



ABAXX TECHNOLOGIES INC.

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2025, AND 2024
(EXPRESSED IN CANADIAN DOLLARS)**

Introduction

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Abaxx Technologies Inc. (the "Company" or "Abaxx") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended June 30, 2025. This discussion should be read in conjunction with the unaudited condensed interim consolidated financial statements for June 30, 2025, together with the notes thereto (the "Financial Statements"). This MD&A is dated as of August 14, 2025, unless otherwise indicated.

Unless otherwise indicated and as hereinafter provided, all financial information contained in this MD&A, unaudited condensed interim consolidated financial statements and the Company's Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise noted in this MD&A, all monetary amounts are expressed in Canadian dollars, and "we", "us", "our", or the "Company" refer to Abaxx Technologies Inc. and its direct and indirect subsidiaries.

Certain statements in this MD&A constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws. You should read carefully; the "Cautionary Note Regarding Forward-looking Statements" section in this MD&A and should not place undue reliance on any such forward-looking statements.

Abaxx Technologies Inc. ("Abaxx" or the "Company") is a company incorporated under the Alberta Business Corporations Act. Its corporate headquarters is 110 Yonge Street, Suite 1601, Toronto, Ontario, M5C 1T4, and the Company's registered office is 1250, 639 – 5th Avenue S.W., Calgary, AB T2P 0M9. The issued and outstanding common shares are listed and posted for trading on the Cboe Canada Exchange under the symbol "ABXX" and the OTCQX Market under the symbol "ABXXF".

Caution Regarding Forward-Looking Statements

This MD&A contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities, and legal and regulatory matters. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the Company's anticipated future results, events, plans, strategic initiatives, future liquidity, and planned capital investments.

Forward-looking statements are typically identified by words such as “expect”, “anticipate”, “believe”, “foresee”, “could”, “estimate”, “goal”, “intend”, “plan”, “seek”, “strive”, “will”, “may”, “maintain”, “achieve”, “grow”, “should” and similar expressions, as they relate to the Company and its management. Forward-looking statements reflect the Company’s current estimates, beliefs, and assumptions, which are based on management’s perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company’s expectation of operating and financial performance in 2025 is based on certain assumptions including assumptions about operational growth, anticipated cost savings, operating efficiencies, anticipated benefits from strategic initiatives, future liquidity, and planned capital investments. The Company’s estimates, beliefs, and assumptions are inherently subject to significant business, economic, competitive, and other uncertainties, and contingencies regarding future events and as such, are subject to change. The Company can give no assurance that such estimates, beliefs, and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company’s actual results to differ materially from those expressed, implied, or projected in the forward-looking statements. Such risks and uncertainties include:

- the nature of the business and industries that the Company competes in;
- limited assets, available funds, currency risk, absence of dividends, additional financing requirements, and anticipated use of those funds;
- the operational management of the Company by its directors, officers, and insiders, reliance on key personnel, limited management experience, conflict of interests with directors and management;
- the future growth, results of operations, performance, products, competition, slow acceptance of products, growth, and business prospects and opportunities of Abaxx;
- the ability of Abaxx to satisfy all conditions precedent and obtain all regulatory approvals.
- whether Abaxx will be able to execute its business strategy successfully such that the future growth, results of operations, performance, and business prospects and opportunities of Abaxx, will be as anticipated;
- Reporting Issuer Risk including Risks related to volatility of share price, and fluctuation of operating results;
- risks related to regulation by governmental authorities including political & regulatory risks;
- operations in foreign jurisdictions;

- protection of Abaxx Tech Software and IP portfolio, cybersecurity threats, hacking, server, system software failures or reliance on technical infrastructure;
- clearing house and exchange failure or the inadequacies of risk management procedures and facility developments;
- a deterioration occurs in the political or economic situation generally as a result of the Russian invasion of Ukraine, conflict in the Middle East or an act of war or hostilities, invasion, armed conflict or act of a foreign enemy, revolution, insurrection, insurgency occurs resulting in a material adverse result directly or indirectly affecting the company.
- the availability of financing opportunities and risks associated with general economic and financial conditions as well as those risks related to political insurrection and war;
- the speculative and competitive nature of the technology sector;
- limited operating history and share price fluctuations;
- Use and Storage of Personal Information and Compliance with Privacy Laws permits, contracts, licenses, political and regulatory risk;
- technical obsolescence and failure by third-party vendors of technologies;
- tax consequences;
- environmental regulations and liability;
- third-party risk, erroneous transactions, and human error;
- non-availability of insurance to properly compensate risk;
- loss of key employees, anthropogenic risks, as well as the risk caused by the inability to access and deploy available human resources competitively;
- risks related to the development of carbon markets in general, including related financial trading instruments that could be susceptible to corruption and other integrity risks;
- risks of hiring skilled, technically proficient staff and their supervision and management;
- software development risk and risk of technological change
- acquisition risk;
- limited market for securities;
- going concern risk: The risk associated with a substantial doubt about the Company's ability to continue as a going concern including its inability to meet its obligations as they come due without substantial disposition of assets outside the ordinary course of business, restructuring debt, additional equity or other funding, externally forced revisions of its operations, within the next 12 months;
- lawsuits and other legal proceedings, financial and human resource costs and challenges; and
- other factors beyond the Company's control.

The above is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Mission and Strategy

Abaxx is building smarter markets, empowered by better financial technology and market infrastructure, to address our biggest challenges, including the energy transition. In addition to developing and deploying financial technologies that make communication, trade, and transactions more accessible and more secure, Abaxx is a majority owner of Abaxx Exchange and Abaxx Clearing, subsidiaries recognized by MAS as an RMO and ACH, respectively.

Abaxx Exchange and Abaxx Clearing are Singapore-based commodity futures exchanges and clearinghouses that introduce centrally cleared, physically deliverable commodities futures and derivatives to provide better price discovery and risk management tools for commodities critical to our transition to a lower-carbon economy.

The Company, which commenced its business operations in January 2018, has developed a business strategy comprised of core components: (i) developing new internet communication protocols and proprietary financial software architecture with a vision for global commodity market trading and (ii) commercializing the majority-owned commodity futures exchange and clearing house utilizing Abaxx-built technology, including foundational products in new liquified natural gas ("LNG") benchmark contracts, a new market structure vision for precious metals and battery metals markets, and new initiatives for enhancing environmental markets and their data. Consistent with its innovative and fresh approach, Abaxx is listed on the Cboe Canada Exchange (Cboe Canada Exchange: ABXX) as well as the OTCQX (OTCQX: ABXXF) and provides its shareholders with the potential for significant long-term value creation.

The Abaxx vision for Global Commodity Market Trading Infrastructure 3.0, which Abaxx describes as the "Commoditization of Trust®", is a software architecture that is natively comprised of novel software technologies that utilize novel machine learning and blockchain-like algorithms including deep learning and natural language processing ("**DL/NPL**"), self-sovereign digital identity ("**ssdID**"), encrypted content-addressing distributed file systems, smart contracting languages, and protocols, and distributed ledger and decentralized datastore technology ("**DLT/DDS**").

As a development stage business, the Company has generated eleven (11) process and software user interface patent applications. The Company has also engineered a foundational internet ssdID and messaging protocol called "ID++", and developed alpha-stage software applications (e.g., Abaxx Console) using the Commoditization of Trust architecture in the fields of:

- ssdID based verified-credential management, authentication, and identity and access management (IDAM);
- end-to-end encrypted and compliant financial messaging and video chat, with enhanced deep learning and natural language processing applications;
- multi-cloud storage of financial data using encrypted content-addressing distributed file systems;
- ssdID-enabled electronic document and smart contract signing; and
- digital-contract custody and other financial workflow management applications.

Abaxx intends to commercialize its software technology suite and the Software and IP Portfolio through business-to-business ("B2B") strategic partnerships, where novel technologies can be applied to specific markets heavily reliant on transactional transparency, transaction execution velocity, and compliance with stringent data regulation requirements.

Abaxx Technologies currently holds a gross revenue royalty over AEX in exchange for the licensed use of its proprietary software (including the use of its intellectual property and), seeks to expand this software licensing and intellectual property royalty model into other financial service segments. While Abaxx expects to generate revenue from the licensure of its software and royalties via Abaxx Technologies, Abaxx is still in its development stage and does not currently generate substantial revenue.

Abaxx also owns the LabMag and KeMag iron ore assets, which were owned by New Millenium Iron Corp. and continue to be held by Abaxx after the reverse take-over of New Millennium Iron Corp. The Company is not undertaking any iron ore development due to its technology-focused plan. Although the Company does not believe that the LabMag and KeMag iron ore assets have material value at present, the Company developed an understanding that the market for "green" commodities may evolve to include certain types of iron ore deposits which could increase in value of the LabMag and KeMag iron ore assets. In particular, the LabMag and KeMag iron ore assets are "taconite" iron ore assets. The processing of taconite iron ore involves the production of iron ore pellets which can be optimal feedstock for electric arc furnaces. Electric arc furnaces can produce steel with lower carbon dioxide emissions than conventional blast furnace steel production, hence the potential to characterize taconite iron ore assets as a green commodity.

At this juncture, the Company intends to maintain certain LabMag and KeMag properties in good standing and continue to assess developments in the taconite iron ore market. The Company may entertain offers from third parties to dispose of or enter into a joint venture relating to these iron ore assets. The ability of the Company to monetize the iron ore assets on terms that are economic or at all is virtually entirely dependent on (i) iron ore commodity prices in general, and (ii) demand for taconite iron ore as a green commodity for use in lower carbon dioxide electric arc furnace steel production. Large-scale demand does not exist for iron ore green commodities at present, and it is not possible to determine the outcome or value that could result from any monetization of the LabMag and KeMag iron ore assets. In addition, the processing of taconite iron ore involves various types of processing and feedstock metallurgical characteristics which are not entirely certain at this time.

As a result, it cannot be assured that production of the LabMag and KeMag iron ore assets can be achieved commercially or at all.

Business History

The following is a summary of the general development of the Company's business over the last three years:

On April 26, 2023, Abaxx Technologies appointed Nancy Seah as the CEO of Abaxx Exchange and appointed five new board members to the Abaxx Commodity Exchange boards of directors. Thomas Chhoa, Silvana Hleap, and Catherine Flax joined Abaxx Singapore's Board of Directors, while Neal Wolkoff and Ng Quek Peng joined Abaxx Clearing's Board of Directors. Thomas McMahon, co-founder of Abaxx Singapore, who currently sits on Abaxx Clearing's Board of Directors, was also appointed to Abaxx Singapore's Board of Directors. Mason Wallick, who sits on Abaxx Singapore's Board of Directors, was re-appointed to Abaxx Clearing's Board of Directors.

On May 15, 2023, Abaxx Exchange completed full systems integration and commenced operational readiness testing. It also completed the first user acceptance testing ("UAT") and progressed systems toward the completion of regulatory requirements.

This included Abaxx Clearing, completing the commercial onboarding of its first clearinghouse settlement bank, and signing a collateral management services agreement with Southeast Asia's largest bank by assets. At this time, Abaxx Singapore announced the completion of all key executive and senior management-level hiring.

On July 10, 2023, Abaxx Technologies announced the Company's first revenues, generated through the Company's 2.5% gross revenue royalty on Base Carbon sales, the first group revenue from an organic development project within Abaxx.

On August 14, 2023, Abaxx Technologies announced that Abaxx Singapore had, as part of a US\$20 million to US\$35 million best efforts equity private placement of preferred shares of Abaxx Singapore, signed a definitive investment agreement with an initial corporate investor to participate in an offering of 2,144,563 Preferred Shares and Ordinary Shares in the first tranche of the Offering. As part of the First Tranche, Abaxx Singapore will also issue 1,932,610 ordinary shares from treasury to a wholly owned subsidiary of the Company for cash and settlement of intercorporate debts. The Offering is expected to close in September 2023.

On August 17, 2023, Abaxx Singapore Pte. Ltd.'s subsidiary, Abaxx Exchange Pte. Ltd., submitted a Notification of Impending Listing of Futures Contracts to the Monetary Authority of Singapore (MAS) for inclusion as a flagship Abaxx Exchange and Clearing Product and that the initial Nickel Sulphate futures contract will include a new approach to the legacy warehouse structure of current base metals contracts.

Abaxx's first-of-its-kind nickel sulphate futures contract results from collaboration with 21 firms, including a broad spectrum of industry market participants. That cooperative work involved two major global auto manufacturers, two global mining companies, six merchant trading firms, two EV battery manufacturers, three nickel sulphate producers, and four bank/broker trading firms.

Effective October 2, 2023, economist and commodities strategist Dr. Jeff Currie joined the Abaxx Technologies Board of Directors as an independent member.

On November 21, 2023, the Company closed its non-brokered private placement previously announced on October 23, 2023. The Financing consisted of issuing 5,338,866 common shares (the "**Shares**") of the Company for \$5.75 per common share for aggregate gross proceeds of \$30,698,480. CEO Josh Crumb welcomed new institutional shareholders, including Canoe Financial, K2 Asset Management, and the additional leading global institutional investors who participated in the placement.

The \$30.7 million proceeds of the Financing were intended to enable Abaxx to complete its final applications for "recognized market operator" and "approved clearing house" licenses for Abaxx Exchange Pte. Ltd. ("Abaxx Exchange") and Abaxx Clearing Pte. Ltd. ("Abaxx Clearing") and provide working capital and funds for general corporate purposes through to the launch of its exchange.

On December 7, 2023, the Monetary Authority of Singapore (MAS) granted an Approved Clearinghouse (ACH) license and Recognised Market Operator (RMO) license to Abaxx Singapore's fully owned subsidiaries, Abaxx Clearing Pte Ltd. ("Abaxx Clearing") and Abaxx Exchange Pte Ltd. ("Abaxx Exchange") respectively. The grant of these licenses is expected to allow Abaxx to operate a regulated marketplace that provides a venue for listing and trading futures and options contracts and a clearing facility that offers centralized clearing and settlement services for global commodities markets.

On January 3, 2024, Abaxx Singapore had, as part of a best-efforts equity private placement of preferred shares and Ordinary Shares of Abaxx Singapore, signed definitive investment agreements with a group of strategic corporate investors to participate in an Offering of 953,787 Preferred Shares and 4,837,392 Ordinary Shares for aggregate gross proceeds of approximately US\$27,323,013. The investors for Preferred Shares are Abaxx's first group of globally recognized strategic participants in the market infrastructure and commodity ecosystems. At the same time, Abaxx Tech (through an indirect wholly owned subsidiary) is the investor for the Ordinary Shares. The Offering involved issuing 953,787 preferred shares to strategic partners, 4,837,392 ordinary shares, and 3,730,362 Ordinary Share purchase warrants.

The Preferred Shares were offered solely to strategic corporate investors for US\$4.718 per Preferred Share. The Preferred Shares will be convertible into Ordinary Shares of Abaxx Singapore at the holder's option or upon the occurrence of specific events, as well as a put right that, upon the occurrence of certain events, will allow purchasers of Preferred Shares the ability to sell their Preferred Shares back to Abaxx Singapore at the Purchase Price. In addition, investors will be granted limited pre-emptive rights concerning any future capital raising by Abaxx Singapore. Investors of the Preferred Shares will also have, subject to regulatory approval, the right to nominate one director to serve on the Abaxx Singapore board of directors.

On January 10, 2024, Abaxx Singapore closed its best-efforts equity private placement for gross proceeds of US\$27,323,013. The Offering consisted of issuing 953,787 preferred shares to strategic partners, 4,837,392 ordinary shares, and 3,730,362 Ordinary Share purchase warrants. The investors for Preferred Shares are Abaxx's first group of globally recognized strategic participants in the market infrastructure and commodity ecosystems (CBOE III LLC "**Cboe**", TLW Trading LLC "**TLW**", Traxys Lithium Investments Limited "**Traxys**"), while Abaxx Tech (through an indirect wholly-owned subsidiary) is the investor for the Ordinary Shares and Warrants.

On January 29, 2024, Abaxx Singapore Pte. Ltd has been approved for Futures Industry Association (FIA) membership.

The FIA is a global trade organization with a diverse membership base, including clearing firms, exchanges, clearing houses, and trading firms from over 48 countries. Its various professionals serve the industry with the mission to support open, transparent, and competitive markets, protect and enhance the financial system's integrity, and promote high standards of professional conduct.

On January 30, 2024, Abaxx Technologies and StoneX Financial Pte. Ltd. jointly announced that StoneX has become the first approved clearing and trading member of Abaxx's indirectly held, majority-owned Singapore-based exchange ("Abaxx Exchange") and clearinghouse ("Abaxx Clearing"), introducing centrally cleared, physically-deliverable futures contracts, and licensed as a Recognised Market Operator ("RMO") and Approved Clearing House ("ACH") with the Monetary Authority of Singapore ("MAS").

StoneX's clients would have access to Abaxx Exchange's suite of first-of-their-kind, physically- deliverable futures contracts, including liquefied natural gas ("LNG"), nickel sulphate, and carbon, from the first day of trading on Abaxx Exchange. This will enable StoneX clients to be the first market participants to benefit from Abaxx's market price discovery and enhanced risk management tools for energy transition-related commodities.

On February 14, 2024, Abaxx Technologies and KGI Securities (Singapore) Pte. Ltd. jointly announced that KGI Securities had become an approved clearing and trading member of Abaxx's majority-owned Singapore-based exchange ("Abaxx Exchange") and clearinghouse ("Abaxx Clearing"), facilitating centrally cleared, physically-deliverable futures contracts, and licensed as a Recognised Market Operator ("RMO") and Approved Clearing House ("ACH") with the Monetary Authority of Singapore ("MAS").

The partnership between KGI Securities and Abaxx Exchange brings together KGI Securities' extensive experience in commodities trading and Abaxx Exchange's state-of-the-art marketplace. By combining their expertise, the two organizations communicated their aim to empower market participants with innovative solutions and unlock new avenues for success.

On March 11, 2024, Abaxx Technologies initiated the final exchange trading launch sequence for Abaxx Exchange and Clearinghouse to open the market in each of its commodity futures contracts. Highlights included:

- Abaxx Exchange and Abaxx Clearing will request approval from their respective Boards of Directors to provide final notices to open Abaxx markets pending the near-term finalization of a third clearing member application approval.
- With Abaxx Exchange and Clearing operational and markets open, the arrangement of first block trades in each market will be finalized and announced.
- Pending final notices, Abaxx Exchange and Abaxx Clearing will open with three approved clearing members, while additional clearing firms onboard through these clearing members or via applications as direct members of Abaxx Clearing.
- Abaxx has worked closely with market participants in three launch product verticals - LNG, Carbon, and Nickel Sulphate to initiate trading.

On March 28, 2024, the Company closed a bought-deal financing (the "Offering"). The Company issued 1,437,500 common shares (the "Common Shares") on a bought-deal basis at an offering price of \$13.00 per Common Share (the "Offering Price"), which includes 187,500 Common Shares issued under the exercise of an over-allotment option, in total, for gross proceeds of \$18,687,500.

The Company intends to use the net proceeds from the Offering for general corporate and working capital requirements, including to fund ongoing operations and/or working capital and minimum regulatory requirements for Abaxx Exchange and Abaxx Clearing, or other corporate purposes as outlined in its prospectus supplement to its base shelf prospectus dated March 20, 2024, filed in connection with the Offering.

On June 28, 2024, the Company launched the Abaxx Commodity Futures Exchange and Clearinghouse, with trading commencing in its physically-deliverable liquified natural gas (LNG) and carbon futures contracts.

Five new centrally-cleared, physically-deliverable commodity futures contracts in LNG and Carbon are now available for trading on Abaxx Commodity Futures Exchange and Clearinghouse in Singapore. Full clearing and execution are currently accessible through our two clearing members StoneX and KGI Securities, while execution and broking services can be sourced from our execution brokers Marex, Eagle Commodities, Evolution Markets, Salamander Broking, SSY, TP ICAP and Venture Commodities Partners, along with introducing broker, Sweet Futures.

On July 31, 2024, the Company entered into a share exchange agreement with MineHub Technologies Inc. (TSXV: MHUB) (OTCQB: MHUBF) to develop a strategic partnership to drive digitization more broadly within the physical commodities markets. The companies share a joint mission to improve data transparency and empower market participants with better tools to meet the ever-evolving commodities landscape, facing new challenges such as the energy transition and increasing regulatory pressure. Comprehensive digital tools are more necessary than ever to adapt to a changing market environment.

On August 26, 2024, the Company filed an early warning report in respect of MineHub Technologies Inc. On August 23, 2024, pursuant to a share exchange agreement between Abaxx and MineHub dated July 31, 2024, Abaxx completed a first tranche closing and acquired 4,166,677 common shares of MineHub and 8,333,333 common share purchase warrants of MineHub. Each Warrant entitles Abaxx to acquire one common share of MineHub at a price of \$0.35 per Warrant Share until November 15, 2024.

On August 30, 2024, the Company completed the acquisition of PrivacyCode, Inc. by Abaxx Technologies Corp. (Barbados) ("Abaxx Barbados"), an indirect wholly owned subsidiary of Abaxx, pursuant to a definitive agreement and plan of merger dated August 21, 2024. The business of PrivacyCode is a data governance platform that turns policies into actionable and measurable tasks and requirements. Organizations often face challenges in coordinating compliance and governance across various specialized disciplines. By using PrivacyCode, users achieve consistent and measurable outcomes, ensuring value in the increasingly important Global Data Supply Chain.

On September 9, 2024, the Company completed a second tranche closing and acquired 4,166,666 common shares of MineHub.

On September 18, 2024, the Company noted that ADMIS Singapore had become the third approved clearing and trading member of Abaxx's indirectly held, majority-owned Singapore-based exchange and clearinghouse, Abaxx Commodity Futures Exchange and Clearinghouse.

On November 4, 2024, the Company executed the first two carbon futures block trades on Abaxx Commodity Futures Exchange and Clearinghouse, traded between Mercuria and HNK Alpha on October 30, 2024. Mercuria and HNK Alpha traded 50 lots of December 2024 CORSIA¹ Phase 1 Carbon Offset Unit Futures at USD \$24.00/tCO₂e². Mercuria and HNK Alpha traded 50 lots of December 2025 JREDD+³ Carbon Offset Unit Futures at USD \$17.75/tCO₂e.

On November 15, 2024, the Company provided an update on operational milestones and the continued execution of the Company's business strategy in the third quarter following the launch of Abaxx Commodity Exchange and Clearinghouse on June 28, 2024. The update included a detailed overview of the following highlights:

- Commercial: Onboarded three full clearing members and two additional clearing firms, including our first global bank FCM, with one additional clearing member in progress and expected to be onboarded by period-end. Two more bank futures commission merchants (FCMs) are in progress, and three additional clearing firms are being discussed for potential onboarding in 2025. Onboarded six merchant trading firms with sixteen more in progress for block trades and central limit order book trading, and onboarded nine financial trading and market-making firms with ten more in progress. Completed the onboarding of ten introducing brokers, with five more in progress.

- **Exchange Product Development:** Listed LNG and carbon contracts have been enhanced to align with evolving standards. Imminent regulatory submittals are planned for lithium and nickel products. A precious metals solutions rollout plan has been activated. Development efforts in sustainable base metals and weather derivatives have been initiated.
- **Risk and Regulatory:** Efforts are underway to expand participation access and connectivity to Abaxx Exchange and Clearinghouse in key jurisdictions beyond Singapore, deepening integration with the global network of clearinghouses to promote best practices and standards.
- **Systems and Operations:** Initiated second phase system expansion and updates, including capabilities for options, multi-currency pricing and settlement, and additional Abaxx ID++ V2 integrations in Abaxx Exchange and Abaxx Clearing software for Abaxx Messenger and ID++ digital signature operations to be used in digital titles.
- **Abaxx console suite applications and ID++ Protocol,** Public launch of Abaxx Verifier+ on IOS and Android, Smarter Markets Coffeehouse ("SMC") launch with ID++ membership credential integrations and passwordless login, production deployment of Abaxx Messenger phase one.

On November 18, 2024, the Company announced increasing its strategic ownership in Minehub from its current 10.83% interest to 19.99%.

On November 22, 2024, the Company closed the first tranche of a non-brokered private placement financing with a strategic investor. The First Tranche consisted of issuing 162,000 common shares of the Company at C\$13.00 per Share for aggregate gross proceeds of C\$2,106,000.

On December 11, 2024 the Company announced that it will launch Nickel Sulphate futures, the first of its battery metals products, on January 10, 2025.

On December 12, 2024, the Company officially opened representative offices of Abaxx Technologies Inc. in Hong Kong and Beijing to expand brand awareness throughout the region. Establishing these offices provides Abaxx with the platform to strengthen relationships with firms in China, engage onshore industry partners, and support participation in offshore markets. Through consulting and educational initiatives, the offices will expand awareness and facilitate a deeper understanding of Abaxx's approach to building smarter markets in China by developing better market infrastructure and financial technology.

Key Events of 2025

Year-to-date 2025 has been a milestone-driven period for Abaxx Technologies, Abaxx Exchange, and Abaxx Clearing. Below, we outline key Company dates, events, and achievements chronologically.

On January 10, 2025, the Company reported that Nickel Sulphate futures, the first of its battery metals products, were now available for trading.

On January 13, 2025, the Company executed the first nickel sulphate futures block trade, traded between Traxys and HNK Alpha on January 10, 2025. Traxys and HNK Alpha traded five lots of April 2025 Abaxx Nickel Sulphate Singapore futures contracts at USD \$14,600/tonne nickel contained. The trade was brokered by StoneX Financial Pte Ltd., a subsidiary of StoneX Group Inc. (NASDAQ: SNEX).

On January 24, 2025, the Company closed final tranche of a non-brokered private placement financing, which consisted of the issuance of 50,000 common of the Company at a price of C\$13.00 per Share for aggregate gross proceeds of C\$650,000. The Financing, which consisted of the Final Tranche and a tranche that closed on November 22, 2024, consisted of the issuance of 212,000 Shares at a price of C\$13.00 per Share for aggregate gross proceeds of C\$2,756,000.

On February 13, 2025, the Company expanded its battery metals product suite with the launch of 3 regional physically-deliverable Lithium Carbonate futures on March 7, 2025.

Abaxx Lithium Carbonate futures mark a significant development as the world's first physically deliverable lithium carbonate contracts priced in US dollars. These new contracts provide market participants with standardized and globally accessible pricing benchmarks, better aligning trade flows with physical market realities.

By introducing a reliable and transparent mechanism for price discovery, the contracts enhance participants' ability to manage risk in an increasingly dynamic and critical market. Each regional contract is a US dollar-denominated, DAP contract representing 1 tonne of lithium carbonate and is deliverable at ports in either Singapore, Rotterdam, or Baltimore.

On February 26, 2025, Abaxx Singapore partnered with ZEMA Global Data Corporation, a leading provider of enterprise data and analytics for the commodity and energy sectors. The collaboration integrates Abaxx Exchange market data into ZEMA's platform, delivering seamless access to verified trade data and price references for market participants.

On March 7, 2025, the Company noted that its three regional, physically-deliverable Lithium Carbonate futures contracts are now available for trading.

On March 10, 2025, the Company executed the first lithium carbonate futures block trade, traded between Traxys and HNK Alpha on March 7, 2025. Traxys and HNK Alpha traded 20 lots of the May 2025 Abaxx Lithium Carbonate Singapore futures contract at USD\$10,300/tonne. The trade was brokered by StoneX Financial Pte Ltd., a subsidiary of StoneX Group Inc. (NASDAQ: SNEX).

On March 24, 2025, the Company had the first over-the-counter ("OTC") trade of an LNG cargo indexed to Abaxx LNG futures. Two Asia-based counterparties agreed to trade an LNG cargo to be exported from the Gulf of Mexico ("GOM") with the transaction price indexed to Abaxx GOM LNG futures.

The adoption of Abaxx physically deliverable LNG futures as the price index for an OTC LNG cargo trade represents a significant milestone and advances their potential to become benchmarks in global LNG markets.

On March 27, 2025, the Company closed the first tranche of its non-brokered private placement of secured convertible debentures for aggregate gross proceeds of \$22.85 million. In April 2025, the Company closed the second and final tranche of the Offering for gross proceeds of \$10.1 million.

On April 10, 2025, the Company closed the second and final tranche (the "Second Tranche") of its previously announced non-brokered private placement (the "Offering") of secured convertible debentures (the "Debentures") for aggregate gross proceeds of \$10,065,000.

The outstanding principal amount of the Debentures, together with any accrued and unpaid interest, will become due and payable in full on March 26, 2028 (the "Maturity Date") and will be payable in cash. Each Debenture consists of \$1,000 principal amount of secured convertible debentures of the Company and is convertible into common shares of the Company (each, a "Debenture Share") at the option of the holder thereof prior to the Maturity Date at a conversion price equal to \$13.00 per Debenture Share (the "Conversion Price"). The Company has the right to redeem the Debentures at redemption price equal to 105% of the principal amount of the outstanding Debentures plus any accrued and unpaid interest to the date prior to the date of redemption: (a) at any time, should the VWAP of the Company's common shares exceed 130% of the Conversion Price for no fewer than 20 out of 30 consecutive trading days, or (b) after March 26, 2027.

The Debentures were issued at an original issue discount equal to 2.5% of the aggregate principal amount of the Debentures and bear interest at a rate of 7.0% per annum from the date of issue, payable semi-annually in arrears in cash on June 30 and December 31 of each year following the first interest payment date of September 30, 2026. The Debentures are secured against certain publicly-traded securities owned by the Company.

On May 7, 2025, the Company successfully made the first delivery under a carbon futures contract on Abaxx Exchange. The delivery, involving 50 lots of May 2025 CORSIA¹ Phase 1 Carbon Offset Unit Futures ("CP1") priced at USD \$24.25/tCO₂e², validates the clearing, delivery, and settlement processes underpinning Abaxx Exchange's physically-deliverable futures contracts. It marks the first live exercise of Abaxx's end-to-end infrastructure for managing the transfer of environmental assets through a regulated futures market. The transaction was completed between Mercuria Energy Trading SA (METSA) and a U.S. based counterparty, with Eagle Commodities, a division of Marex, facilitating the original trade. Clearing services were provided by KGI Securities, Marex, and another bank clearing firm.

On May 7, 2025, the Company expanded its product suite to include precious metals with the launch of Gold kilobar futures on June 12, 2025. Abaxx Singapore Gold Futures are purpose-built for the needs of Asia's physical bullion trade, reflecting the region's preferred kilobar format and supporting more accurate pricing by aligning futures settlement with physical market practices. The contract is designed to provide a globally accessible, regionally anchored benchmark that supports effective price discovery, reliable hedging, and physical delivery in one of the world's leading gold trading hubs. Abaxx's Gold Singapore Futures contract is a US dollar-denominated, kilobar-sized, physically-deliverable product, with delivery into approved vaults in Singapore.

Overall Performance

In 2024, the Company launched Abaxx Commodity Futures Exchange and Clearinghouse, commencing trading in its physically deliverable liquified natural gas (LNG) and carbon futures contracts. During Q2 2025, the Company was still developing its revenue streams for the exchange and clearinghouse and executing its plans to become profitable. It expects to generate more significant revenue within the next twelve months.

On June 30, 2025, the Company had \$34.4 million in cash and cash equivalents, and short-term investments, compared to \$25.5 million on December 31, 2024.

The Company's loss for the three months ended June 30, 2025 ('Q2 2025') was \$17.2 million (June 30, 2024 ('Q2 2024') \$8.9 million). The Company expects to focus on growing its exchange and clearing house operations to earn more revenue and turn a profit.

See below for more details on the Company's performance.

Summary of Quarterly Results

<i>IFRS Consolidated Income Statement</i>								
Select Data	FY 2025		FY 2024				FY 2023	
(Expressed in \$000s) except EPS	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	-	-	0.2	0.4	0.4	-	-	-
Total Expenses	(12,063)	(14,214)	(21,599)	(9,796)	(10,753)	(7,752)	(11,810)	(7,083)
Net Profit (Loss) Before Tax	(17,187)	(8,080)	(25,916)	(9,641)	(8,941)	(11,934)	(13,356)	(7,353)
Basic Profit (Loss) per Share ¹	(0.49)	(0.23)	(0.74)	(0.28)	(0.26)	(0.37)	(0.46)	(0.28)
Diluted Profit (Loss) per Share ¹	(0.49)	(0.23)	(0.74)	(0.28)	(0.26)	(0.37)	(0.46)	(0.28)

1. The number of common shares for the comparative period was restated to reflect the one-for-three share consolidation that occurred in the period ended June 30, 2023.

For the three months ended June 30, 2025, when compared to the three months ended June 30, 2024, the Company had an increase in operating expenses of \$1.3 million or 12%. This increase was mainly due to salaries and wages increasing by \$0.4 million, professional fees increasing by \$1 million, travel, marketing & promotion rising by \$0.8 million and general and administrative expense increasing by \$0.4 million and offset by lower spending on development expense by \$0.9 million and license and subscription expenses by \$0.4 million. These operating expenses were for ongoing ramp-up work in Singapore and Canada to meet the Company's timelines for its various projects.

a. Revenue

During Q2 2025, the Company generated revenue from its Base Carbon Royalty agreement. This agreement requires Base Carbon to pay Abaxx a 2.5% royalty for the usage of software it developed. The royalty is indefinite in term and Base Carbon has the right to buy back the royalty upon the payment of US\$150 million (above or in excess any royalty already paid) to Abaxx.

For the period that ended June 30, 2025, \$35 thousand (June 30, 2024, \$0.4 million) has been earned and accrued under the royalty agreement.

The Company launched the exchange and clearing house on June 28, 2024, and has not yet generated material revenue for its exchange and clearing house operations during the quarter ending June 30, 2025, or in the prior period's three-month quarter ending June 30, 2024, as revenue streams are still being developed.

b. Net Loss Before Tax

For the quarter that ended June 30, 2025, the Company recorded a net loss before tax of \$17.2 million (June 30, 2024, \$8.9 million), a 92% increase. Abaxx is a developing technology company with early-stage revenue streams for either quarter. The loss for Q2 2025 was due primarily to **non-cash charges**:

- Unrealized loss on investments at fair value of **\$3.1 million** (June 30, 2024, \$0.3 million)
- Interest and accretion expenses on the convertible debenture of **\$3 million** (June 30, 2024, \$Nil),
- Share-based compensation expense of **\$3.2 million** (June 30, 2024, \$3.2 million)

The Company incurred regular operating expenses, such as spending on development expenses of \$1.2 million (June 30, 2024, \$2.0 million), salaries and wages of \$2.8 million (June 30, 2024, \$2.3 million), professional fees of \$2.1 million (June 30, 2024, \$1.1 million), travel marketing and promotion of \$1.4 million (June 30, 2024, \$0.6 million), general and administration of \$0.8 million (June 30, 2024, \$0.4 million) and license and subscription expenses \$0.6 million (June 30, 2024, \$1.1 million).

c. Basic and Diluted Loss per Share

For the quarter ended June 30, 2025, the Company recorded basic and diluted loss per share of \$0.49 (June 30, 2024, \$0.26).

Results of Operations

Basis of Presentation

The following are the consolidated results from operations for the period ending June 30, 2025, compared to the same period in 2024.

Consolidated Financial Results

(expressed in \$000s)	Q2 2025	Q2 2024	\$ Change	% Change	YTD 2025	YTD 2024	\$ Change	% Change
	(As recast)*							
Revenue	35	429	(393)	100%	64	429	(365)	(85%)
Operating Expenses								
Research and development	1,207	2,052	(846)	(41%)	2,355	4,505	(2,150)	(48%)
Salaries and wages	2,753	2,337	415	18%	5,729	4,186	1,544	37%
Professional fees	2,088	1,122	966	86%	3,660	1,565	2,095	134%
Travel, marketing and promotion	1,366	577	788	137%	2,691	1,221	1,470	120%
General and administrative	791	383	409	107%	1,510	1,198	313	26%
Share-based compensation	3,230	3,213	16	1%	7,932	3,645	4,287	118%
Regulatory expenses	-	-	-	0%	286	272	14	5%
License and subscription expenses	629	1,068	(439)	(41%)	2,114	1,914	200	10%
Total operating expenses	12,063	10,753	1,311	12%	26,277	18,505	7,772	42%
Operating loss for the period	(12,028)	(10,324)	(1,704)	17%	(26,213)	(18,076)	(8,137)	45%
Foreign exchange loss	(46)	(98)	51	(53%)	(87)	(39)	(47)	120%
Investment and interest income	295	31	263	837%	368	48	321	673%
Interest and accretion expenses	(3,000)	-	(3,000)	0%	(3,094)	-	3,094	100%
Other income	77	71	6	9%	144	178	(34)	(19%)
Gain (loss) on investment under equity method	61	1,688	(1,627)	(96%)	194	(2,676)	2,869	(107%)
(Loss) gain on investments at fair value	(3,099)	(309)	(2,789)	902%	1,616	(309)	1,925	(623%)
Deferred tax recovery	552	-	552	0%	1,805	-	1,805	100%
Net loss income for the period	(17,187)	(8,941)	(8,247)	92%	(25,267)	(20,875)	(4,392)	21%

*Reclassification of Operating Expenses

During the period ended June 30, 2025, the Company reviewed its presentation of operating expenses and determined that an additional caption of License and Subscription Expenses provides more relevant and reliable information to the users of the financial statements in accordance with ISA 1 - Presentation of Financial Statements. Previously, certain expenses were included in the Research and Development caption that are better aligned to the caption License and Subscription Expenses. Accordingly, the comparative figures for the period ended June 30, 2024, have been recast to align with the new presentation format. The reclassification resulted in Research and Development Expenses previously reported as \$3,120,207 and \$6,419,558 being reduced by \$1,067,819 and \$1,914,224 (recast to \$2,052,388 and \$4,505,334), with a corresponding increase in License and Subscription expenses during the period ended June 30, 2024. This reclassification did not impact the Net Loss, Net Comprehensive Loss, Net Assets or loss per share for the period. The changes affected only the classification within the Condensed Consolidated Interim Statements of Operations and Comprehensive Loss.

Revenue

The Company did not generate material revenue from the exchange and clearing house during the quarter ended June 30, 2025, or in the prior period's three-month quarter ended June 30, 2024, as revenue streams are still being developed with the AEX system launched in June 2024.

For the quarter that ended June 30, 2025, \$35 thousand (June 30, 2024, \$0.4 million) has been earned and accrued under the royalty agreement.

Development

The Company has concluded its more material expenditure on development activities, and quarter over quarter (Q2 2025 over Q2 2024), development costs decreased by \$0.9 million or 41%. The Company focused its development resources on building a world-class trading platform and clearing house operations. Furthermore, in Q2 2025, the Company continued its work with its technical partners to provide specific development and fine-tuning work following the launch of the AEX trading platform in June 2024.

Salaries and wages

Abaxx is still building its core team of operators, managers, and support staff. During Q2 2025, staff costs increased by \$0.4 million or 18% compared to Q2 2024. Management continued its effort to align with the suitable vocational skills set to grow with the Company, especially in the Asia Pacific region, where most of the Q2 2025 efforts were spent on staff training for the exchange and clearing house launch. The Company expects salaries and wages to increase in the coming quarters as management aims to hire more skilled staff for the Exchange and Clearing House as part of a world-class team to grow the business.

Professional fees

For Q2 2025, professional fees increased by \$1 million or 86% compared to Q2 2024. The Company incurred fees for accounting, audit, other professional advisors, legal, and patent work. These professional fees were for intellectual property requirements, ongoing legal commitments, the Company's launch of new products for the Exchange and Clearing House and building a properly functioning corporate infrastructure.

Travel, marketing, and promotion

Travel, marketing, and promotion increased by 137% or \$0.8 million quarter over quarter. The Company incurred \$0.7 million in Q2 2025 (Q2 2024: \$nil) on incentive programs to market makers. The Company's significant expenditure continues to relate to the development of our corporate brands, investment in marketing the brand, and building out investor relations protocols and podcasts, including SmarterMarkets. The Company continues to raise awareness of its brands and educate the public about major industry activities. Here is a link to our SmarterMarkets webpage for more information: <https://smartermarkets.media/>

General and administrative

During Q2 2025, the Company's general and administrative expenses increased by \$0.4 million or 107%. These expenses are mainly related to directors' and officers' insurance, public company fees, office spaces, internet services, postage, courier, delivery, communications, office equipment, mining claims renewals and provisions.

Share-based compensation

Share-based compensation expense increased by 1%, or \$16 thousand, in Q2 2025 compared to Q2 2024. The increase was due to new grants of RSUs and stock options

to employees, directors, contractors, and consultants in Q2 2025 and the expense being recognized over the future vesting periods.

The Company's stock options and RSU incentive plans are intended to provide a non-cash incentive mechanism to foster the interest of its employees, directors, contractors, and consultants in the long-term success of the Company, and these will continue to be issued going forward.

Regulatory expenses

During the year-to-date period ended June 30, 2025, the Company's regulatory expenses were \$0.3 million, or 5% increase over Q2 2024. These expenses mainly relate to the fee paid to Singapore's Monetary Authority for operating a Clearinghouse (ACH) and Recognised Market Operator (RMO).

License and subscription expenses

For the period ending June 30, 2025, the Company's license and subscription expenses were \$0.6 million, or 41% decrease over Q2 2024. These expenses are mainly related to outside firms for software services, such as data licenses, and subscriptions for the exchange and clearing house, key software subscriptions (such as AWS, Microsoft, and Bloomberg).

Investment and interest income

During the period ended June 30, 2025, the Company recognized interest income of \$0.3 million (June 30, 2024, \$31 thousand) in its consolidated statement of operations and comprehensive loss. This interest income was mainly earned on regular bank account balances held during the period.

Gain (loss) on investment under equity method

The Company (a founding investor in Base Carbon Inc.) held an equity ownership of approximately 18.6% on June 30, 2025. The quoted market value for these shares in Base Carbon at June 30, 2025, was \$16.6 million. The Company reports its investment in Base Carbon using the equity method of accounting due to its significant influence as a result of sharing two members of the board of directors and ownership percentage in Base Carbon.

During Q2 2025, Abaxx recorded a \$61 thousand gain on its share in its equity-accounted investee as compared to a gain of \$1.7 million in Q2 2024.

During the period that ended June 30, 2025, Base Carbon revalued the carbon credits on its balance sheet to fair value, and revaluation gains and losses were accounted for using Abaxx's share of ownership.

Loss (gain) on investments at fair value

During Q2 2025, the Company recognized a \$3.1 million loss on change in investments at fair value in its consolidated statement of operations and comprehensive loss. The

basis for the investment at fair value was the quoted stock price for Minehub Technologies Inc. as of June 30, 2025.

Liquidity and Financial Position

Capital Resources

A key element of the Company's financing strategy is to fund its operations primarily by issuing equity instruments. Accordingly, the Company has historically carried manageable amounts of long-term debt.

The Company may enter into credit facilities or other financing arrangements in future periods to capitalize on market opportunities.

The following table summarizes capital resources and cash as of June 30, 2025, and December 31, 2024:

(expressed in \$000s)	June 30, 2025	December 31, 2024	\$ Change	% Change
Cash and cash equivalents	34,385	25,404	8,981	35%
Cash and cash equivalent margin deposits and guaranty funds	3,468	3,635	(167)	(5%)
Margin deposits and guaranty funds	(3,468)	(3,635)	167	5%
Short term investments	58	60	(3)	(4%)
Other receivables	1,594	317	1,278	404%
Prepaid and other assets	1,282	918	364	40%
Convertible note receivables	176	186	(10)	(5%)
Accounts payable and accrued liabilities	(3,572)	(5,889)	2,317	39%
Net Working Capital	33,923	20,996	12,928	62%
Convertible debenture	(27,987)	-	(27,987)	(100%)
Investments at fair value	7,680	6,064	1,616	27%
Investment in associate	14,020	14,590	(570)	(4%)
Goodwill	379	379	-	0%
Tangible Capital	28,016	42,029	(14,013)	(33%)

At June 30, 2025, the Company had \$34.4 million in cash and cash equivalents, and short-term investments, an increase of \$9 million or 35% over December 31, 2024. The net working capital on June 30, 2025, was \$33.9 million, an increase of \$12.9 million or 62% over December 31, 2024.

Tangible Capital on June 30, 2025, was \$28 million, as compared to \$42 million on December 31, 2024; this was a decrease of \$14 million or 33%. The Company closed all rounds relating to the issuance of a \$33 million convertible debenture note in Q2 2025, which increased the cash position and long-term liability sections in the statement of financial position.

The Company owns 19 million shares in Base Carbon (Cboe Canada Exchange: BCBN) with a market value of \$16.6 million on June 30, 2025. The investment in Base Carbon is not recognized on the Company's balance sheet at fair value due to the IFRS reporting requirements for investment in an associate entity, which must be accounted for under the equity method.

Cash Flow Summary

(expressed in \$000s)	Q2 2025	Q2 2024	\$ Change	% Change	YTD 2025	YTD 2024	\$ Change	% Change
Net cash provided by (used in)								
Operating activities	(8,598)	(7,053)	(1,545)	(22%)	(21,039)	(16,822)	(4,217)	(25%)
Investing activities	-	-	-	-	-	-	-	0%
Financing activities	9,901	1,050	8,851	843%	32,574	24,704	7,870	32%
Change in cash and cash equivalents	1,304	(6,003)	7,306	122%	11,535	7,882	3,652	46%

Operating Activities

For Q2 2025, the Company used \$8.6 million in cash for operating activities, an increase of \$1.5 million or 22% compared to Q2 2024. This was due to a net loss of \$17.2 million adjusted for share-based compensation of \$3.2 million, share of gain on investment under equity method \$0.1 million, deferred tax recovery \$0.6 million, loss on investments at fair value of \$3.1 million, interest and accretion expenses \$3 million and changes in operating assets and liabilities \$0.7 million. The Company continues to invest and build its operational capabilities during the June 30, 2025, quarter.

Investing Activities

For the period ended June 30, 2025, the Company did not engage in any investing activities (June 30, 2024, \$nil).

Financing Activities

For the period ended June 30, 2025, the Company received \$0.1 million from the exercise of stock options (June 30, 2024, \$1.1 million).

For the period ended June 30, 2025, the Company received \$9.6 million in net proceeds from issuing secured convertible debentures (June 30, 2024, \$Nil).

On April 10, 2025, the Company closed the second and final tranche (the "Second Tranche") of its previously announced non-brokered private placement (the "Offering") of secured convertible debentures (the "Debentures") for aggregate gross proceeds of \$10,065,000 (net \$8.9 million).

The outstanding principal amount of the Debentures, together with any accrued and unpaid interest, will become due and payable in full on March 26, 2028 (the "Maturity Date") and will be payable in cash. Each Debenture consists of \$1,000 principal amount of secured convertible debentures of the Company and is convertible into common shares of the Company (each, a "Debenture Share") at the option of the holder thereof prior to the Maturity Date at a conversion price equal to \$13.00 per Debenture Share (the "Conversion Price").

The Company has the right to redeem the Debentures at redemption price equal to 105% of the principal amount of the outstanding Debentures plus any accrued and unpaid

interest to the date prior to the date of redemption: (a) at any time, should the volume weighted average price ("VWAP") of the Company's common shares exceed 130% of the Conversion Price for no fewer than 20 out of 30 consecutive trading days, or (b) after March 26, 2027.

The Debentures were issued at an original issue discount equal to 2.5% of the aggregate principal amount of the Debentures and bear interest at a rate of 7.0% per annum from the date of issue, payable semi-annually in arrears in cash on June 30 and December 31 of each year following the first interest payment date of September 30, 2026. The Debentures are secured against certain publicly-traded securities owned by the Company.

The Offering is subject to the receipt of all necessary regulatory approvals, including the final approval of Cboe Canada. The net proceeds of the Second Tranche are expected to be used for general corporate and working capital purposes. The Debentures and Debenture Shares issuable pursuant to the Second Tranche are subject to statutory hold periods of four months and one day from the date of issuance.

No finder fees were issued in connection with the Second Tranche.

The following table summarizes the continuity of the Company's convertible debenture:

	Convertible Debenture	Liability Component	Equity Component
Balance at December 31, 2024	\$-	\$-	\$-
Issuance of convertible debenture – Tranche 1	22,849,000	18,119,669	4,729,331
Issuance of convertible debenture – Tranche 2	10,065,000	7,981,726	2,083,274
Transaction costs	(1,523,635)	(1,208,270)	(315,365)
Accretion interest	3,093,518	3,093,518	-
Deferred tax	(1,805,341)	-	(1,805,341)
Balance at June 30, 2025	\$32,678,542	\$27,986,643	\$4,691,899

Commitments and Contractual Obligations

Royalty Payments

During the period ended December 31, 2019, the Company entered into a Royalty Agreement ("Royalty") with its subsidiary Abaxx Singapore. The Royalty payment contains the following terms:

- Abaxx Singapore will accrue and pay a royalty equal to 2% of gross revenue to the Company, payable quarterly as of April 1, 2019, continuing in perpetuity until the obligation is relinquished by the Company.
- The amounts payable become due to the Company after Abaxx Singapore generates positive earnings before income tax and depreciation of USD\$25 million in a calendar quarter.
- There is no interest accrued on royalty payments accrued and not yet paid.

As of June 30, 2025, Abaxx Singapore has not generated any material revenue, and as such, no amounts have been accrued in the consolidated financial statements.

In addition, the Royalty permits the Company to purchase an increase in the royalty payments by 1% for USD\$10 million by December 2025. As of June 30, 2025, the Company has not made any payments to Abaxx Singapore to increase the royalty earnings percentage.

The Company has a royalty agreement with Base Carbon that would pay Abaxx a 2.5% royalty on gross revenue for previous financial assistance and the usage of software it developed. The royalty is indefinite in term and Base Carbon has the right to buy back the royalty upon the payment of USD\$150 million to Abaxx. The Company has earned \$1.1 million since the inception of this royalty agreement.

Transfer of Intellectual Property and License Agreement

The Company has developed proprietary digital technology and intellectual property for application to exchange trading and clearing for commodities and financial products including liquid natural gas and other tradable commodities and applications. ("Exchange Technology").

During the period ended December 31, 2019, the Company entered into a Master Licensing Agreement ("MLA") with its majority-owned affiliate Abaxx Singapore (amended December 2020). As a result of this agreement, the Company was assigned exclusive title rights of use and sub-license rights to the Exchange Technology by way of a master license agreement.

The Company maintains ownership of the intellectual property licensing in the MLA.

Abaxx Singapore has agreed to pay the Company earnings if in the future it sub-licenses the Exchange Technology, in which case a result of the MLA royalty fees would be as follows:

- An amount equal to 20% of revenues on the first USD\$2,000,000
- An amount equal to 10% of revenues on the next USD\$3,000,000
- An amount equal to 5% of revenue on any excess revenue

Payments from Abaxx Singapore under these agreements are due monthly to the Company. As of June 30, 2025, Abaxx Singapore has accrued no amounts and no amounts have been recorded as receivable by the Company under either a royalty agreement or the MLA.

The Company has not recorded the benefits under either of these agreements and as of June 30, 2025, no material revenue has been generated from the Exchange Technology.

As of the period ended June 30, 2025, this agreement does not impact the Company's consolidated financial statements.

Contingency

The Company is a party to the claims & litigation arising in the normal course of business. Due to the inherent uncertainties of litigation and/or the early stage of certain proceedings, the outcomes of all ongoing litigation and claims cannot be predicted with certainty and the amount of any potential losses cannot be estimated reliably. The resolution of any future matters could materially affect the Company's financial position, results of operations, or cash flows.

Off-Balance Sheet Arrangements

There are currently no off-balance sheet arrangements that could have an effect on current or future results or operations or the financial condition of Abaxx.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects both current and future periods. The estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made could result in a material adjustment to the carrying amounts of assets and liabilities, if actual results differ from assumptions made, relate to, but are not limited to, the following:

Share-based payments

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the statement of loss and comprehensive loss, based on estimates of forfeiture and expected lives of the underlying stock options.

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, and/or derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Consolidation

Judgment is applied in assessing whether the Company exercises control and/or has significant influence over the entities in which the Company directly or indirectly owns an interest. The Company has control when it has the power over the subsidiary, has exposure to rights or variable returns and has the ability to use its power to affect the returns. Significant influence is defined as the power to participate in the financial and operational decisions of the subsidiaries. Where the Company is determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control, or significant influence was obtained.

Investment in associate

The values relating to investment in associate involve significant estimates and assumptions, including future cash flows and discount rates. It is tested for impairment annually or more frequently if the circumstances or assumptions change significantly.

Political and Economic Risk

In general, a deterioration may occur in the political or economic situation as related to the Company as a result of the Russian invasion of the Ukraine, conflict in the Middle East or an act of war or hostilities, invasion, armed conflict or act of a foreign enemy, revolution, insurrection, insurgency occurs resulting in a material adverse result directly or indirectly affecting the company. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholders' return by enhancing the share value.

The Company monitors its capital structure and adjusts according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general.

The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. Management and the Board of Directors review the capital structure on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, reserves, non-controlling interest, cumulative other comprehensive income, and deficit, which totaled \$28 million as of June 30, 2025, (December 31, 2024, \$42 million).

The Company manages capital through its financial and operational forecasting processes. It reviews its working capital and forecasts its future cash flow based on operating expenditure and other investment and financing activities. The company's approach to capital risk management did not change during the three months ended June 30, 2025, and it is not subject to any externally imposed capital requirements.

Related Party Transactions

The Company considers key management to be officers and directors. During the three and six months period ended June 30, 2025, \$154,045 and \$285,354 (three and six months June 30, 2024 \$89,150 and \$113,124) of fees were incurred from key management and companies controlled by or related to key management.

Key management and directors received \$1,357,360 and \$431,478, respectively, in share-based compensation during the period ended June 30, 2025 (June 30, 2024, \$471,618 and \$294,772, respectively).

Outstanding Share Capital Data

As of the date of this MD&A, the Company had 34,372,653 common shares issued and outstanding, 3,851,289 options outstanding, each option exercisable for the purchase of one common share, 2,209,769 RSUs, each exercisable for one common share outstanding.

Risks and Uncertainties

Due to the nature of the Company's business and its present stage of development, prospective investors in the Company's securities should carefully consider the specific and general risks involved in an investment in the Company's securities. Risk factors that could materially affect the Company's business, results of operations, prospects, and financial condition include:

Nature of Business; Limited Operating History and Financial Resources; Dividends Reporting Issuer Risk; Limited Assets; Limited Market for Securities; Risks related to insurance of Abaxx's operations; Additional Financing Requirements; Exposure and Sensitivity to Macro-Economic Conditions; Risks related to regulation by governmental

authorities; insurrection and war; anthropogenic and carbon market related risk; Operations in Foreign Jurisdictions; Protection of Abaxx Tech Software and IP Portfolio; Global Financing Conditions; Acquisition Risk; Risks related to volatility of share price, absence of dividends and fluctuation of operating results; Competition; Growth Risk; Risks related to conflicts of interest; Political Regulatory Risks; Currency Risk; Contractual Risk; Profitability Risks related to value of securities; Tax Amendment Risk; Litigation Risks; Going Concern Risk Economic environment and global economic risk; Market for Securities; Third Party Risk Clearinghouse Risk; Inadequacy of Risk Management Procedures; Malicious Actor Risk; Third-party Software License Risk; Competitive Risks for Abaxx Tech; Competitive Risks for AEX System Failure Risk; Security Threats; Limited Management Experience; Reliance on Management and Key Personnel; Software Development Risk; Undetected Error Risk; Risk of Technological Change; Dependence of Technical Infrastructure; Use and Storage of Personal Information and Compliance with Privacy Laws; Slow Acceptance of Products; Going Concern Risk;

Additional risks and uncertainties not presently known to the Company or that the Company does not currently anticipate will be material, may impair the Company's business operations and operating results, and as a result could materially impact its business, prospects and financial condition. Please refer to those risks discussed in the materials that management from time to time file with, or furnish to, the Canadian securities regulatory authorities, including the section entitled "Risks and Uncertainties" in the Company's most recently filed annual information form, available on SEDAR at www.sedar.com.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of June 30, 2025, the Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of its disclosure controls and procedures, as defined under the Canadian securities regulatory authorities, and have concluded that the Company's disclosure controls and procedures are effective.

Internal control over financial reporting (ICFR)

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. These controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and

that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company; and

- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could materially affect the financial statements.

All control systems contain inherent limitations, no matter how well designed. As a result, the Company's management acknowledges that its internal control over financial reporting will not prevent or detect all misstatements due to error or fraud. In addition, management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected. Our management under the supervision of our CEO and CFO has evaluated the design of our ICFR based on the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. As at June 30, 2025, management assessed the design of our ICFR and concluded that our ICFR is appropriately designed, and no material weaknesses have been identified.

Changes in internal control over financial reporting

There have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the period ended June 30, 2025.

Additional Information

Additional information relating to the Company, including its annual information form, can be found on SEDAR at www.sedar.com.