

Management’s discussion and analysis (“MD&A”) provides a detailed analysis of the results and financial condition of Comet Industries Ltd. (the “Company”) for the year ended January 31, 2025. The following MD&A should be read in conjunction with the audited financial statements for the years ended January 31, 2025, and 2024, which have been prepared using accounting policies consistent with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

This Management’s Discussion and Analysis (“MD&A”) is dated June 2, 2025, and discloses specified information up to that date. Unless otherwise cited, references to dollar amounts are in Canadian dollars. This MD&A contains “forward-looking statements” that are subject to risk factors including those set out in the “Cautionary Statement” at the end of this MD&A. All information contained in this MD&A is current and has been approved by the Company’s Board of Directors as of June 2, 2025, unless otherwise indicated. Throughout this report we refer to “Comet”, the “Company”, “we”, “us”, “our”, or “its”. All these terms are used in respect of Comet Industries Ltd. **We recommend that readers consult the “Cautionary Statement” on the last page of this report.** Additional information relating to the Company is available on the Company’s website at www.cometindustries.ca and on SEDAR+ at www.sedarplus.ca.

The financial statements were prepared in accordance with IFRS with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company are primarily funded from financing activities and the issuance of capital stock and debt.

Description of Business

Comet Industries Ltd. (“Comet” or the “Company”) was incorporated in the Province of British Columbia and is listed on the TSX Venture Exchange. The address of the Company’s corporate office and its principal place of business is 1177 West Hastings Street, Suite 1610, Vancouver, British Columbia, Canada V6E 2K3.

The Company is in the business of holding and managing real properties and the properties under development, all in British Columbia (“BC”). The Company owns properties under development in Kamloops, and unimproved land in Green Bay on Nelson Island, BC on a freehold basis. It holds various resource properties related to the Kamloops land and it has previously explored these resource properties for copper, gold, silver, and other mineralization. It has not yet been determined whether these properties contain reserves that are economically feasible.

The company’s most significant project is the Iron Mask Industrial Park (IMIP) project, in southwest Kamloops, B.C. Comet also owns several parcels of land in Pender Harbor, and two parcels of undeveloped land northeast of Terrace on the Yellowhead Highway.

Operational Highlights

Comet’s primary focus is currently the Iron Mask Industrial Park, a light industrial development designed to support growth and opportunity in Kamloops’ industrial sector. The company recently engaged Extreme Excavating Ltd. to undertake the next phase of development, which will include blasting, clearing, grading, and site preparation for future servicing and construction.

Iron Mask Industrial Park is being developed in phases to align with market demand and support long-term build-out strategy. The current rollout includes:

- Phase 1a: 7 parcels of land, totaling 17.71 acres
- Phase 1b: 5 parcels of land, totaling 12.2 acres
- Phase 1c: 10 parcels of land, totaling 22.07 acres

These initial developments will support the delivery of 22 lots, forming the foundation of a broader plan to deliver up to 57 lots across the entire industrial park. The lots are being designed to accommodate businesses in distribution, logistics, manufacturing, and the service sector.

Overall Performance

Other than as described below, there have been no material changes in, or developments with respect to, the company’s business or assets since the Fiscal Year which ended January 31, 2025 – as discussed in the company’s annual MD&A dated June 1, 2025.

Properties and Property Interest Held by the Company:

Iron Mask Crown Granted Mineral Claims

The company holds a 40% working interest in five Crown Granted mineral claims (the “Crown Grants”) comprising the Iron Mask property (“Property A”), located in southwest Kamloops, British Columbia. The remaining 60% interest is held equally by two affiliated companies, Initial Developers Ltd. (“Initial”) and DVO Industries Ltd. (“DVO”), each with a 30% interest. The Crown Grants collectively cover approximately 190 contiguous acres (or 76.9 hectares). The specific names of the Crown Grants are as follows:

Victor – 1340	Con Verdant - 1341
Norma - 1302	Nighthawk – Lot 1747
Mint – Lot 1342	

The Crown Grants are, in the company’s financial disclosures, are referred “Property A”.

Portions of the Crown Grants may not be eligible for mining due to zoning restrictions. These zoning limitations could also prevent the owners from conducting exploration or testing activities to determine whether economically recoverable mineral deposits exist. At present, the Company does not intend to undertake further exploration, and even if additional mineralization were confirmed, the existing zoning regulations and other related challenges present a significant challenge that any deposits may not be mineable.

The Kamloops land use plan does support the expansion of industrial land within the city limits, including all of Property A. The company is actively pursuing industrial zoning for the property. Securing this zoning would significantly enhance the value of the surface rights, as the mineral rights are held by Comet and its affiliated entities.

a) Net Profits Royalty Interests (“Royalty Interests”)

Comet holds a 10% carried net profits interest, while Initial and DVO each hold a 7.5% carried net profits interest, collectively representing a 25% interest in a contiguous block of mineral properties referred to as “Property B” (as disclosed in the Company’s financial statements. These properties are owned by KGHM International Ltd. (“KGHM”), the successor to Abacus Mining & Exploration Corp., and are adjacent to the Crown Grants (collectively referred to as the “Abacus Claims”).

The Abacus Claims cover an area of 2,500.3 hectares (approximately 6,178 acres). The Company, Initial and DVO acquired the net profits interest in the Abacus Claims pursuant to an Agreement between them and KGHM's predecessor Afton Operating Corporation, dated August 24, 1987.

The Abacus Claims are a portion of a larger group of mineral properties owned by KGHM and called by it the Ajax Property. The Abacus Claims are known to contain three mineralized zones named "DM", "Audra" and "Crescent" (hereinafter referred to as the "Mineralized Zones"). Abacus Mining has provided some information about the Abacus Claims in a Feasibility Study Technical Report dated January 6, 2012 (the "Feasibility Report") – which may be viewed on Abacus' website: www.amemining.com or on SEDAR+.

The mining study in the Feasibility Report is limited to a portion of the Ajax property that is approximately 8.5 kilometers from the Abacus Claims and does not include the DM-Audra-Crescent resource estimate as part of its analysis. The Feasibility Report also refers to subsequent drilling in the Abacus claims. Due to opposition by the British Columbia Government to KGHM's plans to develop the Kamloops area properties they discontinued all further work and closed their offices in B.C.

Indirectly the Company holds an additional interest in the Crown Grants and Royalty Interests through its shareholdings in Initial (35.8%) and DVO (26.6%). Comet has no plans to do any development work on the properties.

(a) Iron Mask Surface Land Titles ("Property A")

The Company owns the surface land titles covering the Crown Grants ("Surface Lands"). The Surface Lands cover an area of 190.64 acres (approximately 77.15 hectares). The Surface Lands are also within the boundaries of the City of Kamloops, BC and are designated, under the Kamloops Official Community Plan, as a "Special Industrial Development Area". This is a general zoning designation and provides flexibility to Kamloops City development staff to specify the exact type of industrial zoning that will be applied to portions of the lands.

Comet's Management understands that there is a shortage of industrially zoned land in the City of Kamloops. Management believes that the change in zoning status greatly enhances the value of the Lands.

(b) Other Lands Owned

During the year ended January 31, 2022, the Company settled a debt owed by DVO Industries Ltd. to the Company in the amount of \$383,246. As consideration for settlement of the debt, DVO has transferred an unencumbered 40% interest in a parcel of land on Nelson Island, BC to the Company. DVO holds the remaining 60%. The Company owns 26.6% of the issued shares of DVO.

On April 18, 2023, the Company acquired an additional 11% interest in a waterfront property located on Nelson Island, BC from DVO Industries Ltd. For a total consideration of \$159,973.

During the year ended January 31, 2024, the Company sold property in Pender Harbour for \$520,000. During year ended January 31, 2024, the Company disposed of all land previously held in Terrace.

(c) Powell Street Property

During the year ended January 31, 2024, the Company disposed of the Gastown property for proceeds of \$10,200,000.

(d) Nelson Island

During the year ended January 31, 2024, the Company purchased land on Nelson Island for \$1,147,865. The company listed the property for sale subsequent to year-end.

Financing and Capital Resources

- (a) Based on the Company’s current cash on hand and the rate at which it expects to incur expenses during the current Fiscal Year, the Management believes that the Company will have to raise capital to fund the planned development of the Iron Mask Project.
- (b) Due to the company’s cash balances on hand during the year, the company did not require any debt or equity financing during the Fiscal Year.

Selected Financial Information and Discussion of Operations

The Company’s quarterly results for the past 8 quarters – detailed in Clause 4 below - have varied from quarter to quarter primarily due to the different dates that irregularly received rental payments are deposited or credited to the Company’s bank account and the dates that various expenses that are not incurred on a regular monthly basis are posted to the Company’s accounts.

The financial information given in Clause 4 below is taken from the Financial Statements and should be read in conjunction with those statements.

Summary of Quarterly Results

The following information is provided for each of the eight most recently completed quarters of the Company:

	Jan 31, 2025	Oct 31, 2024	Jul 31, 2024	Apr 30, 2024
Net revenues	-	-	-	-
Income (loss) from operations	(195,420)	(106,983)	(173,653)	(169,087)
-per share basic	(0.08)	(0.01)	(0.03)	(0.02)
-per share diluted	(0.08)	(0.01)	(0.03)	(0.02)
Comprehensive income (loss)				
- total	(163,815)	(29,546)	(131,588)	(75,089)
- per share basic	(0.04)	(0.01)	(0.03)	(0.02)
- per share diluted	(0.04)	(0.01)	(0.03)	(0.02)

	Jan 31, 2024	Oct 31, 2023	Jul 31, 2023	Apr 30, 2023
Net revenues	(7,581)	40,651	124,491	158,842
Income (loss) from operations	(427,424)	(143,751)	(145,208)	(286,591)
-per share basic	(0.09)	(0.03)	(0.03)	(0.06)
-per share diluted	(0.09)	(0.03)	(0.03)	(0.06)
Comprehensive income (loss)				
- total	(1,366,490)	9,625,422	(145,161)	36,004
- per share basic	(0.29)	2.06	(0.03)	0.01
- per share diluted	(0.28)	2.06	(0.03)	0.01

During the three months ended January 31, 2025, the rental income was \$3,238 (2023 - \$7,581). The decrease was due to the sale of the Gastown property and recognition of uncollectible rents.

During the three months ended January 31, 2025 the comprehensive loss was \$163,816 (2024 - \$1,366,490) The decrease in loss was primarily due to income tax expense of \$1,060,000 and pre-development expenses of \$282,518 in 2024.

Selected Annual Financial Information

The following table summarized selected financial information as at and for the last three fiscal year-ends of the Company:

	January 31, 2025 \$	January 31, 2024 \$	January 31, 2023 \$
(a) Net sales or total revenues	3,328	352,903	609,499
(b) Net income or (loss) before other or extraordinary items:			
– total	(645,145)	(1,002,974)	(71,544)
– per share basic	(0.13)	(0.21)	(0.02)
– per share diluted	(0.13)	(0.20)	(0.02)
(c) Net income or (loss)			
– total	(400,039)	8,149,775	(121,144)
– per share basic	(0.08)	1.75	(0.03)
– per share diluted	(0.08)	1.67	(0.03)
(d) Total assets	9,908,389	11,267,329	2,505,012
(e) Total long-term financial liabilities	-	-	-
(f) Cash dividends declared per share	Nil	Nil	Nil

Year-to-Date

During the year ended January 31, 2025, the Company reported a net loss and comprehensive loss of \$400,039, compared to a net income of \$8,149,775 for the year ended January 31, 2024. Three investment properties were sold during 2024, resulting in an overall increase in net income. The Company sold one investment building during 2025 at a loss of \$17,882. Further, the sale of the investment buildings in 2024 significantly decreased rental income. During the year, the Company recorded rental income of \$3,238 (2024 - \$352,903). Expense for the year primarily included pre- development expenses of \$86,654 (2024 - \$535,676), management fees of \$135,136 (2024 - \$97,849), professional of \$236,198 (2024 - \$97,849), property taxes and utilities of \$41,345 (2024 - \$76,609), and salaries and wages of \$45,172 (2024 - \$79,900). The operating loss before other items of \$645,144 (2024 - \$1,002,974) however this was offset by the gain on sale of investment properties of \$Nil (2024 - \$10,133,697), resulting in a net gain for the year ended January 31, 2024. There were no significant sales of investment properties in 2025.

Liquidity

At the end of the Fiscal Year the Company had cash on hand of \$3,789,490 (2024 - \$8,530,879). And had a working capital of \$3,898,533 (2024 - \$7,375,895)

The significant increase in cash on hand at the end of 2024 due to the sale of the Gastown Property. As a result, working capital improvement was noted in the prior year. During the current year, the company has continued to advance the Iron Mask project and spent approximately \$3.3M on development costs.

Transactions with Related Parties and Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that the key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Total key management compensation is \$254,151 (2024 - \$146,574) and further details are described below.

During the year, the Company paid management fees of \$76,636 (2024 - \$50,700) to the Company's President and CEO. Salary of \$42,015 (2024 - \$40,000) was also paid to the President and CEO. Included in accounts payable and accrued liabilities at January 31, 2025, was \$15,138 (2024 - \$4,965) owed to the President for salary and management fees.

During the year, management fees of \$135,500 (2024 - \$44,123) were paid to officers of the Company. The Company paid \$Nil (2024 - \$37,877) to a related person for management service on the Powell Street property.

Included in accounts payable and accrued liabilities at January 31, 2025, was \$16,100 (2024 - \$23,450) owed to the officers of the Company.

Off Balance Sheet Transactions

There are currently no off-balance sheet arrangements which could have a material effect on current or future results of operations, or the financial condition of the Company.

Financial Instruments

The Company's financial instruments include cash, advances to related entities, accounts payable, loan payable and long-term debt. The risks associated with these financial instruments and policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and advances to related entities. To minimize its credit risk the Company deposits its cash with financial institutions.

The Company's amounts receivable primarily consists of cost recoveries owing from tenants who rent the Company's investment property and are less than 30 days, which is not considered as past due. Credit risk from amounts receivable encompasses the default risk of its tenants. The Company manages its exposure to credit risk by only working with reputable tenants. In addition, on an ongoing basis, management monitors the level of amounts receivable attributable to each tenant and the length of time taken for amounts to be settled and where necessary, takes appropriate action to follow up on those balances considered overdue.

Management does not believe that there is significant credit risk arising from any of the Company's tenants. However, should one of the Company's main tenants be unable to settle amounts the maximum exposure to loss arising from amounts receivable is equal to their total carrying amounts.

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 aims to ensure that there is sufficient capital to meet short-term operating requirements after considering the Company's holdings of cash. The Company believes that the capital sources, along with the large cash balance, will be sufficient to cover the expected cash requirements by obtaining financing through the issuance of debt or shares.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk and unfavorable market conditions could result in dispositions of investments at less than favorable prices. The Company's investments are accounted for at estimated fair values and are sensitive to changes in market prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments.

The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

a) Currency Risk

The Company does not have significant foreign exchange risk as all of its transactions and financial instruments are denominated in Canadian dollars.

b) Interest Rate Risk

The Company is not subject to interest rate risk on its long-term debt which is at fixed rates of interest risk.

Outstanding Share Data

As of January 31, 2025, the Company has 5,136,091 common shares issued and outstanding. All the shares are voting shares and rank equally. The Company's financial statements show only 4,794,528 shares issued. This is because 469,194 of the issued shares are held by Initial and DVO and are accordingly not considered to be issued and outstanding in financial statement disclosure due to applicable accounting rules.

At January 31, 2025, the Company had 200,000 (2023 - Nil) share purchase options outstanding. 140,000 of the options were exercisable at the end of the Fiscal Year (2024 – 120,000). During the year ended January 31, 2024, 110,000 options were granted to the Company's President. 30,000 of these options vested immediately. 80,000 of these options vest over a four-year period, with 20,000 options vesting per year. 90,000 options were granted to various directors of the company. All of these options vested immediately. On April 2, 2025, the company granted of a total of 60,000 Incentive Stock Options under the Company's Incentive Stock Option Plan to Directors of the company. The Options are exercisable at a price of \$3.85 per share and expire March 16, 2030.

Critical Accounting Estimates

The Company's financial statements are prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit, and expenses. The estimates and associated assumptions are based on

historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Significant areas requiring the use of management estimates include determination of impairment of property and equipment, impairment of investment property, impairment of exploration and evaluation assets, decommissioning and environmental liabilities, realization of deferred income tax assets, and assumptions used in valuing options and warrants in share-based compensation calculations.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments with a significant risk of material adjustment in the next year. These include (i) Going concern, (ii) Classification of investment properties, (iii) Impairment of advances to related parties, recoverability of long-term investments and exploration and evaluation assets, and (iv) Assessment of deferred income tax assets and liabilities.

Changes in Accounting Policies and Recent Accounting Pronouncements

The mandatory adoption of new and revised accounting standards had no significant impact on the Company's financial statements for the years presented.

Note 3 to the January 31, 2025, audited Financial Statements describes the Accounting Policies followed in preparing the Statements.

Note 4 of the Statements describes recent changes in accounting policies that the Company has had to adopt and changes which will become effective in the future.

Risks and Uncertainties

Comet's business is migrating from a speculative business involving a high degree of risk to a real estate holding and management company with a portfolio of assets and properties which carry less risk and uncertainty than mining exploration. The following are some of the risks to the Company, recognizing that it may be exposed to other additional risks from time to time.

- Dependence on key management personnel
- Reliance on availability and performance of independent contractors
- Challenges by Aboriginals to some property titles
- Environmental issues
- Federal, provincial, and municipal political risk
- Financial markets

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A, other than statements of historical fact, constitute "forward-looking information" within the meaning of Canadian securities legislation. "Forward-looking information" includes, but is not limited to, statements with respect to the potential merits of the Company's properties, as well as the Company's future plans, objectives, business strategy, budgets, projected costs, financial results, and requirements for additional capital.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Some risks and uncertainties applicable to Comet are disclosed in Clause 12.

In making the statements in this MD&A containing forward-looking information, the Company has applied several material assumptions, including but not limited to, assumptions regarding the ability of the Company to obtain, on reasonable terms, any financing it may require in the future.

Although the Company has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

The Company disclaims any intention or obligation to update or revise the forward-looking information in this MD&A, whether because of new information, events or otherwise, except as required by applicable securities legislation. Accordingly, readers are cautioned not to put undue reliance on forward-looking information.