HPQ Silicon Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2025

INTRODUCTION

This Management Report ("MD&A") has been prepared as of May 1, 2026 and should be read in conjunction with the audited consolidated financial statements of HPQ Silicon Inc. ("HPQ Silicon", "the Company", or "HPQ"), for the fiscal year ending December 31, 2025. The notes mentioned in this report refer to the notes to the consolidated financial statements. The audited consolidated financial statements of the Company are presented in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise indicated, all amounts are in Canadian dollars.

The information described in this report includes the activities of the Parent Company as well as its subsidiaries and associated companies (see Notes 3.2 and 3.3 to the consolidated financial statements). It also requires management to exercise judgment in applying the accounting policies adopted by the Company. Note 4 to the consolidated financial statements describes the particularly complex areas requiring informed judgment as well as those where assumptions and estimates have a significant impact on the consolidated financial statements. Taking into account the going concern assumption, the consolidated financial statements have not undergone the adjustments that would be necessary to adjust the carrying amounts of assets and liabilities, the revenues and expenses presented, and the classification used in the consolidated statement of financial position. Such adjustments could be significant.

The consolidated financial statements for the fiscal year ending December 31, 2025 were prepared by the management of the Company and were audited by the auditor.

The Company was incorporated on December 20, 1996 under the Canada Business Corporations Act. The Company's shares are part of the "emerging companies" category and are traded on the TSX Venture Exchange (TSX-V) under the symbol "HPQ". It is a reporting issuer under the securities legislation of the provinces of Quebec, Alberta, and British Columbia. On March 16, 2021, the Company's shares began trading on the OTCQX Best Market under the symbol "HPQFF", but since July 7, 2023 they have been trading on the OTCQB (The Venture Market), still under the symbol "HPQFF". On July 4, 2022, the Company obtained the certificate of amendment of its corporate name to HPQ Silicon Inc. as well as the classification of its business activity for Industrial, Technology or Life Sciences Tier 1 on the TSX Venture Exchange on July 21, 2022, but since May 20, 2025, the classification of the Company on the TSX Venture Exchange changed from Tier 1 to Tier 2. The head office, which is also the principal place of business of the Company, is located at 3000 Omer-Lavallée Street, Suite 306, Montreal, Quebec, H2Y 1R8, Canada.

The Company regularly provides additional information regarding its activities, which are filed on the System for Electronic Data Analysis and Retrieval SEDAR+ in Canada, at (www.sedarplus.ca).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Management Report contains forward-looking statements based on the expectations, estimates, and projections of the Company regarding its activities, including the development of technologies related to the transformation of quartz into silicon materials and their derivatives. These statements are reasonable, but involve a number of risks and uncertainties, which are identified in the regular filings made by the Company with Canadian regulatory authorities and there can be no assurance that they will

prove accurate and that final results as well as future results and events could vary significantly and contradict the expected results under these statements.

The reader is cautioned not to place undue reliance on forward-looking statements, as actual results may differ materially from those expressed or implied by these forward-looking statements.

Forward-looking statements are influenced by a variety of risks, uncertainties, and other factors that could significantly alter actual results and events. When used in this document, words such as “could”, “plan”, “estimate”, “intent”, “potential”, “should” and similar expressions are forward-looking statements.

Even though the Company believes that the expectations expressed in these forward-looking statements are reasonable, these statements are subject to risks and uncertainties and there is no assurance given by the Company that expected results will correspond to the forward-looking statements.

Many risks exist that could render these forward-looking statements inaccurate such as the inability to obtain patents or any other risk related to development.

The Company’s ability to continue its operations is subject to obtaining additional financing required to continue the development of transformation technologies, commercial production implementation, and the continued support of its suppliers and creditors. Even though the Company has been able to obtain such financing in the past, there is no guarantee that it will be able to do so in the future.

The Company undertakes to update its forward-looking statements and inform shareholders if circumstances, estimates, or management opinions must be changed.

BUSINESS ACTIVITIES

The Company is a technology company developing next-generation processes for the manufacturing of advanced materials.

HPQ’s technology strategy is based on the development and commercialization of advanced technologies and materials intended for high-growth industrial markets, notably specialty materials, lithium-ion batteries, and hydrogen production solutions. The principal activities and technological initiatives of the Company are described below.

1. Fumed Silica Produced Using the Fumed Silica Reactor (“FSR”)

The Company is developing a technology aimed at producing fumed silica from quartz using a plasma process. Fumed silica is a high value-added industrial material used in a wide variety of applications, notably in cosmetics, pharmaceuticals, food products, paints, coatings, sealants, adhesives, and construction materials. Due to its thickening agent, anti-caking, rheological modifier, and reinforcing agent properties, it constitutes an essential component for improving performance and stability of formulations in many industrial sectors.

The Fumed Silica Reactor (“FSR”) is being developed for the Company’s wholly owned subsidiary, HPQ Silica Polvere Inc., by PyroGenesis Inc. The development of this technology benefits from financial support from government programs, notably the Sustainable Development Technology Canada Foundation (SDTC) program, which covers approximately 33% of project costs, as well as the Technoclimat program of the Government of Quebec, which covers approximately 30% of costs.

2. Silicon-Based Materials for Lithium-Ion Battery Anodes

Pursuant to its exclusive North American licensing agreement (Canada, United States, and Mexico) concluded with its French technology partner, Novacium SAS ("Novacium"), the Company participates in the development of advanced silicon-based materials intended for lithium-ion battery anodes.

The objective of the Company, in the medium and long term, is to establish a production capacity for silicon-based materials specifically designed for battery anodes. In this context, the Company has undertaken initial commercialization steps by collaborating with third parties responsible for manufacturing, according to its technical specifications and using GEN3 materials developed with Novacium, commercial lithium-ion battery cells in cylindrical 18650 and 21700 formats.

These activities remain at a preliminary stage and are part of the Company's ongoing efforts aimed at validating the technical and commercial parameters associated with potential larger-scale production.

3. Hydrogen Production Technologies

Pursuant to its exclusive North American licensing agreement (Canada, United States, and Mexico) concluded with its French technology partner, Novacium SAS ("Novacium"), the Company participates in the development and commercialization of innovative hydrogen production technologies.

a) METAGENE™ Technology:

This technology aims at autonomous and scalable production of green hydrogen by hydrolysis of aluminum-based materials with high recycled content.

b) Black Aluminum Dross Valorization Process

A second process currently under development aims at extracting hydrogen contained in black aluminum dross, as well as the valorization of by-products resulting from this process.

These technologies are currently in the development phase and are part of the Company's efforts aimed at evaluating their technical feasibility and industrial-scale deployment potential.

4. Silicon Metal Produced Using the PUREVAPTM Quartz Reduction Reactor ("QRR")

In collaboration with PyroGenesis Canada Inc., the Company focused its efforts on the development of the PUREVAP™ Quartz Reduction Reactor ("QRR"), a process aimed at directly transforming quartz (SiO_2) into high-purity silicon (Si) (from 3N to 4N).

Following its year-end strategic review, the Company concluded that the QRR project, although having demonstrated its technical feasibility, was no longer sufficiently aligned with its short and medium-term commercialization priorities. Consequently, the Company decided to terminate development of the QRR program.

RECENT EVOLUTION OF THE COMPANY WITH REGARD TO ITS OVERALL PERFORMANCE

- At the end of December 2025, as part of its year-end strategic review, the Company determined that the Quartz Reduction Reactor ("QRR") program, although having demonstrated its technical feasibility, was no longer sufficiently aligned with its short and medium-term commercialization priorities.
- In mid-December 2025, HPQ and Novacium entered into a new licensing agreement aimed at consolidating their strategic collaboration.

RECENT EVOLUTION OF THE COMPANY WITH REGARD TO ITS OVERALL PERFORMANCE (continued)

- In mid-December 2025, the articles of Novacium SAS were amended in order to introduce a simple majority decision-making mechanism. In this context, HPQ converted its Class P share into a common share.
- On December 16, 2025, the Company announced that it obtained UN 38.3 certification for its first high-performance lithium-ion cells from the HPQ ENDURA+ line, namely the 18650 (4,000 mAh) and 21700 (6,000 mAh) formats.
- On December 4, 2025, the Company announced the signing of an industrial and commercial cooperation agreement with AD-VENTA Innovative ("AD-VENTA"), a major player in the development of high-pressure hydrogen storage, regulation, and distribution systems.

  On November 12, 2025, the Company announced that an independent analysis of materials produced during test no. 7 of its pilot plant, equipped with the Fumed Silica Reactor (FSR), confirmed the production of commercial-grade fumed silica.
- On October 30, 2025, the Company announced that it had received its first industrial deliveries of HPQ ENDURA+ lithium-ion battery cells directly from the manufacturer.
- On October 23, 2025, the Company announced the successful completion of test no. 7 of its Pilot Fumed Silica Reactor (FSR), developed by its wholly owned subsidiary, HPQ Silica Polvere Inc. ("HSPI").
- On September 30, 2025, the Company announced that the first industrial series of its high-performance lithium-ion cells, integrating its exclusive third-generation silicon anode material (GEN3), had been manufactured and were en route to Montreal.
- On September 11, 2025, the Company announced the obtaining of financing of up to $3 million from the Government of Canada. This investment results from the call for proposals aimed at accelerating the battery value chain, under the Energy Innovation Program administered by Natural Resources Canada.
- On September 8, 2025, the Company announced that Novacium SAS had finalized its 2025–2026 production plan for its third-generation silicon anode material (GEN3).
- On September 4, 2025, the Company announced that it had successfully produced commercial-grade fumed silica during test no. 6 carried out with the pilot plant equipped with the Fumed Silica Reactor ("FSR").
- On August 20, 2025, the Company announced that the first test of Phase 2 of HPQ's pilot fumed silica reactor resulted in significant operational gains and that the materials produced had been shipped for analysis to one of the world's leading manufacturers of fumed silica.
- On August 14, 2025, the Company announced the launch of the manufacturing of its first HPQ ENDURA+ cylindrical cells, integrating GEN3 silicon-based anode materials developed by Novacium.
- On July 30, 2025, the Company announced the imminent commercial launch of its lithium-ion batteries integrating the third-generation silicon anode material (GEN3), developed by Novacium SAS, under its new registered trademark HPQ ENDURA+.

RECENT EVOLUTION OF THE COMPANY WITH REGARD TO ITS OVERALL PERFORMANCE (continued)

- On July 23, 2025, the Company announced that SEM analysis of materials resulting from test no. 5 of Phase 1 confirmed the successful scale-up of the Fumed Silica Reactor (FSR) pilot plant.
- On July 18, 2025, the Company informed shareholders that it had received a formal notice regarding a payment of €29,000 in cash, as well as an additional request for €180,000 in shares of the Company's capital. HPQ management considers that it has serious grounds to contest this claim.
- On July 9, 2025, the Company announced the signing of a new strategic agreement with Novacium for the development of the high-performance battery market.
- On July 3, 2025, the Company announced that, in addition to successfully reproducing the production and collection of materials in the dedicated product recovery unit (the "baghouse"), the HPQ Silica Polvere Inc. (HSPI) Fumed Silica Reactor (FSR) pilot plant had been operated with semi-continuous feeding of materials during test no. 5 of Phase 1 — two key steps in advancing the FSR toward commercial validation.
- On June 18, 2025, the Company announced that its French technology partner NOVACIUM SAS ("Novacium"), launched the immediate start-up of industrial production of cylindrical lithium-ion battery cells integrating its third-generation silicon-based anode material ("GEN3").
- On June 12, 2025, the Company announced that the world's leading manufacturer of fumed silica had confirmed that the materials resulting from test #4 did indeed correspond to the definition of fumed silica.
- On June 10, 2025, the Company and Novacium announced the signing of an industrial and commercial cooperation agreement with Pragma Industries (Pragma), a major player in fuel cell and soft mobility design based in Biarritz, France.
- On May 28, 2025, the Company announced that the world's leading manufacturer of fumed silica, as part of a letter of intent announced on July 9, 2024, requested to receive samples of materials produced by the Fumed Silica Reactor (FSR) earlier than initially planned.
- On May 21, 2025, the Company announced the receipt of an analysis report validating that the Fumed Silica Reactor (FSR) produced fumed silica during the fourth test of the first phase of process evaluation tests.
- On May 15, 2025, the Company announced that the FSR pilot plant reached a key objective: the production and collection of substantial quantities of white powder — potentially fumed silica — in the dedicated product recovery unit, commonly referred to as the "baghouse".
- On May 15, 2025, the TSX Venture Exchange published bulletin V2025-1424, confirming that trading of the Company's securities would resume at market opening on Tuesday, May 20, 2025.
- Between May 9 and May 15, 2025, the TSX Venture Exchange initiated a review to confirm that HPQ continued to meet the listing requirements of the TSX Venture Exchange. At the conclusion of its review, the TSX Venture Exchange confirmed that the Company meets the listing requirements of a Tier 2 technology issuer.
- On May 9, 2025, the Autorité des marchés financiers filed, through SEDAR+, on May 9, 2025, a revocation filing of the cease trade order (CTO).

RECENT EVOLUTION OF THE COMPANY WITH REGARD TO ITS OVERALL PERFORMANCE (continued)

- On May 5, 2025, HPQ filed a formal response to the clarifications requested by the AMF.
- On May 2, 2025, HPQ filed its audited annual financial statements, its management report, and the related certifications of the Chief Executive Officer and Chief Financial Officer for the fiscal year ended December 31, 2024 (the "required filings").
- On May 1, 2025, the Autorité des marchés financiers (AMF) issued a cease trade order (CTO).
- On April 30, 2025, the Company announced that the filing of its audited annual financial statements, its management report, and the related certifications of the Chief Executive Officer and Chief Financial Officer for the fiscal year ended December 31, 2024 (the "mandatory filings") would be delayed beyond the filing deadline of April 30, 2025 and, consequently, that it would fail to meet its obligations under Part 4 of Regulation 51-102 respecting Continuous Disclosure Obligations.
- At the beginning of April 2025, HPQ and Novacium signed a Memorandum of Understanding ("MoU") with GLD Alloys ("GLD"), a Malaysian leader in recycled aluminum production, the fuel for METAGENE™ — an innovative solution enabling autonomous generation of high-pressure green hydrogen.
- At the end of March 2025, HSPI's technology supplier, PyroGenesis Inc., informed that the results obtained confirm that the morphological characteristics and overall appearance of the materials produced by the FSR are closely compatible with those observed during the first series of laboratory-scale tests.
- In mid-March 2025, Novacium GEN3 18650 batteries demonstrated exceptional performance, maintaining a capacity of more than 3,000 mAh even after 1,000 cycles. Notably, they preserved approximately 80% of their initial capacity at this stage, being 18% higher than reference graphite-based batteries. This endurance translates into a cumulative energy gain of 30% after 1,000 cycles, compared to graphite alternatives.
- At the end of February 2025, HSPI's technology supplier, PyroGenesis Inc., confirmed the successful production of materials during the first batch test of the Fumed Silica Reactor ("FSR") pilot plant.
- In mid-February 2025, HPQ filed a provisional patent application for an innovative one-step manufacturing process for fumed alumina (Fumed Alumina, Al_2O_3) and fumed titania (Fumed Titania, TiO_2), two materials essential to improving next-generation lithium-ion (Li-ion) battery cathodes.
- At the beginning of February 2025, HPQ increased its interest in Novacium pursuant to an agreement signed on February 6, 2025 with the other shareholders of Novacium, under which its interest will increase by 84 Novacium shares, representing 8.4% of Novacium's outstanding equity, for consideration in the form of units for a total amount of CAD $5,593,553 to be allocated among them.
- At the beginning of February 2025, the results of the 900-cycle tests demonstrated that the 18650 batteries manufactured with Novacium's GEN3 silicon-based anode materials retained more than 80% of their initial capacity, still delivering more than 3,100 milliamp-hours (mAh).
- At the end of January 2025, Novacium filed a provisional patent application for an innovative process enabling the transformation of Black Aluminum Dross into valorized materials.

RECENT EVOLUTION OF THE COMPANY WITH REGARD TO ITS OVERALL PERFORMANCE (continued)

- On May 5, 2025, In mid-January 2025, HSPI technology supplier PyroGenesis Inc. informed the Company that all preparatory work required for commissioning the FSR pilot plant had been completed.
- At the beginning of January 2025, the Company entered into a strategic collaboration with the French Army for the development of high-capacity batteries using Novacium silicon-based materials.

FINANCING AND OTHER IMPORTANT ELEMENTS

- On December 12, 2025, the Company completed a private financing in the amount of $1,002,697. The Company issued 6,170,442 common shares. In addition, as commission fees, the Company paid an agent 333,303 warrants.
- On November 21, 2025, the Company completed a private financing in the amount of $306,120. The Company issued 1,883,815 common shares.
- On November 18, 2025, the Company issued 277,778 units for the conversion of a note payable with a value of $50,000.
- On September 16, 2025, the Company issued 555,555 units for the conversion of a note payable with a value of $100,000.
- On August 20, 2025, the Company entered into a loan agreement with a related party in the amount of $150,000. The loan has a term of 90 days, is unsecured, bears no interest, and is not tied to any of the Company's assets. At the time of repayment, the lender may choose to convert the loan into units at a price of $0.18 per unit.
- On July 10, 2025, the Company completed a private financing in the amount of $339,540. The Company issued 1,886,331 units composed of one common share and one warrant. In addition, as commission fees, the Company paid an amount of $5,220 in cash and issued an agent 29,000 warrants.
- On June 17, 2025, the Company completed a private financing in the amount of $568,440. The Company issued 3,158,000 units composed of one common share and one warrant. Each warrant entitles its holder to subscribe for one common share of the Company at a price of $0.25 per share during the 48 months following the closing of the transaction.
- On June 16, 2025, the Company settled a supplier debt of $101,700 through the issuance of 565,000 units. Each unit is composed of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.25 per share for 48 months following the closing date of the transaction.
- On March 18, 2025, the Company issued 1,245,545 units for the R&D expenses . Each unit is composed of one common share and one-half warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.285 per share for 48 months following the closing date of the transaction.
- On February 26, 2025, the Company issued 17,312,790 units for the acquisition of 84 Novacium shares. Each unit is composed of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.25 per share for 48 months following the closing date of the transaction.

FINANCING AND OTHER IMPORTANT ELEMENTS (continued)

- On January 29, 2025, the Company issued 1,083,333 units for the R&D expenses . Each unit is composed of one common share and one-half warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.315 per share for 48 months following the closing date of the transaction.
- On January 15, 2025, the Company settled a supplier debt of $4,941,440 through the issuance of 17,968,873 units. Each unit is composed of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.285 per share for 24 months following the closing date of the transaction.
- During the fiscal year ending December 31, 2025, 1,000,000 common shares were issued following the exercise of options for a weighted average cost of $0.25 per share and 100,000 common shares were issued following the exercise of warrants for a weighted average cost of $0.27 per share.
- As at December 31, 2025, the Company had $555,740 in cash and cash equivalents, financial assets at FVTPL of $621,253, goods and services taxes receivable of $60,023, and $45,990 in prepaid expenses and others.

HPQ TECHNOLOGIES

FUMED SILICA SEGMENT (SiO2)

Fumed silica is a microscopic white powder, characterized by a high specific surface area and low apparent bulk density, and used in a variety of industrial applications. Due to its physicochemical properties, it is notably used in the sectors of personal hygiene, pharmaceuticals, agriculture (human and animal food), construction (sealants and adhesives), batteries, and automotive.

Conventional fumed silica production processes generally rely on the use of silicon metal (Si) as raw material, involving multiple transformation stages, high energy consumption, the use of potentially hazardous substances, and the generation of hydrogen chloride (HCl) as a by-product.

These processes present an estimated carbon intensity between approximately 8 tonnes (t) and 17 t of CO_2 equivalent (CO_2e) per tonne of fumed silica produced, a significant portion of these emissions being associated with the production of silicon used upstream.

FUMED SILICA REACTOR

The Fumed Silica Reactor ("FSR") developed by HPQ Silica Polvere Inc. ("HSPI"), aims to simplify the fumed silica production process compared to conventional approaches.

HSPI is a subsidiary 100% owned by the Company as at December 31, 2025. The technology supplier, PyroGenesis Inc., plans to finalize in 2026 the exercise of its option aimed at acquiring a 50% interest in HSPI, in accordance with the terms initially announced in May 2024.

The process is based on exposing quartz to a very high-temperature electric arc, causing its vaporization into gaseous phase, followed by controlled condensation in the form of fine fumed silica particles, adapted to various industrial applications.

The FSR allows direct transformation of quartz into fumed silica, thereby eliminating the need to use the intermediate carbothermic reduction stage aimed at producing silicon metal. This approach also allows reducing the number of transformation stages, avoiding the use of certain chemicals, and eliminating hydrogen chloride (HCl) emissions generally associated with conventional processes.

According to the parameters currently being evaluated, the process could require, at commercial scale, between approximately 8,000 kWh and 12,000 kWh to produce one tonne of fumed silica, compared to approximately 100,000 kWh to 120,000 kWh for traditional processes, representing a significant reduction in energy intensity.

Furthermore, this approach could allow a significant reduction in direct CO_2e emissions associated with fumed silica production, subject to industrial-scale validation.

Finally, the direct use of quartz as raw material could contribute to reducing capital requirements needed for the construction of production facilities, compared to conventional processes.

MILESTONES OF PROGRESS OF THE FUMED SILICA REACTOR PROJECT

The development of the Fumed Silica Reactor ("FSR") technology, carried out by HPQ Silica Polvere Inc. ("HSPI") in collaboration with PyroGenesis Canada Inc., has achieved several key milestones during the recent period.

Research and development work made it possible to validate, at laboratory scale, the capability of the process to produce fumed silica directly from quartz, with characteristics comparable to commercial-grade materials, notably in terms of specific surface area and functional properties.

These advances enabled the production of samples and their evaluation by third parties under confidentiality agreements with industry participants, as well as the independent confirmation of certain key properties through external analyses.

In parallel, the Company completed the principal engineering and design stages of the pilot plant, the commissioning of which was completed at the end of 2024.

During 2025, pilot plant activities began, allowing the completion of several testing campaigns and the initial production of materials, accompanied by progressive operational improvements.

During this period, activities at the Fumed Silica Reactor ("FSR") pilot plant made it possible to achieve several key milestones, including the repeated production of materials and the independent confirmation of the production of commercial-grade fumed silica, notably following tests carried out up to test no. 7. This work also made it possible to improve operational parameters and continue evaluation of the process at a larger scale.

This work supports ongoing efforts aimed at validating the technical and economic parameters of the process with a view toward potential scale-up.

FUTURE MILESTONES OF PROGRESS OF THE FUMED SILICA REACTOR PROJECT

The program aims at the operation and optimization of the Fumed Silica Reactor ("FSR") pilot plant, with a nominal capacity of 50 tonnes per year (TPY), in order to support the transition toward commercial implementation.

Following the results obtained, including the independent validation of the production of commercial-grade type "150" fumed silica and confirmation of critical parameters such as viscosity, work continues in order to optimize the process and target higher specific surface areas, notably toward type "200" grades.

In parallel, the pilot plant is operated in extended semi-continuous mode in order to increase production volumes and generate the engineering data required for industrial scale-up. These operations should allow the production of materials within the framework of advanced qualification tests by industrial partners.

Although validation of the technology for industrial production of commercial-grade fumed silica is not guaranteed, ongoing discussions suggest prospects for commercial partnerships, which may include offtake agreements and/or technology deployment models.

The next stages include continuation of qualification tests by third parties, finalization of the technical parameters of the process and, where applicable, the conclusion of commercial and industrial agreements with a view toward commercial-scale deployment. Although these initiatives suggest development potential, no guarantee can be given regarding the completion of these stages or their timeline.

INTELLECTUAL PROPERTY PROTECTION OF THE FUMED SILICA REACTOR TECHNOLOGY

For the period ending December 31, 2025, the Company's intellectual property portfolio relating to the Fumed Silica Reactor ("FSR") technology is notably based on a key patent acquired in 2021 by HPQ Silica Polvere Inc. ("HSPI") from PyroGenesis Inc.

This portfolio also includes the associated know-how as well as technological improvements that may be the subject of new patent applications.

This patent relates to a plasma arc process and apparatus for the production of fumed silica.

In accordance with the terms of this acquisition, HSPI holds ownership rights to the patent, as well as the exclusive know-how resulting from development of the technology, including any improvement and any subsequent patent application resulting from this work.

HSPI also benefits from exclusive worldwide usage rights for this technology, as well as for any improvement likely to give rise to the filing of new patents in fields related to the production of fumed silica directly from quartz.

Furthermore, HSPI granted PyroGenesis Inc. an exclusive, irrevocable, royalty-free worldwide license allowing it to use the process for purposes other than the production of fumed silica directly from quartz. In the event that PyroGenesis is approached by a third party in connection with research and development projects or commercial applications located outside the field of activity reserved for HSPI, the latter benefits from a right of first refusal, subject to the exercise of this right within a period of thirty (30) days following receipt of a valid offer made in good faith.

For the fiscal year ended December 31, 2025, the Company incurred approximately $60,169 in expenses related to maintaining its patents.

ADVANCED SILICON-BASED ANODE MATERIALS SEGMENT

Over the last few years, the Company entered into several confidentiality agreements as well as a memorandum of understanding with participants in the battery industry, including manufacturers and end users, in connection with the development of silicon-based anode materials.

Market and technology analysis work carried out indicates that, despite silicon's high potential to improve anode performance, its industrial integration remains limited. High-purity silicon powders require significant adaptations to be used in batteries, while currently deployed approaches generally rely on the incorporation of low proportions of silicon oxide (SiOx) into graphite-based composite electrodes.

Although these solutions allow certain improvements, they present limitations in terms of performance and cost, notably due to the challenges associated with silicon volumetric expansion and the complexity of the required processes.

In this context, the development of advanced silicon-based anode materials aims at improving battery capacity while limiting degradation of their lifespan. The Company considers that demand for this type of

material is growing, while supply remains concentrated mainly in Asia and relies on solutions that are often complex or costly.

Consequently, the Company is focusing its efforts on the development of advanced silicon-based anode materials for lithium-ion batteries, under its exclusive North American licensing agreement (Canada, United States, and Mexico) concluded with Novacium SAS, a technology partner with recognized expertise in the field of silicon and its integration into energy applications.

MILESTONES OF PROGRESS - ADVANCED SILICON-BASED ANODE MATERIALS SEGMENT

Since 2022, the Company, in collaboration with Novacium SAS, has undertaken work aimed at developing advanced silicon-based anode materials for lithium-ion batteries, including the identification of processes and equipment adapted for industrial-scale production.

The work carried out made it possible to progressively validate the performance of different generations of materials (GEN1 to GEN3) through tests on 18650 cylindrical cells, demonstrating measurable improvements in capacity and energy efficiency compared to graphite-based reference batteries. These results notably include increasing performance gains from one generation to another, as well as stability demonstrated over a high number of cycles.

Tests carried out with third-generation materials (GEN3) made it possible to achieve capacities exceeding 4,000 mAh in 18650 cells, while maintaining performance stability over several hundred cycles and demonstrating a significant cumulative energy gain compared to graphite references.

During 2025, work evolved toward industrial-scale implementation, including the launch of manufacturing of cells integrating GEN3 materials, as well as the production of initial batches intended for tests and validations. These initiatives were supported by obtaining government financing of up to $3 million under the Energy Innovation Program of Natural Resources Canada.

These advances support ongoing efforts aimed at validating the technical and commercial parameters required for potential larger-scale production of advanced silicon-based anode materials.

FUTURE MILESTONES OF PROGRESS - ADVANCED SILICON-BASED ANODE MATERIALS SEGMENT

As part of the battery initiative, the Company aims to position itself as a supplier of advanced silicon-based anode materials meeting the performance and integration requirements of the industry.

Under its exclusive North American licensing agreement (Canada, United States, and Mexico) concluded with Novacium SAS, the Company continues evaluating the most appropriate approaches for the implementation of a first production line for advanced silicon-based anode materials, relying on work carried out to date regarding processes, equipment, and manufacturing parameters. This work also served as the basis for financing initiatives aimed at supporting project development.

In parallel, research and development activities are conducted, under this agreement, in collaboration with research centers in order to optimize material performance, including the evaluation of surface treatment processes aimed at improving their electrochemical behavior and durability.

Work carried out in this context made it possible to validate the performance of third-generation anode materials (“GEN3”), which were integrated into industrial-scale lithium-ion cylindrical cells. The Company thus initiated production of cells integrating these materials, as part of the expansion of its activities toward commercial formats.

These advances generated sustained interest from industry participants, including battery manufacturers and industrial partners, and resulted in the conclusion and negotiation of multiple confidentiality agreements aimed at framing technical and commercial discussions.

As part of its broader activities supported by the Energy Innovation Program of Natural Resources Canada, the Company also continues evaluating processes aimed at the continuous production of silicon-based anode materials, taking into account recent improvements and performance milestones achieved.

INTELLECTUAL PROPERTY PROTECTION - BATTERY MATERIALS TECHNOLOGY

As at March 31, 2025, the Company filed two patent applications as part of its initiative relating to silicon-based anode materials for batteries. In addition, a separate patent application was filed relating to materials intended for lithium-ion battery cathodes.

In September 2023, HPQ Silicon Inc. filed in France a provisional patent application entitled “Production apparatus of a silicon-based material under vacuum”. In accordance with applicable legislation, this application is subject to a compensation obligation toward the inventors. The Company and the inventors agreed on a lump-sum payment of €60,000, paid in November 2023 (equivalent to $86,450), in full settlement of this obligation.

In October 2024, the Company filed a provisional patent application in France aimed at extending the scope of its continuous SiOx manufacturing process. This application notably covers apparatus and processes related to continuous or semi-continuous production of high-performance silicon-based materials.

In February 2025, the Company also filed a provisional patent application relating to a one-step manufacturing process for fumed alumina (Al_2O_3) and fumed titania (TiO_2), two materials used in certain applications related to lithium-ion battery cathodes.

Furthermore, under its exclusive North American licensing agreement (Canada, United States, and Mexico) concluded with Novacium SAS, the Company benefits from access to technologies and intellectual property assets developed by Novacium, including patent families related to surface treatment of carbon-based materials, currently being registered in the name of Novacium.

These patents notably cover processes for chemical modification and functionalization of carbon and fluorinated materials, likely to be used in the development of advanced battery materials.

Details relating to patent families are available upon request or in the Company’s technical documents.

HYDROGEN SEGMENT

Under its exclusive North American licensing agreement (Canada, United States, and Mexico) concluded with Novacium SAS, the Company participates in the development of processes aimed at hydrogen production by hydrolysis of silicon-based materials and related alloys.

The system under development is based on a hydrolysis process allowing the release of hydrogen from low-cost solid materials, with the objective of proposing a decentralized production solution. The process aims to produce hydrogen directly at pressure levels compatible with certain industrial applications, thereby reducing the need for additional compression, notably for uses requiring on-site hydrogen production.

Compared to traditional approaches, including electrolysis, this technology aims to limit the need for heavy infrastructure, notably regarding storage and transportation, and to offer a more autonomous solution for certain applications.

This work is part of ongoing efforts aimed at evaluating the technical feasibility and commercial deployment potential of this approach.

MILESTONES OF PROGRESS - HYDROGEN SEGMENT

Under its exclusive North American licensing agreement (Canada, United States, and Mexico) concluded with Novacium SAS, the Company continued, during 2025, development of processes aimed at hydrogen production by hydrolysis of silicon-based materials and related alloys.

During this period, research and development work made it possible to complete laboratory-scale tests, as well as to define the technical parameters of the process more precisely. In parallel, the Company continued its exchanges with external service providers and finalized the principal technical specifications in view of the next stages of development.

In parallel, the Company contributed, under this agreement, to the development of a waste-to-energy ("W2E") technology aimed at valorizing black aluminum dross, a by-product of aluminum recycling, into valorized materials.

FUTURE MILESTONES OF PROGRESS - HYDROGEN SEGMENT

The Company continues its discussions with external service providers with a view toward the development of first prototypes, the completion of which is contemplated during the next phases of development.

Furthermore, under its licensing agreement with Novacium SAS, discussions are ongoing with potential partners in order to evaluate financing options that could support development and manufacturing of a first functional prototype.

With regard to the W2E technology, the Company continues developing a program aimed at validating the process at a larger scale, including evaluation of its scale-up potential toward industrial applications.

INTELLECTUAL PROPERTY PROTECTION OF NEW TECHNOLOGIES - HYDROGEN SEGMENT

Under its exclusive North American licensing agreement (Canada, United States, and Mexico) concluded with Novacium SAS ("Novacium"), the Company benefits from access to intellectual property assets related to hydrogen production technologies developed by Novacium.

In September 2023, Novacium filed a patent application relating to a high-pressure hydrogen production system by hydrolysis, designed for on-demand production and aimed at achieving a low carbon footprint. The process is based on the hydrolysis of specific alloys in order to release hydrogen, with the objective of achieving pressure levels compatible with certain industrial applications.

The work carried out since the filing contributed to documenting the technical characteristics of the process and supporting the progression of the application in the relevant jurisdictions. The application is currently under examination and remains subject to the evaluation processes of the competent authorities.

Furthermore, during the first half of 2025, Novacium filed a provisional patent application relating to a process aimed at valorizing black aluminum dross into valorized materials.

SILICON SEGMENT

Silicon (Si), also known as silicon metal, is a material widely used in various industrial applications, notably in the energy, electronics, and battery sectors.

Historically, the Company was interested in the development of technologies aimed at producing silicon from quartz, with the objective of proposing alternative approaches to conventional processes, notably in terms of energy efficiency and environmental impact.

However, following its year-end strategic review, the Company determined that these activities were no longer aligned with its short and medium-term commercialization priorities. Consequently, the Company decided to no longer pursue development of this segment, in order to focus its resources on its priority areas, including fumed silica, battery materials, and hydrogen.

PUREVAP™ QUARTZ REDUCTION REACTOR ("QRR")

The PUREVAP™ Quartz Reduction Reactor ("QRR") was designed as a closed electric arc furnace (CEAF) capable of operating under controlled atmospheric conditions. The process allowed the transformation of quartz (SiO_2) into high-purity silicon (from 99.5% to 99.99+%) in a single step, while integrating mechanisms aimed at limiting emissions associated with the carbothermic process.

The work carried out also made it possible to identify potential gains in resource efficiency, including a reduction in raw material consumption compared to conventional processes, as well as the possibility of producing higher purity silicon.

As previously indicated, the Company decided to terminate development of the QRR program following its year-end strategic review, despite the demonstration of its technical feasibility.

RESEARCH AND DEVELOPMENT EXPENSE

The following tables present the research and development expenses for the quarter and year ended December 31, 2025, compared to the corresponding period in 2024.

	QUARTER		Project		
	2024	2025	PUREVAP QRR	FUMED SILICA	Other
Beginning balance October 1	1 145 649	1 598 827	113 298	27 350	1 458 179
Addition					
Salary	209 333	155 442	0	0	155 442
Consultant	125 791	118 202	0	0	118 202
Patent and maintenance	100 254	68 787	0	32 819	35 968
Licence	0	83 505	0	0	83 505
Material	953	17 904	0	0	17 904
Equipment and installation	0	0	0	0	0
Travel expenses	9 880	8 067	0	0	8 067
Grant	(16 408)	(2 721)	0	0	(2 721)
	429 803	449 186	0	32 819	416 367
Investment tax credits	(237 761)	(152 929)	0	0	(152 929)
Total Quarter:	192 042	296 257	0	32 819	263 438
Total as at December 31:	1 337 691	1 895 084	113 298	60 169	1 721 617

RESEARCH AND DEVELOPMENT EXPENSE (continued)

	PERIOD		Project		
	2024	2025	PUREVAP QRR	FUMED SILICA	Other
Salary	884 039	947 035	0	0	947 035
Consultant	321 934	286 619	0	0	286 619
Patent and maintenance	213 286	854 181	113 298	60 169	680 714
Licence	0	83 505	0	0	83 505
Material	16 119	66 400	0	0	66 400
Equipment and installation	284 021	0	0	0	0
Travel expenses	48 531	64 193	0	0	64 193
Grant	(26 327)	(19 155)	0	0	(19 155)
	1 741 603	2 282 778	113 468	60 169	2 109 311
Investment tax credits	(403 912)	(387 694)	0	0	(387 694)
Total the year:	1 337 691	1 895 084	113 468	60 169	1 721 617

RECENT CORPORATE DEVELOPMENT OVERALL PERFORMANCE

SELECTED FINANCIAL INFORMATION

The last quarter of 2025

The Net Loss decrease of $42,067,304 (-$38,700,517 vs $3,366,787) compared to the 2024 period corresponds to the decrease in operating expenses of $1,847,448 ($895,797 vs $2,743,245) and the increase the other income and expenses of $40,219,856 ($39,596,314 vs -$623,542). During the last seven quarters, their respective averages were $1,592,658 and $1,441,370.

The following table presents the selected financial information for the last eight quarters.

	2025				2024			
Quarter ending on:	12/31	09/30	06/30	03/31	12/31	09/30	06/30	03/31
	$	$	$	$	$	$	$	$
Operating	895,797	817,614	990,510	1,459,303	2,743,245	1,235,640	1,554,156	1,289,121
Net loss (income)	(38,700,517)	579,980	1,142,191	1,435,185	3,366,787	155,396	3,098,464	1,370,601
Results per share (basic and diluted)	0.085	0.00	0.00	0.00	(0.01)	0.00	(0.01)	0.00
Current assets	1,282,006	1,812,826	1,652,441	1,755,705	1,877,633	3,763,731	1,768,125	1,765,779
Total assets	43,974,296	4,749,748	4,493,437	4,637,654	4,808,003	7,940,770	7,496,982	8,035,576
Current liabilities	2,155,000	2,519,256	2,338,970	2,130,194	6,716,545	6,261,286	5,981,832	5,589,434
Non-current liabilities	1,185,946	2,165,354	2,087,373	1,985,893	1,941,449	2,034,635	1,986,329	1,863,226
Shareholders' Equity	39,916,350	65,138	67,094	521,567	(3,849,991)	(355,151)	(471,179)	582,916

SELECTED FINANCIAL INFORMATION (continued)

Financial year of 2025

During the year of 2025, the Company saw a decrease in its Net Loss of $43,534,409 $ (-$35,543,161 vs $7,991,248) compared to the 2024 period, while operating costs a decreased of $2,658,938 ($4,163,224 vs $6,822,162) and the increase in other income and expenses of $40,875,471 ($29,706,385 vs -$1,169,086), during the last three previous periods these costs averaged respectively at $11,037,938 and $10,246,659.

The following table presents financial information for the periods 2022 at 2025.

	2025	2024	2023	2022
	12/31	12/31	12/31	12/31
	$	$	$	$
Operating costs	4,163,224	6,822,162	15,698,355	8,219,461
Total comprehensive loss (income)	(35,543,161)	7,991,248	16,043,843	9,084,135
Basic and diluted earnings per share	0.085	(0.02)	(0.04)	(0.03)
Current assets	1,283,006	1,869,356	2,225,949	5,551,792
Total assets	43,257,296	4,808,003	9,059,516	21,612,239
Current liabilities	2,155,000	6,716,545	5,393,775	4,435,269
Non-current liabilities	1,185,946	1,941,449	1,831,559	2,658,300
Shareholder's equity	39,916,350	(3,849,991)	1,834,182	14,518,670

GENERAL DISCUSSION OF FINANCIAL INFORMATION FOR THE LAST QUARTER AND THE EXERCISE OF 2025

Analysis of comprehensive income

Compared to the corresponding quarter of 2024, the Company saw a decrease the Net loss of $42,067,304 (-$38,700,517 vs $3,366,787) which corresponds to the decrease in operating expenses of $1,847,448 ($895,797 vs $2,743,245) and the increase the other income and expenses of $40,219,856 ($39,596,314 vs -$623,542).

While for the year ending December 31, 2025, compared to the corresponding period of 2024, the Company saw a decrease in its overall losses of $43,534,409 (-$35,543,161 vs $7,991,248). This is due to the decrease in operating costs of $2,658,938 ($4,163,224 vs $6,822,162) and the increase in other income and expenses of $40,875,471 ($39,706,385 vs -$1,169,086).

GENERAL DISCUSSION OF FINANCIAL INFORMATION FOR THE LAST QUARTER AND THE EXERCISE OF 2025 (continued)

Analysis of the operating costs

The following table presents the major changes in certain components of comprehensive income compared to the 2024 period for the operating costs of the last quarter and the year of 2025.

	QUARTER		Increase /(Decrease)
	2025	2024	
Other operating expenses			
Office expenses	78,922	45,246	33,676
Travelling expenses	61,068	32,151	28,917
Amortization of Intangible assets	37,451	73,433	(35,982)
Amortization of property and equipment	-	480,430	(480,430)
Write-off of intangible assets	25,108	1 48,644	(1,459,546)
Research and development costs	296,257	192,042	104,215

	YEAR		Increase /(Decrease)
	2025	2024	
Other operating expenses			
Professional Fee and Consultant			
- Legal fees	181,874	231,765	(49,891)
- Business development consultant	445,693	237,436	208,257
Travelling expenses	171,707	104,148	67,559
Office expenses	192,716	163,411	29,305
Amortization of Intangible assets	159,199	290,489	(131,290)
Amortization of property and equipment	-	1,917,421	(1,435,082)
Write-off of intangible assets	25,108	1,484,644	(1,459,546)
Research and development costs	1,895,084	1,337,691	557,393

Research and development costs

For the fourth quarter of 2025, patent maintenance expenses related to fumed silica amounted to $32,819. Expenses related to battery materials research and other Novacium projects totaled $263,438. This amount includes an investment tax credit of $152,929 and a grant received of $2,721. The increase in research and development expenses of $104,215 compared to the corresponding period in 2024 is primarily attributable to the decrease in investment tax credits.

For the year ended 2025, research and development expenses totaled $1,895,084, consisting of $113,468 for the PUREVAP QRR project, $60,169 for fumed silica, and $1,721,617 for battery materials research and other Novacium projects. This amount includes a grant of $19,155 and investment tax credits of $387,694. The increase in research and development expenses of $557,393 compared to the corresponding period in 2024 is primarily attributable to the granting of options valued at $62,170 and the acquisition of two patents valued at $536,508 in 2025, partially offset by the completion of the fumed silica project in 2024.

Amortization of property and equipment and intangible assets

For the quarter and the 2025 period compared to the 2024 period, the decrease in amortization relates to the QRR Gen3 equipment and the Purevap™ patents in 2024.

Other operating expenses

Professional fees

The increase for the 2025 fiscal year is mainly attributable to the transfer of the audit file to the new auditors, as well as the audit of the fiscal year. The increase in consulting fees is attributable to the HPQ Group's business development activities in Europe, as well as the granting of options to consultants during the year.

Travel expenses

The increase recorded in the fourth quarter and for the 2025 fiscal year is attributable to the HPQ Group's business development activities in Europe.

Office expenses

The increase recorded in the last quarter and for the 2025 fiscal year is attributable to the HPQ Group's business development activities in Europe.

Write-off of intangible assets

As the Company's activities will primarily focus, in the medium term, on the sectors of fumed silica, advanced silicon-based anode materials, and hydrogen, management decided to write off the PUREVAP™ QRR process in the amount of $1,484,644 during the last quarter of 2024, as well as the related intellectual property rights in 2025.

Analysis of Other Income (Expenses)

The following tables represent the major changes in certain components of other income/(expenses) compared to 2024 for the last quarter and the year of 2025.

	QUARTER		Increase /(Decrease)
	2025	2024	
Financial income (loss)	16,904	(6379,98)	654,902
Gain on cancellation of royalties to a subcontractor	1,065,601	-	1,065,601
Loss on settlement of debt	(749,302)	-	(749,302)
Gain on retained interest in a formerly controlled subsidiary	39,315,442	-	39 315,442

	YEAR		Increase /(Decrease)
	2025	2024	
Financial income (loss)	209,392	830,821	(621,429)
Gain on cancellation of royalties to a subcontractor	1,065,601	-	1,065,601
Loss on settlement of debt	(749,302)	-	749,302
Gain on retained interest in a formerly controlled subsidiary	39,315,442	-	39,315,442
Recovery of rights in Novacium partnership agreement	-	(1,483,100)	1,483,100

Finance income

During the third quarter of 2025, the Company disposed of 372,000 shares of Québec Innovative Materials Corp. (QIMC) for total proceeds of $200,633, realizing a gain of $93,930.

During the year of 2025, the Company disposed of 275,000 shares of PyroGenesis and 1,972,000 shares of Québec Innovative Materials Corp. (QIMC) for total proceeds of $640,455, realizing a gain of $144,833.

Financial income varies mainly through the adjustment of the fair market value of our marketable securities.

GENERAL DISCUSSION OF FINANCIAL INFORMATION FOR THE LAST QUARTER AND THE EXERCISE OF 2025 (continued)

Gain on cancellation of royalties to a subcontractor

As part of its strategic review for the 2025 fiscal year, HPQ concluded that the Quartz Reduction Reactor ("QRR") program for the production of silicon metal was no longer sufficiently aligned with the Company's short- and medium-term commercialization objectives. Accordingly, the Company cancelled royalties payable in the amount of $1,065,601 during the fourth quarter of 2025.

Loss on settlement of debt

During the fourth quarter of 2025, the Company recorded a correction to the accounting treatment of a debt settlement transaction initially recognized during the first quarter of 2025. This debt had been settled through the issuance of units comprising common shares and warrants, with the warrants initially measured using the residual method.

Following a reassessment, the fair value of the warrants was determined using the Black-Scholes model. This revision resulted in an increase in the value attributed to the warrants and, consequently, the recognition of a loss related to the settlement of the debt.

Gain on retained interest in a formerly controlled subsidiary

On December 11, 2025, the Company lost control of Novacium following the conversion of its preferred share into a common share, in accordance with the amended articles of Novacium approved at the extraordinary general meeting held on the same date.

Following this transaction, the Company retained a 28.4% interest in Novacium and continues to participate in strategic and operational discussions through its President, who also acts as Chief Executive Officer of the Company.

In accordance with applicable accounting standards, the loss of control resulted in the derecognition of Novacium and the remeasurement of the retained interest at fair value. The fair market value of this retained interest as at December 11, 2025 was determined to be $13,795,500, resulting in the recognition of a remeasurement gain of $13,434,079.

As part of the loss of control of a previously consolidated company, the Company received an option valued at $25,881,363, recognized at fair value on the transaction date. This option constituted part of the consideration related to the transaction and was included in the calculation of the gain resulting from the deconsolidation.

FINANCIAL POSITION INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2025

Financial Position

As at December 31, 2025, the Company had negative working capital of $871,994 ($4,847,189 as of December 31, 2024). Total Current assets are $1,283,006 ($1,869,356 as of December 31, 2024) and current liabilities are $2,155,100 ($6,716,545 as of December 31, 2024).

FINANCIAL POSITION INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2025 (continued)

Current assets

Current assets consist of the following:

- Cash and cash equivalents of $555,740 ($676,955 as at December 31, 2024).
- Financial assets at FVTPL of $621,253 ($326,725 as at December 31, 2024) represent the fair market value of the shares of Québec Innovative Materials Corp., combined with the short-term value of the acquisition option in Novacium.
- Goods and services taxes receivable of $60,023 ($200,712 as of December 31, 2024). This amount represents the last quarter.
- No investment tax credits receivable ($476,063 as at December 31, 2024, consisting of research and development tax credits of Novacium for the 2024 fiscal year).
- Prepaid expenses and other of $45,990 ($188,901 as of December 31, 2024). This amount represents directors' and officers' insurance and equipment, annual fees for OTC Markets and the TSX Venture Exchange and miscellaneous amounts.

Non-current assets

- Investment accounted for using the equity method of $14,023,111 mainly represents the fair value of the retained interest in Novacium following the loss of control, amounting to $13,795,500.
- Financial asset at FVTPL of $25,327,950, representing the fair value of the acquisition option in Novacium.

Current liabilities

Consist of the following:

- Trade and other payable of $1,794,048 ($5,679,792 as at December 31, 2024) which includes an amount of $431,860 ($4,598,766 as at December 31, 2024) to a subcontractor. During the first quarter of 2025, the Company reduced its debt payable to PyroGenesis through a debt settlement of $4,941,440.
- Due to Directors of $100,000 ($100,000 as at December 31, 2024).
- Royalties payable of $250,000 ($929,689 as at December 31, 2024) During the first quarter, the Company reduced its debt payable to PyroGenesis through a debt settlement of $712,500.

Non-current liabilities

Non-current liabilities totalling $1,185,946 ($1,941,449 as of December 31, 2024) representing due to directors, officers and a corporation owned by a director for $1,166,506 ($1,068,006 as at December 31, 2024).

Equity

During the year ended December 31, 2025, the Company completed several issuances of securities as part of its financing activities, debt settlements, and strategic investments. In total, the Company issued 5,044,331 units for gross proceeds of $907,980, 8,054,257 common shares for gross proceeds of $1,308,816, and 833,333 units valued at $150,000 in connection with the conversion of a convertible note. In addition, 18,533,873 units were issued in settlement of trade payables for a value of $5,792,442, and 2,337,878 units were issued for the R&D expenses for a value of $536,508. The Company also issued 17,312,790 units valued at $5,671,208 in order to increase its ownership interest in Novacium. Finally, 1,000,000 common shares were issued following the exercise of stock options for proceeds of $250,000, and 100,000 common shares were issued following the exercise of warrants for proceeds of $27,000.

Working capital

As at December 31, 2025, the Company had a cash flow of $555,740 ($676,953 for 2024).

Operating activities

The use of the Cash flow for operating activities of $3,108,470 consists of a Net Income of $35,543,161 and non-cash items that have no cash flow impact of the cash flow of $40,386,734. The sources the cash flows from working capital operating activities represents an amount of $1,735,103 which comes from in decrease in HST receivable of $140,689, a decrease in prepaid expenses and others of $142,911, a decrease in Investment tax credits receivable of $476,063 as well as an increase in trade and other payables of $975,440.

Investment activity

The Cash flows from investing activities amounted to $392,357, primarily reflecting proceeds from the disposal of investments of $640,455, partially offset by investment acquisitions totaling $225,000 and additions to property, plant and equipment of $23,098.

Financing activity

The provide of the Cash flow for financing activity in the amount of $2,535,004 includes a private placement unit issuance of $2,216,796, issuance of a $150,000 convertible note, the proceeds from exercise of options of $250,000, exercise of warrants of $27,000, the repayment of lease liabilities of $12,620 and issuance cost of $96,172. The Company decreased its cash flow by $181,109 during the year.

The Company's average cash requirements for future quarter are expected to be between $525,000 and $575,000 excluding additions to property, plant and equipment and intangible assets..

As the Company is still in its development phase and focused on innovating silicon solutions and related technology, the Company will likely continue to operate at a loss until the technology can be commercialized, and the Company will require additional funding to fund future operations and expansion plans. The Company does not expect to generate revenue from product sales until it successfully completes the development of its silicon solutions, which may take a number of years and is subject to significant uncertainty. Until it can generate significant revenues from product sales, if ever, the Company expects to finance its operations through a combination of public or private capital or debt or other sources.

FINANCIAL POSITION INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2025 (continued)

The Company currently has no committed sources of financing available. While the Company has been successful in securing financing in the past, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no assurance that it will be able to do so in the future. The ability of the Company to meet its commitments and discharge its liabilities as they become due and become profitable is dependent on the successful completion of the development of its technology and its commercial production, its ability to raise additional funding to finance these activities and the continued financial support of shareholders and lenders.

The conditions mentioned above indicate the existence of a material uncertainty that may cast a significant doubt as to the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

FINANCIAL COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

On June 30, 2021, the Company acquired intellectual property for the production of fumed silica materials. Pursuant to the purchase agreement, the Company is committed to pay to the seller the greater of an annual royalty equal to 10% of net revenues, excluding the samples and testing products (as defined in the agreement) generated from the exploitation of the acquired technology or the minimum amounts per the agreement does not exceed the total of sales. Also, the seller is being granted the right to convert, at any time and at its sole discretion, its royalties into a 50% equity stake of HPQ remaining equity in HPQ Polvere. On May 29, 2024, PyroGenesis notified the company of its intention to covert its royalties into a number equal to the number of shares held by HPQ in the HPQ Polvere subsidiary.

- 2026 and after, 10% of Fumed Silica materials sales or $200,000.

Under the Novacium shareholders' agreement, the Company had the option to increase its interest in Novacium from 20% to 50% by making a cash payment ranging between €500,000 and €1,000,000 within 18 months following the commencement of operations of its affiliate, Novacium. Thereafter, and no later than seven years after the commencement of operations, the Company could acquire the remaining 50% held by the co-founders of Novacium, who had irrevocably agreed to transfer all of their shares to the Company. The Company did not exercise its option within the prescribed timeframe. Consequently, it could no longer proceed with future increases in ownership interest. Following negotiations with the other shareholders of Novacium, the Company entered into an agreement on June 5, 2024 to reacquire its present and future rights under the shareholders' agreement. This agreement provides for negotiations between the Company and the other shareholders, among other things, to establish a new structure for increasing its ownership interest.

As part of the advanced phases of technological development, the Company paid a monthly amount of €80,000 until December 31, 2025. Effective July 1, 2025, this amount remained at €80,000. This amount is fully eliminated in the Company's consolidated financial statements, with 71.6% attributable to non-controlling interests up to December 11, 2025 following the loss of control.

FINANCIAL COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS (continued)

On December 11, 2025, the Company entered into a 5-year agreement, retroactive to July 1, 2025, with Novacium regarding patent licenses for North America and consulting services with Novacium. In the event of late payment by the end of the month, all licenses in Mexico will be suspended; by the end of the second month, licenses in the United States will be suspended; and by the end of the third month, licenses in Canada will be suspended. Upon expiry of this agreement on June 30, 2029, the license agreements will become permanent and royalty-free.

Under this agreement, the monthly contractual commitments are as follows:

	€
2026	90,000
2027	100,000
2028	110,000
Until June 30, 2029	120,000

On July 18, 2025, the Company received a claim a German group for payment of €29,000 payable in cash as well as an additional claim of €180,000 to be paid in Company shares. HPQ believes it has strong grounds to dispute the claims. and arguments to contest this claim, which is unfounded

CRITICAL ACCOUNTING POLICIES

The preparation of annual financial statements under IFRS requires that management use its judgment makes assumptions and estimates and use hypotheses that influence the application of accounting methods, as well as having an effect on the book value of assets, liabilities, revenues and expenses. The final results could differ from these estimates.

The estimates and hypotheses are regularly reviewed. Any revision of accounting estimates is indicated during the period when the estimates are revised as well as any future periods affected by said revisions.

Information on the hypotheses and estimation uncertainties that present an important risk of creating a significant adjustment during the course of the next financial period are as follows:

- Internally generated intangible assets;
- Evaluation of Income Tax Credits receivable;
- Present value of royalties payable.

Management believes that the majority of the changes will be adopted in the Company accounting methods during the first period starting after the effective date of each new change. The information on the new standards and interpretations as well as the new amendments, which are susceptible to be pertinent to the Corporation’s consolidated financial statements, are supplied below.

FUTURE ACCOUNTING POLICIES

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation in the statement of profit or loss, including specified totals and subtotals. Entities are also required to classify all income and expenses into five categories: operating, investing, financing, income taxes, and discontinued operations.

It also introduces new requirements for management-defined performance measures in a single note, subtotals of income and expenses, and new requirements for aggregation and disaggregation of financial information based on the "roles" of the primary financial statements and notes.

In addition, limited amendments were made to IAS 7 Statement of Cash Flows, including changing the starting point for determining cash flows under the indirect method from "profit or loss" to "operating profit," and removing the option for classification of interest and dividend cash flows.

IFRS 18 and related amendments are effective for annual periods beginning on or after January 1, 2027, with earlier application permitted. The standard will be applied retrospectively with specific transition provisions.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 was issued in May 2024. It allows certain subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply IFRS recognition, measurement, and presentation requirements, except for disclosure requirements, which are replaced by those in IFRS 19.

The standard is effective for annual periods beginning on or after January 1, 2027.

Amendments to classification and measurement of financial instruments (IFRS 9 / IFRS 7)

FUTURE ACCOUNTING POLICIES (continued)

Amendments to the classification and measurement of financial instruments were issued in May 2024 in response to feedback received as part of the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments and the related disclosure requirements of IFRS 7 Financial Instruments: Disclosures.

The amendments clarify:

- when a financial liability settled through an electronic payment system may be considered discharged before the settlement date;

- how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event is not directly related to changes in the basic lending risks and costs; and

- new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that are not directly related to the basic lending risks and costs.

IFRS 7 Financial Instruments: Disclosure – Gain or Loss on Derecognition

The amendment addresses potential confusion in paragraph B38 of IFRS 7 arising from an outdated reference to a paragraph that was removed upon the issuance of IFRS 13 Fair Value Measurement. It relates to the application guidance of IFRS 7 Financial Instruments: Disclosures—specifically the introduction, disclosures on the deferred difference between fair value and transaction price, and disclosures on credit risk.

The amendment also corrects an inconsistency between paragraph 28 of IFRS 7 and its application guidance, resulting from a consequential amendment made to paragraph 28 when IFRS 13 was issued, which was not reflected in the corresponding paragraph of the application guidance. In addition, the amendment clarifies in paragraph IG1 that the guidance does not necessarily illustrate all the requirements of the referenced paragraphs of IFRS 7 and simplifies certain explanations to reduce the risk of confusion.

IFRS 10 Consolidated Financial Statements – Determination of a "de facto agent"

The amendment addresses potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 regarding the determination by an investor of whether another party is acting on its behalf. The amendment aligns the wording of the two paragraphs to ensure a consistent interpretation.

These amendments are effective for annual periods beginning on or after January 1, 2026.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

As the Corporation is an emerging issuer, management does not need to attest to the establishment and maintenance of Disclosure Controls and Procedures and internal controls relating to financial information as defined under Regulation 52-109.

The Signing Officers of the Issuer are responsible for ensuring that there are processes in place allowing them to gather sufficient information for the statements made in the Certificates.

FINANCIAL INSTRUMENTS

The Company's current financial assets consist primarily of cash and cash equivalents and certain other receivables. These instruments are classified at amortized cost.

The Company holds financial assets at FVTPL, both short-term and long-term, whose fair value is determined using observable market data when available, or through recognized valuation techniques, including discounted cash flow methods and the use of market comparables for unquoted instruments.

The Company also holds a significant investment accounted for using the equity method, representing a strategic investment whose carrying value is influenced by the Company's share of earnings and other changes in equity of the investee.

The Company's financial liabilities consist primarily of trade payables and accrued liabilities (excluding wages and employee-related liabilities), which are classified at amortized cost. The carrying amount of these financial instruments approximates their fair value due to their short-term maturity.

The fair value of marketable securities was estimated based on quoted market prices at the reporting date. Marketable securities of a publicly traded company are measured at fair value through profit or loss in the consolidated statement of financial position.

INFORMATION ON SHARE CAPITAL

Information on financings

On December 31, 2025, the Corporation had 430,832,290 shares issued and outstanding (377,615,828 as at December 31, 2024), 48,449,654 warrants (6,348,388 as at December 31, 2024), 427,703 brokers' warrants (50,454 as at December 31, 2024) and 10,875,000 options (14,810,000 as at December 31, 2024). The number of shares on a diluted basis is 490,584,647.

Information on outstanding shares

As at May 1, 2026, the Corporation had 471,433,025 shares issued and outstanding, 48,449,654 warrants, 1,518,612 brokers' warrants and 10,875,000 options. The number of fully diluted shares is 532,265,291. The Corporation's share capital consists of an unlimited number of common shares with No Par Value.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2025, the Company paid Novacium an amount of €960,000 (Cdn$1,400,000) for research and development service fees. These transactions with Novacium were carried out under licensing arrangements that include the development of battery material technologies, as well as other related fields directly aligned with the Company's growth strategy. All transactions were entered into under comparable market conditions, and the amounts were eliminated upon consolidation in the consolidated financial statements.

As part of the advanced phases of technological development, the Company paid a monthly amount of €80,000 until June 30, 2025. Following the agreement entered into on June 5, 2024, the Company signed an amendment with the co-shareholders of Novacium on April 30, 2025. Notwithstanding the amendment dated April 30, 2025, on December 11, 2025, the Company entered into an agreement for the exclusive North American licenses of Novacium's technologies, retroactive to July 1, 2025. For the second half of 2025, this amount remained at €80,000 per month.

As at December 31, 2025, accounts payable and accrued liabilities included an amount of $1,043,006 due to a company controlled by a director ($614,927 in 2024). The total amounts due to directors, officers, and a company controlled by a director amounted to $1,266,506 ($1,168,006 in 2024).

As part of its related party transactions, the Company also issued securities during the year, including:

- 1,083,333 units valued at $260,908 (January 29, 2025) in settlement of R&D expenses;
- 17,312,790 units valued at $5,671,208 (February 26, 2025) in connection with the acquisition of Novacium shares held by co-shareholders; and
- 1,254,545 units valued at $275,000 (March 18, 2025) in settlement of R&D expenses.

These transactions were entered into in the normal course of business and measured at fair value.

RISK FACTORS

Uncertainties about process technology on a commercial basis

The fumed silica manufacturing process, the silicon-based battery anode materials manufacturing process, the Novacium hydrogen process, as well as the Company's fumed silica manufacturing process have not been used for commercial purposes by the Company and there is no certainty that the results obtained during small-scale testing can be reproduced in commercial quantities, which could have a material adverse impact on the Company's projects.

The Company's development of the fumed silica manufacturing process may be complicated by intellectual property rights held by third parties (also known as freedom to operate issues), due to the nature of patents authorized by national patent offices. The Company may be forced to adapt its technology in order to ensure that it does not conflict with intellectual property rights held by third parties. Furthermore, the Company's ability to successfully challenge third-party patent rights depends on national laws and courts, and there is no assurance that the Company would be able to successfully challenge third-party patent rights. In addition, the Company could face increasing competition from technology similar to its own in the future. Such similar technology may constitute a threat to the Company and could prevent it from carrying out commercial operations on an economically viable basis.

Increase in Production Costs

Variations in the Company's production costs could have a major impact on its financial condition and operating results. Changes in the costs of the Company's manufacturing operations could occur following unforeseen events, including international and local economic and political events, a change in commodity prices, an increase in costs and a labor shortage which could result in changes in profitability. Many of these factors may be beyond the control of the Company. The Company prepares estimates of future cash costs and capital costs for its activities and projects. There is no assurance that actual costs will not exceed such estimates. Exceeding cost estimates could adversely affect the Company's operating results or future financial condition.

Dependence on Technology

HPQ will rely on the continuous improvement of technology to meet customer demands in terms of performance and cost and to explore other business opportunities. There is no assurance that the Company will succeed in its efforts in this regard or that it will have the necessary resources to meet this demand. Although management anticipates that research and development will allow the Company to explore other business opportunities, there is no assurance that such business opportunities will exist or be realized. The Company's commercial advantage will depend to a large extent on HPQ's intellectual property and proprietary technology and on the Company's ability to prevent others from copying such proprietary technologies.

HPQ currently relies on intellectual property rights and other contractual or proprietary rights, including (without limitation) copyright, trade secrets, confidential procedures, contractual provisions, licenses, and patents, to protect its proprietary technology. HPQ may have to engage in litigation in order to protect its patents or other intellectual property rights, or to determine the validity or scope of the proprietary rights of others. Such litigation may be costly and time-consuming, whether or not the Company is successful. HPQ may seek patents or other similar protection with respect to a particular technology. However, there is no assurance that any future patent application will actually result in the issuance of patents, or that, even if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or commercial advantage to the Company.

Furthermore, the process of seeking patent protection may itself be lengthy and costly. In the meantime, competitors may develop technologies similar or superior to HPQ's technology or design from patents held by the Company, thereby negatively affecting the Company's competitive advantage in one or more of its business areas. Despite the Company's efforts, its intellectual property rights may be invalidated, circumvented, challenged, infringed, or required to be licensed to third parties. There is no assurance that the measures the Company may take to protect its intellectual property rights and other rights to such proprietary technologies that are central to the Company's operations will prevent misappropriation or infringement of its technology.

Infrastructure, Supply, and Inflation

As the Company must procure the raw materials required for the proper operation of fumed silica manufacturing operations, silicon-based battery anode materials manufacturing, and hydrogen manufacturing using the Novacium hydrogen process, their prices and the price of goods and services will fluctuate according to the level of investment in the sector. Consequently, it is reasonable to expect that an increase in demand may influence the Company's economic projections and future competitiveness, which may result in a considerable increase in the cost of various products and services. The recovery of economic conditions throughout the technology sector will typically increase the costs of both planned exploration and development activities, which must also be integrated into the economic models used for projections relating to future development and potential activities. Increased demand for goods or services and the costs of such goods or services could result in delays if they cannot be obtained in a timely manner due to insufficient supply and could cause scheduling and timing difficulties attributable to the need to coordinate their availability, which could have significant repercussions on costs related to research and development and/or construction of production plants. These factors could have a material adverse effect on the Company's profitability and activities.

Risks Related to Future Product Sales

The Company is dependent on its future product sales. Even though the Company has thus far sought to conclude sales agreements, notably distribution agreements (offtake agreements) with respect to future sales and will continue to do so, there is no assurance that it will be able to sell products under terms and conditions sufficiently favorable or necessary to enable it to ensure continuity of its operations.

No assurance can be given that the Company will be able to conclude sales agreements, notably distribution agreements (offtake agreements) with respect to future sales, and, if applicable, no assurance can be given regarding the amounts of purchase orders or commitments, the quantity of silicon represented by such purchase orders and commitments, or the timing of their receipt. Factors that may affect orders and commitments include the Company's ability to reliably and consistently produce silicon-based products in accordance with customer requirements and customer confidence in such capability, market conditions, demand for products requiring silicon, and the strength of the economy.

If, for any reason whatsoever, the Company were unable to produce products in accordance with the terms and specifications set forth in any sales agreement, such non-compliance or breach of agreements, resulting in their termination or the payment of damages, could adversely affect the Company's operating activities and financial condition. Even if the Company were able to comply with the requirements set forth in each sales agreement, there is no assurance that the third parties to the agreements would accept or be able to purchase production at the prices and quantities provided for in the relevant distribution agreement (offtake agreement) concluded with the Company.

Uncertainty Regarding Future Production Estimates

The Company prepares internal estimates and projections relating to future production of materials produced using the fumed silica process, the silicon-based battery anode materials manufacturing process, and the Novacium hydrogen process. This information is forward-looking and no assurance can be given that such estimates will be realized. These estimates are based on existing plans and other assumptions that change from time to time, such as estimates of mineral reserves and mineral resources, availability, accessibility, sufficiency, and quality of ore, the Company's production costs, the Company's ability to maintain and increase production levels, the sufficiency of the Company's infrastructure, the performance of the Company's labor force and equipment, the Company's ability to maintain and obtain mining interests and permits, and the Company's compliance with existing and future laws and regulations. The Company's actual production may differ from estimates for various reasons, notably raw material purchase prices, natural phenomena, such as adverse weather conditions, water availability, flooding and seismic activity, and unforeseen labor shortages, strikes, opposition or blockades by local communities where manufacturing units could be installed. Failure to meet estimated forecasts could adversely affect the Company's cash flows, revenues, operating results, and future financial condition.

Absence of Revenue and History of Losses

Since the Company does not generate revenues, it is dependent on future financing to continue its activities and even remain in business. The Company has generated no revenue since its incorporation. Development of the fumed silica manufacturing process, the silicon-based battery anode materials manufacturing process, and the Novacium hydrogen process are notably among the Company's business objectives. There is no assurance that these projects are commercially viable.

Furthermore, the Company has no history of profitable operations and there is no assurance that the Company will ever be profitable. Exceeding cost estimates could adversely affect the Company's operating results or future financial condition.

The Company had a non-cash gain as at December 31, 2025 and incurred a net loss during the fiscal year ended December 31, 2024. Management of the Company does not anticipate any revenue for the upcoming fiscal years and estimates that it may incur continuing losses in the near future. There is no assurance that it will achieve profitability in the short term or at all.

The future success of the Company will depend largely on its ability to ensure compliance with its contractual commitments which are important from an operational and financial standpoint. In general, the Company's revenues will also be influenced by economic conditions and by its ability to begin production and manage its growth.

Negative Operating Cash Flow

The Company has no history of revenues from its operating activities. The Company's cash and cash equivalents represented approximately $555,740 and $676,955 respectively as at December 31, 2025 and 2024. During the fiscal years ending December 31, 2025 and 2024, the Company recorded negative cash flow from operating activities of $3,108,470 and $1,694,026 respectively. For the fiscal years ending December 31, 2025 and 2024, the Company had current liabilities of $2,155,000 and $6,716,545. For the fiscal years ending December 31, 2025 and 2024, the Company had an average monthly cash expenditure rate of approximately $290,000 and $260,000 per month, including additions made to property, plant, installations and equipment, intangible assets, as well as any operating expense and any capitalized development cost not covered by grants. The Company expects to maintain negative cash flow from operating activities during future periods, at least until commercial production begins and profitability is achieved through production of materials produced using the fumed silica manufacturing process. To the extent that the Company has negative cash flows during future periods, the Company may have to allocate a portion of its existing working capital to finance such negative cash flows.

Capital Requirements

Development of the fumed silica manufacturing process, the modified silicon-based battery anode materials manufacturing process, and the Novacium hydrogen process will require considerable additional financing. The only sources of funds available to the Company are the issuance of additional share capital and borrowing. There is no assurance that such financing will be available, nor available on favorable terms or sufficient to meet the Company's needs, which could have a negative impact on its business and financial condition. Failure to obtain sufficient financing may result in a delay or even indefinite postponement of technology development work and may even result in the loss of its interest in the new technologies.

Probable Eventual Dilution for the Company's Shareholders

As at December 31, 2025, the Company held 28.4% of the issued and outstanding shares of Novacium SAS. In February 2026, the Company completed discussions with the other shareholders of Novacium and increased its interest to 36.8% of the issued and outstanding shares of Novacium SAS through the issuance of units of the Company's capital. In a context where the Company could potentially become, over time, the acquirer of other shares from the co-shareholders and where it would be contemplated that the acquisition price of such shares be, in part, paid by the Company through the issuance of common shares from its share capital. In such eventuality, the Company's shareholders could experience dilution of their shareholding relative to the total number of shares that could then be issued by the Company. Such dilution will be of greater or lesser significance depending on the greater or lesser proportion of acquisition of shares whose price would be paid through the issuance of shares from the Company's share capital.

Regulation and Environmental Requirements

The Company's activities require obtaining permits from various governmental authorities and are governed by laws and regulations regarding production, exports, taxes, labor standards and occupational health and safety, as well as environmental and other matters.

Additional costs and delays may be caused by the necessity of complying with laws and regulations. If the Company were unable to obtain or renew permits or approvals, it could be forced to reduce or cease its operating or development activities.

Uninsured Risks

The Company's activities are subject to certain risks and hazards, including difficult environmental conditions, industrial accidents, labor disputes, unexpected events, landslides, cave-ins and natural phenomena such as adverse weather conditions, floods and earthquakes. Such events could cause injury or death, environmental or other damage to the Company's properties or production facilities or to the properties of other companies, delays in mining operations, monetary losses and possible legal liabilities.

Continuity of the Enterprise

The future of the Company depends on its ability to finance its activities and develop the assets it holds. Failure to obtain sufficient financing may result in the Company not being able to continue its operations, realize its assets, and discharge its liabilities in the normal course of business in the foreseeable future.

Loss of Control

The Company is subject to the loss of control of its subsidiaries which entered into agreements with PyroGenesis Canada Inc. in which they committed to paying royalties to the latter and granted it options to convert said royalties into shares of their share capital for a number of shares equivalent to the number of shares then held by HPQ.

Dependence on Key Personnel and a Technology Supplier

The success and viability of the Company depend to certain degrees on its ability to attract and retain key management personnel. Competition for such personnel is intense and may impact the ability to attract and retain this type of personnel. The loss of any key personnel may have a material negative effect on the Company, its activities, and its financial condition. Also, the success and viability of the Company depend in certain respects on its ability to maintain good relations with its priority technology partner, PyroGenesis Canada Inc. and Novacium.

Global Financial Conditions

The Company's financial results are linked to Canadian and global economic conditions. Increased uncertainty regarding regional and global financial stability could result in a decrease in the Company's revenues and a reduction in credit availability and the Company's ability to raise capital. Global financial conditions continue to be characterized as volatile. Numerous industries, including the technology industry, have been affected by these market conditions. Global financial conditions remain subject to sudden and rapid destabilization in response to future events, as governmental authorities may face limited resources to respond to future crises. A continued or worsening slowdown in financial markets or other economic conditions, including, but not limited to, consumer spending, employment rates, business conditions, inflation, energy costs, consumer debt levels, lack of available credit, the condition of financial markets, interest rates and tax rates, may negatively affect the growth and profitability of the Company. Future crises may be precipitated by a number of causes, including natural disasters, geopolitical instability, wars, changes in energy prices, or sovereign defaults. If increased levels of volatility continue or in the event of rapid destabilization of global economic conditions, this could have a material adverse effect on commodity prices, demand for metals, credit availability, investor confidence, and general liquidity of financial markets, which could negatively affect the Company's activities and the trading price of the Company's securities.

Public Health Crisis

Global financial conditions and the global economy in general have, at various times in the past and possibly in the future, experienced extreme volatility in response to economic shocks or other events, such as the recent respiratory disease pandemic caused by COVID-19. Numerous industries are affected by market volatility in response to the widespread occurrence of epidemics, pandemics, or other public health crises. Among the principal impacts of these conditions are devaluations and strong volatility in global financial, commodity, and currency markets, as well as a lack of confidence and liquidity in markets. Financial institutions and major companies may be forced into bankruptcy or rescued by governmental authorities. Access to financing may also be negatively affected by future liquidity crises worldwide. These factors may affect the Company's ability to obtain equity or debt financing and, where applicable, to obtain such financing on favorable terms for the Company. Increased levels of volatility and turbulence in markets could have a material adverse effect on the Company's activities and anticipated growth and the trading price of its securities could be adversely affected.

Forward-Looking Statements

By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, which could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove significantly inaccurate.

Shareholder Activism

In recent years, publicly traded companies have been subject to increasing demands from activist shareholders advocating changes in corporate governance practices, such as executive compensation practices, social issues, or certain corporate actions or reorganizations. There is no assurance that activist shareholders will not publicly request that the Company undertake certain governance changes or engage in certain other actions.

Responding to challenges from activist shareholders, such as proxy contests, media campaigns, or other activities, could be costly, time-consuming, and have a negative effect on the reputation of the Company and divert the attention and resources of management and the Board of Directors, which could have a negative effect on the Company's activities and operating results. Even if the Company undertakes such corporate governance changes or corporate actions, activist shareholders may continue to promote or attempt to implement other changes and may attempt to acquire control of the Company in order to implement such changes. If activist shareholders seeking to increase short-term shareholder value are elected to the Company's Board of Directors, this could have a negative effect on the Company's future activities and operations. Furthermore, shareholder activism could create uncertainty regarding the future strategic direction of the Company, resulting in the loss of future business opportunities, which could have a negative effect on the Company's business, future activities, profitability, and ability to attract and retain qualified personnel.

Disclosure and Internal Control

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial information and the preparation of financial statements for external purposes in accordance with IFRS. Disclosure controls and procedures are designed to ensure that information the Company is required to disclose in reports filed with securities regulatory authorities is recorded, processed, summarized, and disclosed on a timely basis, and that it is accumulated and communicated to the Company's management, as appropriate, to allow timely decisions to be made as required. The Company has invested resources to document and analyze its disclosure controls system and its internal control over financial reporting. A control system, no matter how well designed and operated, can only provide reasonable assurance, and not absolute assurance, regarding the reliability of financial information and the preparation of financial statements. Failure by the Company to continuously and timely satisfy the requirements of applicable Canadian securities laws could result in a loss of investor confidence regarding the reliability of the Company's financial statements, which could harm its business and negatively affect the price of its common shares. Furthermore, any failure to implement required new or improved controls or difficulties encountered in implementing them could harm the Company's operating results or prevent it from meeting its reporting obligations.

(s) Bernard Tourillon, President and Chief Executive Officer

(s) François Rivard, Chief Financial Officer

Montreal, May 1, 2026