



(FORMERLY SAVILLE RESOURCES INC.)

MANAGEMENT DISCUSSION & ANALYSIS

For The Six Months Ended October 31, 2024

The following is a discussion and analysis of the operations, results, and financial position of Future Fuels Inc. (formerly Saville Resources Inc.) (the "Company") for the six months ended October 31, 2024, and should be read in conjunction with the condensed interim consolidated financial statements for the six months ended October 31, 2024, which have been prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS").

The effective date of this report is December 27, 2024.

DESCRIPTION OF BUSINESS

The Company is an exploration stage company engaged in the business of acquiring, exploring and, if warranted, developing mineral resource properties, and placing such properties into production. The Company holds interests in mineral properties in Quebec and Nunavut and is looking at expanding its portfolio of mineral properties. The Company's current properties do not contain a known ore body. The Company owns no producing properties and, consequently, has no current operating income or cash flow. Operations are primarily funded by equity subscriptions.

CORPORATE HIGHLIGHTS

On May 1, 2024, the Company announced the resignation of Mr. Nicholas Rodway as a director of the Company.

On May 21, 2024, the Company closed a non-brokered private placement (the "Offering") of 20,805,000 units (each, a "Unit") of the Company at \$0.05 per Unit for gross proceeds of \$1,040,250. Each Unit consists of (i) one common share (a "Common Share") in the capital of the Company, and (ii) one-half share purchase warrant (each whole, a "Warrant"), with each whole Warrant entitling the holder thereof to acquire one Common Share at a price of \$0.075 per share until twelve (12) months following closing. The net proceeds of the Offering will be used by the Company for general working capital. All securities issued in connection with the Offering will be subject to a statutory hold period expiring four months and one day from issuance in accordance with applicable securities legislation.

On June 21, 2024, the Company announced that it has entered into a securities exchange agreement (the "Securities Exchange Agreement") with 1398827 B.C. Ltd., ("PrivCo") and the securityholders of PrivCo to acquire all of the issued and outstanding securities of PrivCo in exchange for common shares of the Company (the "Common Shares") issued on a one-for-one basis (the "Transaction"). The Company intends to assume the exploration of PrivCo's flagship mineral resource asset, the Hornby Property (the "Property") located in Nunavut Territory, Canada following the closing of the Transaction. PrivCo is a private company incorporated pursuant to the laws of British Columbia and headquartered in Vancouver, British Columbia. Transaction Terms Pursuant to the Securities Exchange Agreement, the

Company has agreed to issue 5,100,000 Common Shares (issued) to the shareholders of PrivCo on closing. In addition, the 2,550,000 outstanding warrants of PrivCo, which are exercisable at \$0.075 until May 27, 2025, and 400,000 options of PrivCo exercisable at a price of \$0.20 until June 1, 2026 will be replaced by warrants and options (respectively) of the Company on the same terms. Upon closing of the Transaction, PrivCo will become a wholly-owned subsidiary of the Company. The agreement was approved by the TSX-V on July 19, 2024.

On July 19, 2024, the Company announced the appointment of Mr. Rob Leckie as its new Chief Executive Officer. The Company also announced the resignation of Mr. Mike Hodge from his role as President and Chief Executive Officer and notes Mr. Hodge will remain a member of the board of directors.

On August 2, 2024, the Company announced the staking of additional mineral claims (the "Claims") in the Hornby Basin, Nunavut. The Company has significantly expanded its land position in the Hornby Basin by 358%, increasing its contiguous holdings from 720 km² (72,047 ha) to 3,302 km² (330,245 ha). This strategic addition ensures that the Company now controls a substantial portion of the Hornby Basin that is prospective for uranium mineralization. The prospectivity of the newly acquired land package was based upon historical geophysical data, known geology, and previously identified mineral trends, positioning the company to capitalize on these promising areas.

On August 16, 2024, the Company announced it has entered into an agreement (the "Agreement") with 2362516 Ontario Inc. ("PrivCo 2") to acquire six mineral leases (the "Leases") in the Hornby Basin, Nunavut Territory (the "Transaction"). The property is located in the Hornby Basin, Nunavut Territory and is comprised of 6 mineral leases comprising a total land area of approximately 6,201 ha (~62 km²). Between 1996 and 2004 the leases were part of a land package controlled by Hornby Bay Exploration Ltd, which spent approximately \$10 million on exploration and completed a technical report in 2004. Pursuant to the Agreement, the Company has agreed to issue 12,500,000 Common Shares (issued subsequent to October 31, 2024) to a syndicate of vendors led by PrivCo 2 in consideration of the acquisition of a 100% legal and beneficial interest in the Leases. Upon closing of the Transaction, the Company will add the Leases to its existing property portfolio, and further assess the exploration and development potential thereof. Following the closing of the Transaction, the Company may also target other mineral exploration opportunities if it determines such targets have sufficient geological or economic merit and if the Company has adequate financial resources to complete such acquisitions. The agreement was accepted by the TSX-V on August 26, 2024.

On October 31, 2024, the Company held its Annual General and Special Meeting, with all shareholders voting in favour of the resolutions set out in the Company's information circular, including the re-election of all directors, adoption of new articles, and approving a name change.

On November 6, 2024, the Company changed its name to Future Fuels Inc., and will trade under the symbol FTUR.

On November 13, 2024, the Company entered into an asset purchase agreement (the "APA") with IsoEnergy Ltd. (TSX: ISO) ("IsoEnergy"), pursuant to which the Company will acquire a 100% interest in IsoEnergy's Mountain Lake Project, comprised of mineral claims covering 5,625 hectares in the Hornby Bay Basin, Nunavut, Canada (the "Mountain Lake Property") in exchange for 15,000,000 common shares in the authorized capital of the Company ("Common Shares") and the grant of the Net Smelter Royalties (collectively, the "Transaction").

On November 14, 2024, the Company announced that as a condition to Closing of the Transaction, the Company will complete a non-brokered private placement (the "Concurrent Financing" of a minimum of 8,000,000 units (the "Units") and a maximum of 12,000,000 Units at a price of 0.25 per Unit, each Unit to consist of one Common Share and one-half of one warrant. Each whole warrant will entitle the holder

to purchase one additional Common Share at a price \$0.40 per share for a period of 24 months from the closing of the Concurrent Financing.

On December 19, 2024, as a condition to Closing of the Transaction, the Company completed a non-brokered private placement (the “Concurrent Financing”) of 9,246,980 units (the “Units”) at a price of 0.25 per Unit for gross proceeds of \$2,311,745. Each Unit consists of one Common Share and one-half of one warrant. Each whole warrant entitles the holder to purchase one additional Common Share at a price \$0.40 per share for a period of 24 months from the closing of the Concurrent Financing. In connection with the First Tranche, the Company paid finder’s fees of \$24,000 and issued 96,000 broker warrants, each exercisable to acquire one Common Share at a price of \$0.40 for a period of two years. The net proceeds will be used to advance the Mountain Lake Property and for general working capital. The subscribers under the First Tranche consented to the Company closing the First Tranche in advance of completing the Mountain Lake Acquisition. The Company may issue an additional 2,753,020 Units under the second tranche of the Concurrent Financing on the same terms as the First Tranche (the “Second Tranche”), for a maximum amount of 12,000,000 Units issued under the Concurrent Financing.

On December 24, 2024, the Company announced a non-brokered private placement (the “Private Placement”) of flow-through common shares (the “FT Shares”), as defined in subsection 66(15) of the *Income Tax Act* (Canada) (the “Tax Act”). The Company issued 2,222,222 FT Shares at a price of \$0.45 per FT Share for gross proceeds of \$1,000,000. In connection with the closing of the Private Placement, the Company paid a cash finder’s fee in the amount of \$59,999.00. All securities issued in connection with the Private Placement are subject to a hold period of four months and one day pursuant to applicable securities laws. The gross proceeds from the FT Shares will be used by the Company for “Canadian exploration expenses” that are “flow-through critical mineral mining expenditures” (as such terms are defined in the Tax Act) on the Company’s prospective mineral resource assets in Canada.

RESOURCE PROPERTIES

Hornby Basin Property

On June 21, 2024, the Company entered into an agreement with 1398827 B.C. Ltd., (“PrivCo”) to acquire PrivCo’s flagship mineral resource asset, the Hornby Property (the “Property”) located in Nunavut Territory. Following this transaction, on August 2, 2024, the Company announced the staking of additional mineral claims (the “Claims”) contiguous with the original Hornby Property in the Hornby Basin, Nunavut Territory. As a result of this staking, the Company significantly expanded its land position in the Hornby Basin by 358%, increasing its land holdings from 720 km² (72,047 ha) to 3,302 km² (330,245 ha). This strategic addition ensures that the Company now controls a substantial portion of the Hornby Basin that is prospective for uranium mineralization/systems. The prospectivity of the newly acquired land package was determined based upon historical geophysical data, known geology, and previously identified mineral trends, positioning the company to capitalize on these promising areas. The property hosts multiple historically documented high-grade uranium showings including grab samples up to 6.52% U₃O₈. There has been 10’s of millions CAD of dollars spent on surficial groundwork on the property with the majority of the anomalies left undrilled. The Hornby Basin accounts for a significant place in history globally for Uranium exploration and mining including the discovery of the Port Radium Uranium Deposit in the 1940’s. Following that discovery, the 1970’s saw a flurry of exploration activity by BP, Cominco, Hudson’s Bay, Uranez and many more companies. In 1976 Esso Resources discovered the Mountain Lake Deposit (now owned by Iso Energy) which has a historical resource of 8.23Mlbs of 0.23% U₃O₈ and is now surrounded by the Company’s “Hornby Basin Property”. The recent surge in demand for cleaner energy sources has made uranium exploration significant in Canada’s Arctic making the Hornby Basin a prime environment for discovery. The Company plans to continue data compilation in the intention of executing a regional exploration program in 2025.

On August 12, 2024, the Company entered into an agreement (the “Agreement”) to acquire six mineral leases (the “Leases”) in the Hornby Basin, Nunavut Territory. Pursuant to the Agreement, to acquire the Leases the Company has agreed to issue, in aggregate, 12,500,000 common shares (issued subsequent to October 31, 2024).

Mountain Lake Property

The Mountain Lake Property (the “Property”) is situated in the middle of Future Fuels previously acquired “Hornby Property” located in the Hornby Basin, Nunavut Territory. The addition of this acquisition increases Future Fuels’ total land holdings to over 342,064 hectares. The Mountain Lake Property hosts a non-compliant historical National Instrument 43-101 indicated mineral resource of ~8.2M pounds of U₃O₈ at a grade of 0.23% U₃O₈. The deposit type is documented as being shale related with fracture controlled and strata-bound mineralization. The Property has undergone extensive exploration by previous operators including ~220 drill holes. Uranium mineralization at Mountain Lake is hosted within sandstone of the mid-Proterozoic Dismal Lakes Group within the Hornby Bay Basin. The deposit is a shallow-dipping (5-10 degrees) tabular zone of strata-bound mineralization that extends from the top of the bedrock (10-30 m below surface) down to approximately 180 m below surface at its deepest point. Overall the mineralization covers an area measuring 1,300 m long and up to 320 m wide. The thickness ranges from 1.0 to 6.5 m. High grade mineralization is locally present, with drill intersections returning up to 5.19% U₃O₈ over 0.9 m.

On November 13, 2024, the Company entered into an APA with IsoEnergy, pursuant to which the Company will acquire a 100% interest in IsoEnergy’s Mountain Lake Project, comprised of mineral claims covering 5,625 hectares in the Hornby Bay Basin, Nunavut, in exchange for common shares in the authorized capital of the Company (“Common Shares”) and the grant of the Net Smelter Royalties (as defined below). Pursuant to the APA, the Company has agreed to acquire the Mountain Lake Property from IsoEnergy in consideration for:

- (i) the issuance to IsoEnergy of 12,500,000 Common Shares (the “Upfront Shares”) on closing of the Transaction (the “Closing”);
- (ii) the issuance to the Vendor of 2,500,000 Common Shares (the “Deferred Shares”, and together with the Upfront Shares, the “Consideration Shares”) on the earliest date practicable following Closing that will ensure that such issuance will not result in IsoEnergy owning or controlling more than 19.9% of the outstanding Common Shares on a partially-diluted basis; and
- (iii) the grant by the Company to IsoEnergy of (a) a 2% net smelter returns royalty, payable on all production from the Mountain Lake Property, of which 1% will be eligible for repurchase by the Company for \$1,000,000, and (b) a 1% net smelter returns royalty, payable on all production from the Company’s properties in Nunavut other than the Mountain Lake Property (collectively, the “Net Smelter Royalties”).

The Consideration Shares, when issued, will be subject to contractual restrictions on resale beginning from the date of closing (the “Lock-Up Restrictions”), as well as a statutory hold period of four months and one day from the date of issuance. In accordance with the Lock-Up Restrictions, IsoEnergy may not sell, pledge, encumber, assign or otherwise dispose of or transfer the Consideration Shares until they become free-trading in accordance with the release schedule, whereby 25% will be released on Closing and every six months thereafter for a total period of 18 months.

Closing of the Transaction is subject to certain conditions and approvals, including:

- (i) the execution of an investor rights agreement providing IsoEnergy, for so long as IsoEnergy owns 10% or more of the Company's issued and outstanding shares on a partially diluted basis, with the right to:
 - a. nominate one director to the Company's board of directors; and
 - b. participate in equity financings in order to maintain its *pro rata* share ownership in the Company;
- (ii) completion of the Concurrent Financing (as defined below) for minimum gross proceeds of \$2,000,000; and
- (iii) the approval of the TSX Venture Exchange (the "Exchange").

The acquisition of the Mountain Lake Property will add key claims to the Company's portfolio of holdings in the Hornby Bay Basin in Nunavut, increasing its total holdings to over 342,064 hectares.

Covette Property

On November 27, 2017, the Company entered into an agreement with Zimtu Capital Corp. ("Zimtu") to acquire a 100% interest in and to the Covette Property, located in the James Bay Region of Quebec. The Covette Property is located approximately 190 km east of Raddison and 10 km north of the all-weather Trans-Taiga Road and adjacent LG-3 transmission line. In exchange for 100% of the right, title, and interest in and to the Covette Property, consisting of 65 mineral claims, the Company paid the vendor \$350,000 in cash. This transaction was approved by the TSX Venture Exchange on June 28, 2018.

In early 2017, a 1,402-line kilometer airborne electromagnetic survey (VTEM) was flown and indicated several anomalies of interest on the Covette Property. The anomalies were followed up on during a five-day reconnaissance program carried out in late August 2017. Geochemical results from grab sampling returned anomalous metal values including 0.18% Ni, 0.09% Cu, and 87 ppm Co. In mid-June 2018, a 2-day ground-based reconnaissance program was initiated on the Covette Property, and nine samples were collected from an oxidized and foliated amphibolitic rock unit. The samples were sent to AGAT laboratories for assay with the best sample returning values of 1.2% zinc and 68.7 g/t silver. Elevated values of 0.13% to 0.19% nickel were also returned from the other samples collected.

In addition to the exploration work, a NI 43-101 Technical Report was completed on the Covette Property, with effective date April 15, 2018, which was accepted by the TSX Venture Exchange.

Niobium Claim Group Property

On January 11, 2018, the Company entered into an exploration Earn-in Agreement with Commerce for a group of claims (collectively termed "the Niobium Claim Group Property"), that comprise a subset of claims within the Eldor Property, QC, which is wholly owned by Commerce (the "Property"). Under the exploration Earn-in Agreement, the Company has agreed to perform \$5M CAD of exploration expenditures on the Property over a five-year period to earn a 75% interest in the claims. The Company made a payment of \$25,000 upon signing and a payment of \$225,000 following TSX Venture Exchange approval on October 11, 2018. On January 11, 2023, the Company announced the extension of the Earn-In agreement with Commerce for an additional year. On January 11, 2024, the Company and Commerce entered into a termination and forgiveness of debt agreement, whereby the parties mutually agreed to terminate the earn in agreement.

RESULTS OF OPERATIONS

The net loss for the six months ended October 31, 2024 was \$321,175 compared to a net loss of \$157,931 for the six months ended October 31, 2023, a difference of \$163,244. The increased loss is due to the increased legal fees incurred for the completion of the property transactions during the period. During the six months ended October 31, 2024, the significant differences from the prior year's period include the following:

- administrative fees increased to \$90,000 (2023 - \$75,000) due to an increase in the annual contract,
- salaries and consulting fees increased to \$50,000 (2023 - \$18,953) due to the hiring of a new CEO,
- professional fees increased to \$125,236 (2023 - \$19,604) due to the increased business transactions during the period,
- transfer agent and filing fees increased to \$34,964 (2023 - \$6,508) due to additional fees required for financings and property transactions, and
- unrealized loss on marketable securities decreased to \$6,611 (2023 - \$29,166) based on the fair market value of the shares received for the sale of the Bud Property in 2020.

SELECTED FINANCIAL INFORMATION

Quarterly data for the last eight quarters:

	October 31, 2024	July 31, 2024	April 30, 2024	January 31, 2024	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023
Revenues	-	-	-	-	-	-	-	-
G&A Expenses	181,759	132,805	73,612	65,169	69,934	60,193	94,700	89,129
Other loss (Income)	3,500	3,111	20,504	2,268,247	11,666	16,138	2,702	(39,318)
Net Loss (Income)	185,259	135,916	94,116	2,333,416	81,600	76,331	97,402	49,811
-per share	0.01	0.01	0.02	0.46	0.02	0.01	0.02	0.01
-per share-diluted	0.01	0.01	0.02	0.46	0.02	0.01	0.02	0.01
Total Assets	1,455,430	1,560,215	398,564	381,799	3,090,027	3,141,007	3,182,374	3,216,816
Liabilities (L.T.)	563,623	483,149	434,980	364,099	409,290	369,009	369,009	369,009
Cash Dividends	-	-	-	-	-	-	-	-
Working Capital (Deficiency)	(498,140)	(302,730)	(374,172)	(308,390)	(197,000)	(177,159)	(193,388)	(92,359)
Share Capital:								
-Authorized	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
-Outstanding	30,997,369	30,997,369	5,092,369	5,092,369	5,092,369	5,092,369	5,092,369	5,092,369
-Warrants	13,051,250	13,051,250	451,642	451,642	756,947	756,947	756,947	756,947
-Options	628,750	628,750	228,750	228,750	228,750	238,750	248,750	248,750

SELECTED ANNUAL INFORMATION

	Year ended April 30, 2024	Year ended April 30, 2023	Year ended April 30, 2022
Revenues	-	-	-
G & A Expenses	268,908	336,715	405,925
Net Loss	2,585,463	278,039	269,295
(Loss) Earnings per share - basic and diluted	(0.51)	(0.05)	(0.05)
Working Capital (Deficiency)	(362,506)	(193,388)	403,016
Total Assets	398,564	3,182,374	3,255,369
Exploration and evaluation assets	326,090	3,071,444	2,660,048
Liabilities (L.T.)	-	369,009	275,978
Cash dividends	-	-	-

Liquidity and Capital Resources

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed share capital financings or proceeds from property sales or options. As at October 31, 2024, the Company had a working capital deficit of \$498,140 (April 30, 2024 – \$362,506).

The Company's ability to continue as a going concern is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations. Management is actively engaged in the review and due diligence of opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. The conditions described above may cast significant doubt as to the appropriateness of the use of the going concern assumption. Management of the Company does not expect that cash flows from the Company's operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its development projects.

Financial Instruments

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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.

As October 31, 2024 and April 30, 2024, the Company's marketable securities were measured at FVTPL and are using Level 1 inputs.

The Company's other financial assets and liabilities measured at amortized cost, including cash, receivables (excluding tax receivables) and accounts payable and accrued liabilities, the fair values of

these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The fair values of the Company's loan payable were measured at the initial recognition date using Level 2 inputs.

The Company is exposed to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient working capital to fund its ongoing operating expenditures, after taking into account cash flows from operations and the Company's holdings of cash and short-term investment. As at October 31, 2024, the Company had a working capital deficit of \$498,140 (April 30, 2024 - \$362,506).

Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue

As the Company has not had significant revenue from operations in its last three financial years, the following is a breakdown of the material costs incurred:

	Year ended April 30		
	2024	2023	2022
Capitalized Exploration and Evaluation Costs	\$326,090	\$3,071,444	\$2,660,048
Capitalized Property held for Sale	Nil	Nil	Nil
General and Administration Expenses	\$268,908	\$336,715	\$405,925
Gain on sale of marketable securities	Nil	Nil	Nil
Gain (loss) on sale of mineral properties	Nil	Nil	Nil

Disclosure of Outstanding Share Capital

The total issued and outstanding shares of the Company total 30,997,369 as at October 31, 2024 (April 30, 2024: 5,092,369) and 42,466,571 as of the date of this report.

The following is a breakdown of the share capital of the Company:

	December 27, 2024	October 31, 2024	April 30, 2024
Shares	42,466,571	30,997,369	5,092,369
Warrants	17,770,740	13,051,250	451,642
Stock options	628,750	628,750	228,750
Fully Diluted	60,866,061	44,677,369	5,772,761

RELATED PARTY TRANSACTIONS

The Company incurred the following transactions in the normal course of operations during the six months ended October 31, 2024 and 2023:

Key Management Compensation	2024	2023
Salaries and consulting fees	\$ 40,000	\$ 16,000

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As at October 31, 2024, there was \$nil (April 30, 2024 - \$nil) due to a related party of the Company.

COMMITMENTS

On June 1, 2017, the Company entered into a Management & Administration Agreement (“Agreement”) with Zimtu Capital Corp. (“Zimtu”). Under the terms of the Agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, at a rate of \$12,500 per month. The Agreement has been continually renewed each year. The agreement expiring November 30, 2024 was renewed on December 1, 2024 for a further twelve months at a rate of \$15,000 per month.

Risk Factors

An investment in securities of the Company is speculative and involves significant risks and uncertainties which should be carefully considered by prospective investors before purchasing such securities. The occurrence of any one or more of these risks and uncertainties could have a material adverse effect on the value of any investment in the Company and on the business, prospects, financial position or operating results of the Company. The risks noted below do not necessarily comprise all those faced by the Company.

- The Company faces liquidity issues that threaten its ability to continue as a going concern. The Company has no current source of operating revenue. Should there be a funding shortfall, there can be no assurance that financing would be available on terms acceptable to the Company. There can be no assurance that management will be able to adequately reduce costs or secure additional financing if required. If funding is not obtained in a timely manner, the Company may not be able to continue as a going concern.
- Fluctuations in the market prices of minerals will affect the profitability of the Company’s operations and its financial condition. The Company’s revenues, if any, are expected to be in large part derived from the extraction and sale of minerals or interests related thereto. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company’s control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of minerals, and therefore the economic viability of any of the Company’s current exploration projects cannot accurately be predicted.
- The Company’s potential profitability is partly dependent upon factors beyond the Company’s control. As with other enterprises in the mining industry, the Company’s mineral exploration and development related activities are subject to conditions beyond the Company’s control that may impact upon the potential profitability of its mineral projects. For instance, world prices of and markets for minerals are unpredictable, highly volatile, potentially subject to governmental

interference, currency pegging and/or controls and respond to changes in domestic, international, political, social and economic environments.

- Another factor is that rates of recovery of minerals from mined ore may vary from the rates experienced in tests and a reduction in the recovery rates will adversely affect profitability and, possibly, the economic viability of its projects.

Profitability will also depend on the costs of operations, including costs of labour, equipment, electricity, environmental compliance, diesel prices and other production inputs, the discovery and/or acquisition of additional mineral reserves and mineral resources, the successful conclusion of feasibility and other mining studies, access to adequate capital for project development and sustaining capital, design and construction of efficient mining and processing facilities within capital expenditure budgets; securing and maintaining title to concessions and other mining rights, obtaining permits, consents and approvals necessary for the conduct of exploration, development, construction and production, the ability to procure major equipment items and key consumables in a timely and cost-effective manner. Such costs will fluctuate in ways the Company cannot predict and are beyond the Company's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide political and economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to predict. These changes and events may materially affect the Company's financial performance.

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue 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 of making the judgments and estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the financial statements.

a) Critical judgments in applying accounting policies

Going concern assumption

These financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company's ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast substantial doubt upon the soundness of this assumption.

Exploration and evaluation assets

The Company makes certain judgements and assumptions regarding indicators of impairment and the recoverability of the carrying values of exploration and evaluation assets. Management has assessed for impairment indicators for the Company's properties and has concluded that no indicators of impairment as at October 31, 2024 and April 30, 2024.

b) Key sources of estimation uncertainty

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Fair value of share-based payment

Management measures the fair value of equity-settled share-based transactions with officers, directors and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The Company uses Black-Scholes option pricing model. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate. Such assumptions are inherently uncertain and changes in these assumptions affect the fair value estimates.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer, of the Company have evaluated or caused to be evaluated for effectiveness the Company's disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") which have been designed or caused to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company took into consideration the following two characteristics common to companies of a similar size:

1. The limited number of personnel in smaller companies, which constrains the Company's ability to fully segregate conflicting duties;
2. The Company relies on an active board of directors, and management with open lines of communication to maintain the effectiveness of the Company's disclosure controls and procedures.

In addition, management has relied upon certain informal procedures and communication, and upon "hands-on" knowledge of senior management to maintain the effectiveness of disclosure controls and procedures. As a result of the evaluation, the Company has concluded that the DC&P and ICFR are effective as required by its current size, and in compliance with the recommendations of National Instrument 52-109. However, there can be no assurance that the risk of a material misstatement in the financial statements can be reduced to less than a remote likelihood. There have been no changes in the Company's internal control over financial reporting during the six months ended October 31, 2024 or the year ended April 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

FORWARD LOOKING STATEMENTS

This Management Discussion and Analysis of Financial Condition and Results of Operations contains "forward-looking information" which include, but is not limited to, information about the transactions, statements with respect to the future financial or operating performances of the Company and its projects, the future price of metals, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production revenues, margins,

costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, cost and timing of plant and equipment, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking information statements can be identified by the use of words such as “proposes”, “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved.

Forward-looking statements involve 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 statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities and feasibility studies; assumptions in economic evaluations that may prove inaccurate; fluctuations in the value of the Canadian or US dollar; future prices of metals; possible variations of ore grade or recovery rates; failure of plant or equipment or failure to operate as anticipated; accidents; labour disputes or slowdowns or other risks of the mining industry; climatic conditions; political instability; or arbitrary decisions by government authorities.

OFF-BALANCE SHEET ARRANGEMENTS

- None.

APPROVAL

The Board of Directors of Future Fuels Inc. has approved the disclosure contained in this MD&A.