates. Non-monetary items which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign operations are translated from their functional currencies into Canadian dollars on consolidation as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- (ii) Income and expenses for each statement of comprehensive income (loss) are translated at an average exchange rate (unless this rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

Exchange differences that arise relating to long-term intercompany balances that form part of the net investment in a foreign operation are also recognized in this separate component of equity through other comprehensive income (loss).

On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences recorded in a separate component of equity is recognized in the consolidated statement of income (loss).

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

#### Financial instruments

The Company's accounting policies for financial assets are as follows:

##### *Financial assets – Classification*

Financial assets are classified at initial recognition as either measured at amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows

For assets measured at fair value, gains and losses will be recorded in either earnings or loss, or other comprehensive income or loss ("OCI"). For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the investment at FVOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

##### *Financial assets – Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in earnings or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Subsequent measurement of debt instruments depend on the Company's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Company classifies debt instruments:

- Amortized cost – Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in earnings or loss when the asset is derecognized or impaired. Interest income from those financial assets is included in interest and finance (expense) income using the effective interest rate method.
- FVTPL – Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in earnings or loss and presented net in the statement of loss and other comprehensive loss within other gains (losses) in the period in which it arises.

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

- FVOCI – Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amounts are taken through OCI, except for the recognition of impairment gains or losses, interest revenue, and foreign exchange gains and losses which are recognized in earnings or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to earnings or loss and recognized in other gains (losses). Interest income from these financial assets is included in interest and finance (expense) income using the effective interest rate method. Foreign exchange gains and losses are presented in foreign exchange (loss) gain and impairment expenses in other expenses.

Changes in the fair value of financial assets at FVTPL are recognized in profit or loss as applicable.

#### *Impairment of financial assets*

The Company assesses, on a prospective basis, the expected credit losses associated with any debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

#### *Financial liabilities*

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. The Company's financial liabilities comprise accounts payable and accrued liabilities, which are classified at amortized cost.

#### *Environmental rehabilitation obligation*

The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation and exploration and development property. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future

## **APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(Expressed in Canadian dollars)*

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### **3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)***

reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

As at December 31, 2024, the Company recorded \$Nil (2023 – \$Nil) in decommissioning liabilities relating to its exploration and evaluation assets.

#### **Financing costs**

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has been closed. When an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

#### **Warrants**

The Company has issued completed a qualifying transaction. As a part of this transaction, the Company issued warrants as part of the equity consideration. The warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the agreement. Warrants that are part of units are assigned a value based on the residual value of the unit after deducting the fair value of the common shares.

#### **Share-based compensation**

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or when the individual provides services similar to those performed by an employee.

## **APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(Expressed in Canadian dollars)*

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### **3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from those parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

#### **Income taxes**

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities arise from temporary differences between the tax and accounting values of assets and liabilities and are recorded based on tax rates expected to be enacted when those differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and therefore is inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

#### **(Loss) earnings per share**

Basic (loss) earnings per share is calculated by dividing net (loss) earnings by the weighted average number of common shares outstanding during the period.

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Diluted (loss) earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options, as if their dilutive effect were at the beginning of the period. The calculation of the diluted number of common shares assumes that

proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. In periods that the Company reports a net loss, any stock options or warrants outstanding are excluded from the calculation of diluted loss per share as their inclusion would be anti-dilutive.

#### **New accounting standards adopted**

In October 2023, the IASB issued amendments to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current and Noncurrent Liabilities with Covenants. These amendments increase the disclosure required to enable users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within 12 months. The amendments are effective January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. The Company determined that these amendments didn’t have a material effect on its consolidated financial statements.

#### **New standards issued and not yet effective**

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended December 31, 2024.

On April 9, 2024, the IASB issued a new standard – IFRS 18, “Presentation and Disclosure in Financial Statements” with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Adoption of IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’. The Company is currently assessing the impact the new standard will have on its financial statements.

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

### 4. ACQUISITION OF APPLIED GRAPHITE TECHNOLOGIES CORPORATION

On March 7, 2024, the Company completed the acquisition of AGT by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia). As a result of the transaction, AGT merged with a wholly owned subsidiary of the Company to become AGT Resources Corporation (“AGT Resources”), a wholly owned subsidiary of the Company. The Company, as the Resulting Issuer, continues the business of AGT and has changed its name to Applied Graphite Technologies Corporation. All the issued and outstanding common shares of AGT (“AGT Shares”) were exchanged for common shares in the capital of the Resulting Issuer, Applied Graphite Technologies Corporation, on a one-for-one basis. The exchanged AGT shares were cancelled, upon completion of the Qualifying transaction, on March 7, 2024.

Consideration with a fair value of \$1,449,017 was issued in exchange for all the issued and outstanding equity of AGT and is comprised as follows:

- a total of 8,200,605 common shares of the Company at \$0.158 per share (\$1,295,697) (Note 7b);
- a total of 1,366,454 warrants of the Company, exercisable at price at \$0.15 per share until expiry date March 7, 2029 (\$153,322) (Note 7e);

Transaction costs related to legal fees of \$372,441 which were associated with the acquisition were recorded. As at December 31, 2023, transaction costs of \$183,789 were recorded as deferred acquisition costs.

The acquisition of AGT constitutes an asset acquisition because the assets acquired did not qualify as a business according to the definition in IFRS 3, and therefore the acquisition did not constitute a business combination, but rather has been treated as a payment of equity consideration for the acquisition of AGT’s net assets.

The total consideration for the acquisition of the assets and liabilities assumed on acquisition was as follows:

		<b>Total</b>
Cash	\$	6,507
Receivables		26,268
Prepaid expenses		43,749
Mineral properties		2,042,112
Accounts payable and accrued liabilities		(168,885)
Non-controlling interest		(128,291)
	<b>\$</b>	<b>1,821,460</b>
Cost of acquisition:		
Consideration issued at fair value	\$	1,449,019
Transaction costs		372,441
Total acquisition costs	<b>\$</b>	<b>1,821,460</b>

**APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(Expressed in Canadian dollars)***5. EQUIPMENT**

	<b>Field Equipment</b>
<b>Cost</b>	
<b>Balance at December 31, 2023 and 2022</b>	\$ -
Additions	23,491
Foreign exchange	1,856
<b>Balance at December 31, 2024</b>	<b>\$ 25,347</b>
<b>Accumulated depreciation</b>	
<b>Balance at December 31, 2023</b>	\$ -
Depreciation	1,175
Foreign exchange	92
<b>Balance at December 31, 2024</b>	<b>\$ 1,267</b>
<b>Net book value, December 31, 2023</b>	\$ -
<b>Net book value, December 31, 2024</b>	<b>\$ 24,080</b>

**6. MINERAL PROPERTY****Queen's Mine Complex**

The D1 and Q2 properties and mineral rights were acquired with AGT on March 7, 2024. On March 26, 2024, the Company completed the purchase of the past producing Queen's Mine, located in the Dodangaslanda district of Sri Lanka, adjacent to the Company's D1 and Q2 properties.

AGT has a 90% ownership interest in C-Tech, a corporation incorporated pursuant to the laws of Sri Lanka. The remaining 10% is owned by a Sri Lankan representative. C-Tech owns 100% of the mineral rights to the Queen's Mine Complex which consists of the Queen's Mine, D1 and Q2 properties. The properties were purchased outright by C-Tech and accordingly, there is no expiry on the titles.

As at year-end, the Company does not hold any mining licenses. Except for acquisition costs, all costs incurred during the year have been classified as project evaluation or pre-exploration costs, in accordance with the Company's accounting policies. These costs relate to activities undertaken to assess the potential of mineral properties prior to the acquisition of a mining license.

**APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Notes to the Consolidated Financial Statements  
For the years ended December 31, 2024 and 2023  
(Expressed in Canadian dollars)

**6. MINERAL PROPERTY (continued)**

Mineral Properties as at December 31, 2024:

	December 31, 2023	Acquisition of AGT	Additions	Effect of movement in exchange rates	December 31, 2024
D1	\$ -	\$ 1,724,250	\$ -	\$ 50,192	\$ 1,774,447
Q2	-	317,862	-	7,367	325,229
Queen's	-	-	44,780	16,182	60,930
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ 2,042,112</b>	<b>\$ 44,780</b>	<b>\$ 73,746</b>	<b>\$ 2,160,606</b>

The Company paid a deposit of \$126,734 (2023 - \$Nil) in relation to several parcels of land and properties adjacent to the existing properties.

**Exploration Expenditures**

Exploration and evaluation expenditures incurred during year ended December 31, 2024 and 2023 are as follows:

	For the year ended	
	December 31, 2024	December 31, 2023
Depreciation	\$ 1,175	\$ -
Land maintenance	14,704	-
Polybutylene charges	2,711	-
Site expenses	13,114	-
Survey and geophysics	22,589	-
General exploration	36,317	-
<b>TOTAL</b>	<b>\$ 90,610</b>	<b>\$ -</b>

**7. SHAREHOLDERS' EQUITY****a) Authorized Share Capital**

The Company is authorized to issue an unlimited number of common shares without par value.

**b) Share Issuance**

During the year ended December 31, 2024, pursuant to the Qualifying Transaction, the Company consolidated its common shares on a 1.5:1 basis. These financial statements are reflective of the share consolidation.

At December 31, 2024, the Company had 23,533,938 (2023 – 13,333,333) common shares issued and outstanding.

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

### 7. SHAREHOLDERS' EQUITY (continued)

During the year ended December 31, 2024, the Company:

- Completed, on May 22 and 24, 2024, a private placement financing of 2,000,000 shares, at a price of \$0.15, for total proceeds of \$300,000; and
- Issued, on March 7, 2024, a total of 8,200,605 common shares to the former shareholders of AGT, as part of its Qualifying Transaction to acquire the net assets of AGT (Note 4).

A total of 10,478,191 shares have been transferred to escrow and will be released rateably over 18 and 36 month periods, respectively, beginning March 8, 2024. The balance of shares held in escrow as at December 31, 2024, is 8,038,902 common shares.

#### c) 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 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, 2024, the Company granted 1,000,000 stock options to directors, officers, and consultants of the Company, exercisable at a price of \$0.15 for a five-year period following the date of the grant.

The stock option continuity for the year ended December 31, 2024, is as follows:

Number Outstanding Dec 31, 2023	Granted	Exercised	Expired / Cancelled	Number Outstanding Dec 31, 2024	Exercise Price per Share (\$)	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
1,133,333	-	-	-	1,133,333	0.15	Mar 07, 25	0.18
200,000	-	-	-	200,000	0.15	Nov 26, 26	1.90
-	800,000	-	100,000	700,000	0.15	Mar 23, 29	4.23
-	200,000	-	-	200,000	0.15	Mar 23, 29	4.23
<b>1,333,333</b>	<b>1,000,000</b>	-	<b>100,000</b>	<b>2,233,333</b>	<b>0.15</b>		<b>1.97</b>
			<b>Exercisable</b>	<b>2,233,333</b>	<b>0.15</b>		<b>1.97</b>

As at December 31, 2024, a total of 2,233,333 outstanding stock options were vested and exercisable, with a weighted average exercise price of \$0.15. A total of 566,667 stock options are subject to escrow as at December 31, 2024.

**APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(Expressed in Canadian dollars)***7. SHAREHOLDERS' EQUITY (continued)**

The stock option continuity for the year ended December 31, 2023, is as follows:

Number Outstanding Dec 31, 2022	Granted	Exercised	Expired / Cancelled	Number Outstanding Dec 31, 2023	Exercise Price per Share (\$)	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
1,133,333	-	-	-	1,133,333	0.15	Mar 07, 25	1.18
200,000	-	-	-	200,000	0.15	Nov 26, 26	2.91
<b>1,333,333</b>	-	-	-	<b>1,333,333</b>	<b>0.15</b>		<b>1.44</b>
			<b>Exercisable</b>	<b>1,333,333</b>	<b>0.15</b>		<b>1.44</b>

As at December 31, 2023, all the 1,333,333 outstanding stock options were vested and exercisable, with a weighted average exercise price of \$0.15.

**d) Share-Based Compensation**

The fair value of each option granted to employees, officers, and directors was estimated on the date of the grant using the Black-Scholes Option-Pricing Model.

The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation were an expected life of 5 years, expected dividend of \$nil, and:

	May 23, 2024	Mar 25, 2024	Feb 13, 2022	Jan 07, 2022
Share price on grant date	\$0.17	\$0.15	\$0.10	\$0.10
Risk-free interest rate	3.68%	3.51%	1.72%	1.31%
Expected volatility	88.00%	88.00%	88.00%	88.00%
Fair value	\$0.12	\$0.11	\$0.25	\$0.07

During the year ended December 31, 2024, the Company recognized share-based compensation of \$106,246 (2023 - \$nil).

**e) Share Purchase Warrants**

In conjunction with its qualifying transaction, the Company issued 1,366,454 transferable warrants to purchase AGT shares at a price of \$0.15 per share with an expiry date of March 7, 2029. The warrants were valued using the Black-Scholes option pricing model with the following assumptions: risk free interest rate 3.44%; dividend yield of 0%; expected volatility of 88% and expected life of 5 years.

**APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(Expressed in Canadian dollars)***7. SHAREHOLDERS' EQUITY (continued)**

The share purchase warrant continuity for the year ended December 31, 2024 is as follows:

Number Outstanding Dec 31, 2023	Granted	Exercised	Expired/Cancelled	Number Outstanding Dec 31, 2024	Exercise Price per Share (\$)	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
333,333	-	-	-	333,333	0.15	Nov 26, 26	1.90
-	1,366,454	-	-	1,366,454	0.15	Mar 07, 29	4.18
<b>333,333</b>	<b>1,366,454</b>	<b>-</b>	<b>-</b>	<b>1,699,787</b>	<b>0.15</b>		<b>3.74</b>

The share purchase warrant continuity for the year ended December 31, 2023 is as follows:

Number Outstanding Dec 31, 2022	Granted	Exercised	Expired/Cancelled	Number Outstanding Dec 31, 2023	Exercise Price per Share (\$)	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
333,333	-	-	-	333,333	0.15	Nov 26, 26	2.91

**8. NON-CONTROLLING INTEREST**

As of December 31, 2024, non-controlling interest includes a 10% interest in AGT Resources Corporation's subsidiary C-Tech Cylon. The following is a continuity schedule of the Company's non-controlling interests:

	C-Tech Ceylon	
<b>Non-controlling interest acquired, March 7, 2024</b>	\$	<b>128,291</b>
Share of comprehensive loss – C-Tech Cylon		(13,649)
<b>Non-controlling interest December 31, 2024</b>	\$	<b>114,642</b>

The table below discloses selected financial information of C-Tech Cylon on a 100% basis:

As at	From March 8 to December 31, 2024	
Non-controlling percentage		10%
Total assets	\$	2,311,472
Total liabilities		(810,780)
<b>Net assets</b>	<b>\$</b>	<b>1,500,692</b>

**Summarized income statement**

Loss and comprehensive loss	136,493
Comprehensive loss allocated to non-controlling interest	13,649

**APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(Expressed in Canadian dollars)***9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

As at	December 31, 2024	December 31, 2023
Trade payables	\$ 180,918	\$ 36,172
Accrued liabilities	25,000	12,500
<b>TOTAL</b>	<b>\$ 205,918</b>	<b>\$ 48,672</b>

**10. RELATED PARTY TRANSACTIONS**

The Company's related parties consist of directors and officers in common and companies owned in whole or in part by executive officers and directors as follows:

Related Party Name	Nature of Transactions
Farris LLP ("Farris"), a company in which former Directors Jay Sujir and Peter Roth are partners <sup>(1)</sup>	Legal services
Slater Corporate Services Corporation ("SCSC"), a company controlled by former Director Ian Slater <sup>(1)</sup>	Cost reimbursement, Corporate Secretary, CFO, corporate compliance services, accounting, and financial reporting
Rodney Stevens, Director <sup>(2)</sup>	Cost reimbursement
1163863 ON Ltd ("1163863"), a company controlled by Director Don Baxter <sup>(2)</sup>	Wages and benefits
C R Abeyratne ("CRA"), a company controlled by Director Chaanaka Abeyratne <sup>(2)</sup>	Wages and benefits

<sup>(1)</sup> Jay Sujir, Peter Roth, and Ian Slater ceased to be directors on March 7, 2024.

<sup>(2)</sup> Don Baxter, Rodney Stevens, and Chaanaka Abeyratne became the directors on March 7, 2024.

The Company incurred the following fees in connection with companies owned or partially owned by key management and/or directors. Expenses have been measured at the exchange amount, which is determined on a cost recovery basis.

	Year ended December 31, 2024	Year ended December 31, 2023
Cost reimbursement - SCSC	\$ 104,419	\$ 27,000
Legal fees – Farris	144,526	60,641
Share-based compensation	71,130	-
Wages and benefits - 1163863	100,000	-
Wages and benefits – CRA	14,464	-
<b>Total</b>	<b>\$ 434,539</b>	<b>\$ 87,641</b>

## **APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### **10. RELATED PARTY TRANSACTIONS (continued)**

Related party transactions for the year ended December 31, 2024, are as follows:

- a) A company owned by a former Director, Ian Slater, recharged costs in the amount of \$104,419 (2023 - \$36,000). Ian Slater ceased to be a Director on March 7, 2024.
- b) Farris LLP, in which two former Directors, Jay Sujir and Peter Roth, are partners provided legal services to the Company in the amount of \$144,526 (2023 - \$152,072) through to March 7, 2024. A balance of \$41,521 was due to Farris LLP as at December 31, 2024 (2023 - \$34,072). Both Jay Sujir and Peter Roth ceased to be Directors on March 7, 2024.
- c) A company owned by a Director, Don Baxter, provided professional services to the Company in the amount of \$100,000 for the period March 7 to December 31, 2024. A balance of \$22,600 was due to 1163863, Ontario Limited as at December 31, 2024.
- d) A company owned by a Director, Chaanaka Abeyratne, provided professional services to the Company in the amount of \$14,464 for the period March 7 to December 31, 2024. A balance of \$4,920 was due to C R Abeyratne as at December 31, 2024.
- e) Compensation of directors and members of key management personnel through stock option grants totalled \$71,130 (2023 - \$nil) as share-based compensation for the year ended December 31, 2024.

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

- a) A company owned by a Director, Ian Slater, recharged costs 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.

Amounts owing to related parties are unsecured, with no specific terms of repayment.

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has designated its cash and cash equivalent, amounts receivable and accounts payable as financial instruments at amortized cost.

#### a) Fair Value

Management has assessed that the fair values of cash and cash equivalent, amounts receivable and accounts payable approximate their carrying amounts, largely due to the short-term maturity 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;

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.

#### b) Financial Risk Management

##### *Credit Risk*

Credit risk is the risk of loss arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is attributable to its liquid financial assets including cash. The Company limits exposure to credit risk by maintaining its cash with a major Canadian financial institution. Credit risk surrounding the Company's receivables is limited due to the nature of the receivables as they are primarily due from governmental agencies.

##### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to determine the funds required to support the Company's normal operating requirements on an ongoing basis. Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to equity financing is dependent upon market conditions and market risks. There can be no assurance of continued access to equity funding. As at December 31, 2024, the Company had a cash balance of \$34,090 to settle current liabilities of \$205,918.

## **APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(Expressed in Canadian dollars)*

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### **11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)***

#### *Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. The Company does not currently hold and does not expect to hold interest-bearing financial instruments other than cash. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

#### *Commodity Price Risk*

While the value of the Company's mineral properties is related to the market price of based metals, the Company does not currently have any operating mines and therefore does not have any hedging or other commodity-based risks with respect to its operating activities.

### **12. CAPITAL MANAGEMENT**

Capital is composed of the Company's equity and any debt that it may issue. As at December 31, 2024, the Company's equity was \$2,169,918 and it had current liabilities of \$205,918. The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements, and internally determined capital guidelines and calculated risk management levels.

### **13. SEGMENTED INFORMATION**

The Company operates in one industry segment, the mineral exploration industry. All of the Company's non-current assets are located in Sri Lanka.

**APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(Expressed in Canadian dollars)***14. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Loss before income taxes	\$ (787,055)	\$ (97,224)
Expected income tax (recovery)	(213,000)	(26,000)
Changes in statutory, foreign tax, foreign exchange rates, and other	8,000	2,000
Permanent differences	9,000	-
Adjustment to prior years provision versus statutory tax returns	(1,000)	(6,000)
Changes in unrecognized deductible temporary differences	197,000	30,000
<b>Total income tax expense (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2024	Expiry Date Range	2023	Expiry Date Range
<b>Temporary Differences</b>				
Share issue costs	113,000	2045 to 2048	47,000	2045
Non-capital losses	1,197,000		398,000	
Canada	1,067,000	2021 to 2044	398,000	2021 to 2043
Sri Lanka	131,000	2030		

Tax attributes are subject to review and potential adjustment by tax authorities.

**15. SUBSEQUENT EVENT**

Subsequent to December 31, 2024, the Company:

- on March 7, 2025, 1,133,333 options at \$0.15 expired unexercised.

# APPLIED GRAPHITE TECHNOLOGIES CORPORATION

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED DECEMBER 31, 2024

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Applied Graphite Technologies Corporation ("AGT", or the "Company", formerly "Audrey Capital Corporation") during the year ended December 31, 2024, and to the date of this report. This MD&A should be read in conjunction with the accompanying consolidated financial statements and related notes thereto for the year ended December 31, 2024 and 2023 (the "Financial Report"), and with the audited consolidated financial statements for the years ended December 31, 2024 and 2023, 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 AGT is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca)

This MD&A contains information up to and including April 16, 2025.

### 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 9 of this MD&A.

### COMPANY OVERVIEW

The Company's principal business activity is the exploration and evaluation of mineral assets.

The Company's predecessor, Audrey Capital Corporation, was incorporated on March 9, 2021, under the Business Corporations Act of British Columbia. Audrey Capital Corporation filed its final prospectus on SEDAR on September 27, 2021, and was classified as a reporting issuer under the British Columbia Securities Commission ("BCSC") as principal regulator, as well as Alberta, Manitoba, and Ontario. Audrey Capital Corporation's Initial Public Offering (the "IPO") was completed on November 26, 2021, and was classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4.

### COMPANY DEVELOPMENTS AND OUTLOOK

On March 7, 2024, the Company consolidated its outstanding share capital on a 1.5:1 basis. The share consolidation has been applied retrospectively and, as a result, all common shares, options, warrants, and per share amounts are stated on an adjusted basis.

On March 7, 2024, the Company completed the previously disclosed qualifying transaction to acquire 100% of the shares of AGT, by way of a three-cornered amalgamation under the provisions of the Business Corporations Act (British Columbia). As a result of the transaction, AGT merged with a wholly owned subsidiary of Audrey Capital Corporation to become AGT Resources Corporation ("AGT Resources"), a wholly owned subsidiary of the Company ("1445056 BC"). The Company, as the Resulting Issuer, will

## **APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Management Discussion and Analysis

For the year ended December 31, 2024

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continue the business of AGT and has changed its name to Applied Graphite Technologies Corporation. All the issued and outstanding common shares of AGT (“AGT Shares”) were exchanged for common shares in the capital of the Resulting Issuer, Applied Graphite Technologies Corporation, on a one-for-one basis. The exchanged AGT shares were cancelled, upon completion of the Qualifying transaction, on March 7, 2024.

Consideration with a fair value of \$1,449,017 was issued in exchange for all the issued and outstanding equity of AGT and is comprised as follows:

- a total of 8,200,605 common shares of the Company at \$0.158 per share (\$1,295,697); and
- a total of 1,366,454 warrants of the Company, exercisable at price at \$0.15 per share until expiry date March 7, 2029 (\$153,322).

### **MINERAL PROPERTIES**

#### **D1 and Q2**

The D1 and Q2 properties and mineral rights were acquired with AGT on March 7, 2024.

AGT has a 90% ownership interest in C-Tech, a corporation incorporated pursuant to the laws of Sri Lanka. The remaining 10% is owned by a Sri Lankan representative. C-Tech owns 100% of the mineral rights to the Dodangaslanda Graphite Project which consists of the D1 and Q2 land parcels. The properties were purchased outright by C-Tech and accordingly, there is no expiry on the titles.

The Government of Sri Lanka, per the Mines and Minerals Act No 33 of 1992 (“Mining Act”), requires a 6% royalty payable on industrial minerals produced but not exported, and a 7% royalty payable on exported industrial minerals.

#### **Queen’s Mine Complex**

On March 26, 2024, the Company completed the purchase of the past producing Queen’s Mine, located in the Dodangaslanda district of Sri Lanka, adjacent to the Company’s D1 and Q2 properties. The mine output will be subject to the Government of Sri Lanka Mining Act royalty of 6% on industrial minerals produced but not exported and 7% on exported industrial minerals. The Company is currently in the process of purchasing properties to make owned properties contiguous. The Company currently has three properties under purchase and sale agreements. The properties are referred to as “A”, “G” and “Q”. The “Q” property is contiguous with the Queen’s Mine, sometimes referred to as “old Queens”.

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Management Discussion and Analysis

For the year ended December 31, 2024

### RESULTS OF OPERATIONS

For the year ended December 31, 2024, the Company incurred a comprehensive loss of \$724,220. For the year ended December 31, 2023, the Company incurred a comprehensive loss of \$97,224 (adjusted for deferred legal costs on AGT acquisition).

The following is a summary of operating costs:

	Year ended December 31, 2024	Year ended December 31, 2023
<b>EXPENSES</b>		
Exploration expenses	\$ 90,610	\$ -
Filing fees	76,144	32,562
Foreign exchange gain	5,750	-
General and administrative	227,327	36,000
Investor relations	60,970	5,890
Professional fees	61,012	22,772
Share-based compensation	106,247	-
Travel	37,496	-
Wages and benefits	122,419	-
<b>Total operating expenses</b>	<b>\$ (787,975)</b>	<b>\$ (97,224)</b>

The significant expenditures for the year ended December 31, 2024 were as follows:

- Exploration expenses consist primarily of a LIDAR drone survey, land maintenance, geophysics and site expenses.
- Filing fees increased by \$43,582 due to the acquisition of AGT;
- General & Administrative costs increased by \$191,327 due primarily to the AGT acquisition. Key drivers of the increase were as follows: i) approximately \$92,045 increase in management fees; ii) approximately \$23,470 increase in consulting fees; iii) approximately \$43,095 increase in office expenses; iv) approximately \$ 32,717 increase in insurance;
- Professional fees increased by \$38,240 due to audit and legal fees in relation to the AGT acquisition;
- Share-based compensation increased due to the 1,000,000 stock options granted in the period to officers, directors and consultants of the Company;
- Travel expenses were primarily for site visits to the acquired AGT properties in Sri Lanka; and
- Wages and benefits of \$122,419 is primarily executive compensation, which prior to the acquisition of AGT was share based.

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Management Discussion and Analysis

For the year ended December 31, 2024

### SUMMARY OF QUARTERLY RESULTS

The following is a summary of quarterly results for the eight most recently completed quarters since March 31, 2023:

	Three months ended Dec 31, 2024	Three months ended Sep 30, 2024	Three months ended Jun 30, 2024	Three months ended Mar 31, 2024	Three months ended Dec 31, 2023	Three months ended Sep 30, 2023	Three months ended Jun 30, 2023	Three months ended Mar 31, 2023
Loss for the period	164,475	198,020	277,849	146,711	33,357	18,690	20,109	25,068
Loss per share basic and diluted	0.01	0.02	0.02	0.03	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, 2023, to December 31, 2024.

In the quarter ending December 31, 2024, the Company's operating costs increased by \$131,118 compared to the same quarter in the prior year. AGT operations contributed \$60,910 in costs related to exploration, share-based payments, travel, and wages, for which there are no prior year comparatives, and foreign exchange loss of \$16,406. This was offset by an interest income of \$312. The remaining \$54,114 increase resulted from general expenses, filing fees, investor relations, and professional services.

In the quarter ending September 30, 2024, the Company's operating costs increased by \$179,330 compared to the same quarter in the prior year. The AGT operations added \$102,058 in cost related to exploration, share-based payments, travel, and wages, for which there are no prior year comparatives. The remaining \$77,272 increase came from general expenses, filing fees, investor relations, and professional services.

During the quarter ended June 30, 2024, the Company incurred an additional \$257,740 in operating costs versus the comparative period in the prior year. The acquisition of AGT resulted in an additional \$109,205 in exploration costs, share based compensation, and wages, for which there are no prior year comparatives. The remaining \$148,535 operating cost increase was a combination of general and administrative, filing, investor relations and professional fees.

The quarter ended March 31, 2024, included the acquisition of AGT. This acquisition resulted in an overall increase of \$121,643 in operating costs. The primary drivers of the increase were exploration, accounting, filling and legal fees, wages and benefits, and share based compensation.

During all previous quarters ended between March 31, 2023, through to December 31, 2023, the Company incurred costs mostly related to accounting, administrative and filing fees.

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Management Discussion and Analysis

For the year ended December 31, 2024

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### LIQUIDITY AND CAPITAL RESOURCES

Components	December 31, 2024	December 31, 2023
Working capital	\$ (142,294)	\$ 909,790
Total assets	2,375,044	958,462
Total liabilities	205,918	48,672
Share capital	2,802,848	1,207,151
Reserves	506,305	246,737
Deficit	(1,317,504)	(544,098)

The Company had cash of \$34,090 as at December 31, 2024.

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

##### a) Common Shares

On May 24, 2024, the company completed a private placement financing of 2,000,000 shares, at a price of \$0.15, for total proceeds of \$300,000.

On March 7, 2024, the Company issued the former shareholders of AGT 8,200,605 common shares. The Company has transferred to escrow 10,478,191 shares that will be released rateably in tranches over either 18 or 36 month periods, respectively, beginning March 8, 2024.

##### b) Warrants

In conjunction with its qualifying transaction, the Company issued 1,366,454 transferable warrants to purchase AGT shares at a price of \$0.15 per share with an expiry date of March 7, 2029.

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

### Management Discussion and Analysis

For the year ended December 31, 2024

#### c) Stock Options

During the year ended December 31, 2024, the Company granted 1,000,000 stock options to directors, officers and consultants of the Company, exercisable at a price of \$0.15 for a five-year period following the date of their grant.

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

Common Shares	23,533,938
Stock Options	1,100,000
Share Purchase Warrants	1,699,787

#### RELATED PARTY TRANSACTIONS

The Company's related parties consist of directors and officers in common and companies owned in whole or in part by executive officers and directors as follows:

Related Party Name	Nature of Transactions
Farris LLP ("Farris"), a company in which former Directors Jay Sujir and Peter Roth are partners <sup>(1)</sup>	Legal services
Slater Corporate Services Corporation ("SCSC"), a company controlled by former Director Ian Slater <sup>(1)</sup>	Cost reimbursement, Corporate Secretary, CFO, corporate compliance services, accounting, and financial reporting
Rodney Stevens, Director <sup>(2)</sup>	Cost reimbursement
1163863 ON Ltd ("1163863"), a company controlled by Director Don Baxter <sup>(2)</sup>	Wages and benefits
C R Abeyratne ("CRA"), a company controlled by Director Chaanaka Abeyratne <sup>(2)</sup>	Wages and benefits

<sup>(1)</sup> Jay Sujir, Peter Roth, and Ian Slater ceased to be directors on March 7, 2024.

<sup>(2)</sup> Don Baxter, Rodney Stevens, and Chaanaka Abeyratne became the directors on March 7, 2024.

The Company incurred the following fees in connection with companies owned or partially owned by key management and/or directors. Expenses have been measured at the exchange amount, which is determined on a cost recovery basis.

	Year ended December 31, 2024		Year ended December 31, 2023	
Cost reimbursement - SCSC	\$	104,419	\$	27,000
Legal fees – Farris		144,526		60,641
Share-based compensation		71,130		-
Wages and benefits - 1163863		100,000		-
Wages and benefits – CRA		14,464		-
<b>Total</b>	<b>\$</b>	<b>434,539</b>	<b>\$</b>	<b>87,641</b>

## **APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

### Management Discussion and Analysis

For the year ended December 31, 2024

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Related party transactions for the year ended December 31, 2024, are as follows:

- a) A company owned by a former Director, Ian Slater, recharged costs in the amount of \$104,416 (2023 - \$36,000). Ian Slater ceased to be a Director on March 7, 2024.
- b) Farris LLP, in which two former Directors, Jay Sujir and Peter Roth, are partners provided legal services to the Company in the amount of \$144,526 (2023 - \$152,072) through to March 7, 2024. A balance of \$41,521 was due to Farris LLP as at December 31, 2024 (2023 - \$34,072). Both Jay Sujir and Peter Roth ceased to be Directors on March 7, 2024.
- c) A company owned by a Director, Don Baxter, provided professional services to the Company in the amount of \$100,000 for the period March 7 to December 31, 2024. A balance of \$22,600 was due to 1163863, Ontario Limited as at December 31, 2024.
- d) A company owned by a Director, Chaanaka Abeyratne, provided professional services to the Company in the amount of \$14,464 for the period March 7 to December 31, 2024. A balance of \$4,919.60 was due to C R Abeyratne as at December 31, 2024.
- e) Compensation of directors and members of key management personnel through stock option grants totalled \$71,130 (2023 - \$nil) as share-based compensation for the year ended December 31, 2024.

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

- a) A company owned by a Director, Ian Slater, recharged costs 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.

Amounts owing to related parties are unsecured, with no specific terms of repayment.

## **FINANCIAL INSTRUMENTS**

Refer to Note 10 of the Company's financial statements for the year ended December 31, 2024, 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

## **APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Management Discussion and Analysis

For the year ended December 31, 2024

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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;

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.

## **APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Management Discussion and Analysis

For the year ended December 31, 2024

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### **CHANGES IN ACCOUNTING POLICIES**

The Company has not made any changes to accounting policies during period from January 1, 2024, to December 31, 2024. Refer to Note 3 of the Company's financial statements for the year ending December 31, 2024.

### **RISKS AND UNCERTAINTIES**

The following are risk factors associated with the Company:

- a) the Company has not commenced commercial operations. It has no history of earnings, and shall not generate earnings or pay dividends until some time in the future;
- 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 for other reasons, such as failure by the Company to submit documents to the TSX-V within the time periods required;
- f) Certain directors of the Company reside 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

## APPLIED GRAPHITE TECHNOLOGIES CORPORATION

Management Discussion and Analysis

For the year ended December 31, 2024

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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.

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](http://www.sedarplus.ca)

**APPLIED GRAPHITE TECHNOLOGIES CORPORATION**

Management Discussion and Analysis

For the year ended December 31, 2024

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**APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this MD&A on April 16, 2025. A copy of this MD&A is filed on SEDAR+.