**Unit 109 –3551 Viking Way**
**Richmond, BC**
**V6V 1W1**

# Abound Energy Inc.
# (Formerly Zinc8 Energy Solutions Inc.)
# Management Discussion & Analysis

**For the three months ended March 31, 2025**

**May 26, 2025**

The following Management's Discussion and Analysis ("MD&A"), prepared as of May 26, 2025, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Abound Energy Inc. ("Abound" or the "Company") for the three months ended March 31, 2025, together with the audited consolidated financial statements of the Company for the year ended December 31, 2024, and the accompanying MD&A for that fiscal year. The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. All financial amounts are stated in Canadian dollars unless stated otherwise.

Additional information relating to the Company and its operations, including the Company's annual information for the year ended December 31, 2024, is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

## FORWARD-LOOKING STATEMENTS

The Company's condensed interim consolidated financial statements for the three months ended March 31, 2025, and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of May 26, 2025.

Certain statements contained in this MD&A may constitute "forward-looking statements". Such term is defined in applicable securities laws. The forward-looking statements include, without limitation, statements with respect to the success of research and development activities; the Company's new and existing technology; the Company's ability to obtain necessary financing; the completion of the Transaction (as defined herein) and the listing of the Company's shares on the Canadian Securities Exchange; the Company's ability to meet its obligations as they become due; and other similar statements concerning anticipated future events, conditions or results that are not historical facts. These statements reflect management's current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. The Company cautions that all forward-looking information is inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond the Company's control. Such factors include, among others, risks relating to research and development; the Company's intellectual property applications being approved; the Company's ability to protect its proprietary rights from unauthorized use or disclosure; the ability of the Company to obtain additional financing; the Company's limited operating history; the need to comply with environmental and governmental regulations; fluctuations in currency exchange rates; operating hazards and risks; competition; and other risks and uncertainties. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Accordingly, actual future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. All statements are made as of the report date and, except as required by law, the Company is under no obligation to update or alter any forward-looking information.

## DESCRIPTION OF BUSINESS

The Company was incorporated on December 8, 2011, pursuant to the BC Business Corporations Act and the Company's head office is located at #109 – 3551 Viking Way Richmond, BC V6V 1W1.The Company is executing the development and commercialization of a dependable, low-cost zinc-air battery. The Company believes that this energy storage system will offer both environmental and economic benefits.

The Company's zinc-air long duration energy storage technology, Zaeras™ ("Zaeras"), has been developed around the utilization of zinc as the anode fuel, which is expected to offer numerous advantages over other forms of metals due to its unique attributes, which include high energy density, abundant availability and low supply chain risk. The regenerative system does not require fuel replacement and offers scalable energy capacity through the simple introduction of additional fuel tanks.

## OVERALL PERFORMANCE

The Company currently does not generate sufficient revenue to cover its operating costs, and the Company will need to continue to rely on its ability to obtain the necessary financing through grants and other financing to complete the development of zinc-air flow batteries. During the fourth quarter of 2023, the Company underwent a complete overhaul of its management and board of directors and paused all research and development activities. The Company resumed its research and development activities in a limited fashion during fiscal 2024 under the new leadership.

### Zinc-Air Technology

Zaeras, consists of three major components: the fuel tank where zinc particles and a potassium hydroxide (KOH) electrolyte are stored; the cell stack where the fuel is converted to electrical power; and the regenerator unit where the electrical power is converted back to fuel. In operation, electrical energy from a source is used to convert zinc oxide to zinc metal in the regenerator unit. The zinc “fuel” thus created is stored in the fuel tank until required. When stored energy is to be released, the zinc fuel is pumped into the cell stack where it reacts with atmospheric oxygen to produce electricity. To date, Abound has been awarded over 16 patents covering its energy storage technology.

Zaeras is precision-engineered to meet future energy requirements, with a specific emphasis on simplifying long-duration energy storage. Harnessing the potential of its multi-patented Zaeras technology, ABOUND is poised to facilitate the seamless integration of green energy sources into the grid. This is achieved by minimizing curtailment, bridging the gap between supply and demand, and efficiently integrating green energy into the grid. ABOUND's strategic initiatives encompass opportunities for peak demand reduction, leveraging time-of-use arbitrage, participating in value stacking programs, and entering the distributed long-duration energy storage sector. These endeavors are aligned with our central objective of increasing the integration and resiliency of green energy, while stabilizing the grid.

Distinguished by its inherent safety—free from fire or explosion hazards—Zaeras™ guarantees sustained capacity over an extensive lifecycle. Simultaneously, it showcases versatility by independently managing charge and discharge operations. Comparable to other Flow Battery technologies, scaling up the energy capacity of Zaeras™ is as simple as increasing the size of the fuel tank; a cost-effective solution, from kWh to MWh. This is a welcome alternative to the fixed power-to-energy ratio constraints ingrained in traditional systems, such as Li-ion and Zinc Hybrid Batteries.

## COOPERATION AGREEMENT

The Company entered into a Cooperation agreement (the “Agreement”) dated December 24, 2019, with The Power Authority of the State of New York (the “Authority”) for the installation of a 100kW/1MWh Zinc-Air Battery Energy Storage System in New York State.

Under the Agreement with the Authority, the Authority agreed to collaborate with the Company and contribute to a research and development project through its participation in aspects of design and fabrication of a zinc air energy storage system, then demonstration of the system and the Company agreed to collaborate with the Authority to pursue the research and development project.

The Agreement is valid for an initial period of 10 years with automatic renewals of one year periods each unless either party provides written notification to the other. The Authority, within its sole discretion and for any reason, may terminate this Agreement at any time upon 30 days’ notice to the Company. Upon such termination, the parties will conduct a final payment schedule, which will include any and all final payments due to each side.

In May 2020, the Company and the Authority reached a mutual agreement to delay the timeline of the project due to COVID-19 restrictions. As such, the Company did not receive any payments after the First Contribution. A revised project timeline is pending further information. The Company and the Authority are currently in discussions around the revised timeline.

Under the original timeline, the Authority agreed to contribute the monetary contributions to the Company at the following dates but not before actual qualified expenses and the Company's project expenses have equaled or exceeded the minimum required expenditures as follows:

1) First Contribution - $835,000 USD to be received by January 26, 2020 ($1,109,632 CAD received in 2020).

2) Second Contribution - $0, USD to be received after June 27, 2020, and after meeting the following expenditure requirements:
   (i) Minimum Required Qualified Expenses: $355,000 USD
   (ii) Minimum Required the Company's Project Expenses: $0

3) Third Contribution - $0, USD to be received after December 27, 2020, and after meeting the following expenditure requirements:
   (i) Minimum Required Qualified Expenses: $835,000 USD
   (ii) Minimum Required the Company's Project Expenses: 80% of $2,950,000 USD

4) Fourth Contribution - $160,000 USD, to be paid after June 27, 2021, and after meeting the following expenditure requirements:
   (i) Minimum Required Qualified Expenses: $995,000 USD
   (ii) Minimum Required the Company's Project Expenses: 80% of $4,100,000 USD

5) Fifth Contribution - $380,000 USD, to be paid after December 27, 2021, and after meeting the following expenditure requirements:
   (i) Minimum Required Qualified Expenses: $1,375,000 USD
   (ii) Required the Company's Project Expenses: 80% of $5,400,000 USD

6) Sixth Contribution - $20,000 USD, to be paid after June 27, 2022, and after meeting the following expenditure requirements:
   (i) Minimum Required Qualified Expenses: $1,395,000 USD
   (ii) Minimum Required the Company's Project Expenses: 80% of $6,450,000 USD

7) Final Contribution – $155,000 will be paid after meeting the following expenditure requirements:
   (i) Minimum Required Qualified Expenses: $1,550,000 USD
   (ii) Minimum Required the Company's Project Expenses: 80% of $6,450,000 USD

**SELECTED ANNUAL INFORMATION**

The following is a summary of certain selected financial information of the Company for the periods ended March 31, 2025, and 2024.

| **For the Three months ended March 31,** | **2025 $** | **2024 $** |
|---|---|---|
| Total revenues | - | - |
| Net loss | (474,134) | (1,295,937) |
| Net loss per share (basic and diluted) | (0.01) | (0.04) |

| | **As at March 31, 2025 $** | **As at December 31, 2024 $** | **As at December 31, 2023 $** |
|---|---|---|---|
| Total assets | 988,305 | 1,175,921 | 1,999,290 |
| Long term liabilities | 53,250 | 108,094 | 312,521 |
| Working capital deficit | (3,020,684) | (2,629,666) | (1,426,842) |

## DISCUSSION OF OPERATIONS

### Three months ended March 31, 2025

### Going Concern

The condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. For the three months ended March 31, 2025, the Company had a net loss of $474,134 (2024 - $1,295,937) an accumulated deficit of $57,285,466 (December 31, 2024 - $56,811,332) and expects to incur further losses in the development of its business and does not have sufficient working capital to meet its anticipated expenditures for the next 12 months, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to obtain additional financing until it can produce revenues sufficient to cover its costs. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Should the Company not be able to continue as a going concern, adjustments to the recorded amount and classifications of assets, liabilities and expenses will be required. Such adjustments could be material**.** Management monitors recent developments in relation to global tariffs and does not anticipate any material impacts to the financial position of the Company.

In an effort to address the elevated going concern risk during the first quarter of 2025 and subsequent the Company has:

(i) Reduced general and administrative expenses; and;
(ii) Continued to seek equity financing to enable the Company to support ongoing operations.

The change in operating loss is due to the following:

- Share-based compensation decreased to $nil (2024 - $788,346) as the Company granted options during the period ended March 31, 2024.

## RESEARCH AND DEVELOPMENT

In order to execute the Company's business strategy, Abound currently focusses on research and development. During the three months ended March 31, 2025, the Company incurred $58,872 (2024 - $10,546) of research and development expense. The increase in expenses versus the comparative period is mainly due to the resumption of limited research and development activities starting in the third quarter of 2024. A breakdown of research and development expenditures is as follows:

| | March 31, 2025<br>$ | March 31, 2024<br>$ |
|---|---|---|
| Materials | - | (1,149) |
| Operations | 718 | 13,040 |
| Personnel | 70,807 | (1,345) |
| Government grants | (12,653) | - |
| Total | **58,872** | **10,546** |

## SUMMARY OF QUARTERLY RESULTS

The following table sets out financial information for the past eight quarters:

| | Three Months Ended ($) | | | |
|---|---|---|---|---|
| | **March 31, 2025** | **December 31, 2024** | **September 30, 2024** | **June 30, 2024** |
| Net and comprehensive income (loss) | **(474,134)** | (601,427) | (574,445) | (680,843) |
| Basic and diluted loss per share* | **(0.01)** | (0.02) | (0.02) | (0.04) |
| Total assets | **988,305** | 1,175,921 | 1,416,593 | 1,662,118 |
| Working capital deficiency | **(3,020,684)** | (2,629,666) | (2,138,224) | (1,758,776) |

| | Three Months Ended ($) | | | |
|---|---|---|---|---|
| | **March 31, 2024** | **December 31, 2023** | **September 30, 2023** | **June 30, 2023** |
| Net and comprehensive income (loss) | (1,295,937) | (837,946) | (1,390,104) | (2,422,729) |
| Basic and diluted loss per share* | (0.04) | (0.03) | (0.08) | (0.10) |
| Total assets | 1,662,118 | 1,999,290 | 2,067,683 | 3,404,412 |
| Working capital deficiency | (1,758,776) | (1,426,842) | (1,616,258) | (95,295) |

* No exercise or conversion is assumed during the periods in which a loss is incurred, as the effect is anti-dilutive.

## OUTSTANDING SHARE DATA

The Company has authorized unlimited common shares without par value.

During the year ended December 31, 2023, the Company underwent a share consolidation at a 10-1 ratio. All references to share, per share amounts, warrants, DSUs, RSUs and stock options have been retroactively restated to reflect the consolidation.

All share information is reported as of May 26, 2025, in the following table:

| **Type of Security** | **Number** |
|---|---|
| Issued and outstanding common shares | 36,355,804 |
| Stock options with a weighted average exercise price of $1.16 | 828,515 |
| Warrants with a weighted average exercise price of $0.10 | 10,372,500 |
| Warrants with a weighted average exercise price of $0.20 | 6,405,754 |
| RSUs | 14,706 |
| **Total** | **53,977,279** |

## TRANSACTIONS WITH RELATED PARTIES

Key management includes the CFO, CEO, COO and the Board of Directors. Compensation paid to key management for the three months ended March 31, 2025, and 2024 was as follows:

| | **2025 $** | **2024 $** |
|---|---|---|
| Management fees | 201,750 | 196,500 |
| Research and development | 33,000 | - |
| Share-based compensation | - | 714,225 |
| | **234,750** | **910,725** |

As at March 31, 2025, the Company had $1,159,473 (2024 - $287,520) owing to related party included in accounts payable and accrued liabilities.

During the year ended December 31, 2023, the Company received a loan from an individual who subsequently became a director for $50,000. The loan is unsecured, bears interest at 15% per annum and was due on

December 15, 2024. During the period ended March 31, 2025, the loan was renewed for an additional twelve-month period with identical terms. During the period ended March 31, 2025 the Company recorded $1,850 (2024 - $1,870) in interest expense related to this loan.

As of March 31, 2025, the Company has provided a loan of $15,000 (December 31, 2024 - $ 30,000) to a director, which is recorded as part of the amounts receivable. The amount owing is unsecured, non-interest bearing and due on demand.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2025, the Company had working capital deficit of $3,020,684 (December 31, 2024, – $2,629,666), has generated minimal revenue from operations and has an accumulated deficit of $57,285,466 (December 31, 2024 - $56,811,332.)

To date the Company has been funded through government grants and shareholder funding for research and development. As at March 31, 2025, the Company does not have sufficient funds to cover working capital expenditures for the next twelve months. However, the Company is in the process of raising additional funding to continue the development of its zinc-air technology. In order to execute the Company's business strategy, the Company will need to continue capital development through research and development. The Company expects to fund its future capital requirements through shareholder funding and additional government grants. The circumstances that could affect such sources of financing include those set out under "*Risk Factors*" in the accompanying Circular. See also the "*Financial Instrument*s" section of this MD&A.

## FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

During the three months ended March 31, 2025, the Company issued:

- 30,000 common shares for the redemption of warrants for gross proceeds of $3,000.

During the three months ended March 31, 2024, the Company issued:

- 150,000 common shares for the redemption of warrants for gross proceeds of $15,000.
- 303,028 common shares to settle debts pursuant to various consulting agreements. The shares were valued at $100,000.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet transactions.

## PROPOSED TRANSACTIONS

The Company has no proposed transactions that will materially affect the performance of the Company.

## ACCOUNTING POLICIES

The Company uses the same accounting policies and methods of computation as in the consolidated financial statements for the year ended December 31, 2024.

## FINANCIAL INSTRUMENTS

### Fair Values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: Valuation based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: Valuation based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at March 31, 2025, the fair values of cash, restricted cash, amounts receivable, accounts payable and accrued liabilities, loan payable and deferred share unit liability approximate their carrying value due to the short-term maturity of these instruments. Lease liabilities are measured at amortized costs using effective interest rate. Cash, restricted cash and deferred share unit liability are carried at level 1 fair value measurement.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash or the issuance of its shares. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at March 31, 2025, the Company had a working capital deficit of $3,020,684 (December 31, 2024 $2,629,666.)

**Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables mainly consist of GST receivable due from the Federal Government of Canada, and a loan from a director. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company has a small financial liability with a variable interest rate. The Company also maintains bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

**Foreign Currency Exchange Rate Risk**

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

**RISKS AND UNCERTAINTIES**

Risk is inherent in all business activities and cannot be entirely eliminated. The Company's goal is to mitigate the risks arising from business activities, the markets and political environments in order to sustain and develop the Company's operations. The risks and uncertainties described in the accompanying Circular under "*Risk Factors*" are considered by management to be the most important in the context of the Company's business. Such risks and uncertainties are not inclusive of all risks and uncertainties the Company may be subject to and other risks may apply.

**Going Concern**

Certain conditions may cast doubt upon the ability of Abound to continue as a going concern: Abound has a limited commercial operating history, and minimal revenues to provide ongoing operating capital; and until sufficient cash flows from operations are generated on a consistent basis, Abound will be reliant on debt and equity financing and government funding to sustain operations. Abound's ability to generate sufficient cash flows to maintain normal operations, if unsuccessful, will result in it not being able to continue as a going concern. Abound has incurred significant losses to date and there is uncertainty about Abound's ability to continue as a going concern. Management has been able, thus far, to finance operations through debt and equity financings and government funding and will continue, as appropriate, to seek financing from these and other sources;

however, there are no assurances that any such financings can be obtained on favorable terms, if at all. In addition, Abound may be required to reduce operating expenditures which could have an adverse impact on the ability of Abound to execute on its business plan. In view of these conditions, the ability of Abound to continue as a going concern is dependent upon its continued ability to obtain financing, generate sufficient cash flows, reduce expenditures and, ultimately, achieve profitable operations. Management monitors recent developments in relation to global tariffs and does not anticipate any material impacts to the financial position of the Company.

**Liquidity**

Shareholders may be unable to sell significant quantities of common shares into the public trading markets without a significant reduction in the price of their common shares, or at all. There can be no assurance that there will be sufficient liquidity of the common shares on the trading market, and that the Company will continue to meet the listing requirements of the CSE or other public listing exchanges.

**Market Price of common shares**

The market price of the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of common shares to sell their securities at an advantageous price. Market price fluctuations in the common shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the common shares.

**Market for common shares**

A broad market for our common shares may not sustainably develop in the future. If a broad market for our common shares does not sustainably develop, Abound's shareholders may have difficulty selling their common shares and the market price for our common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Abound's control. This may also impact Abound's ability to obtain equity financing.

**Dilution**

The Company will need to raise additional funding in order to complete the development of, create additional manufacturing capacity for, and to commercialize its products and to conduct the research and development and regulatory activities necessary to bring its products to market. To the extent that the Company raises additional capital by issuing equity securities, the share ownership of existing stockholders will be diluted. Any future debt financing may involve covenants that restrict the Company's operations, including limitations on the Company's ability to incur liens or additional debt, pay dividends, redeem its stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. In addition, if the Company must seek funds through arrangements with collaborative partners, these arrangements may require the Company to relinquish rights to some of its technologies or product candidates or otherwise agree to terms that are unfavorable to the Company.

**Volatility in Capital Markets**

Under present market conditions, publicly traded securities in the industrial technology industry are subject to price volatility. The market for securities of industrial technology companies may be subject to market trends regardless of the success of Abound. A volatile capital market may impede the ability to undertake future financings, strategic alliances and acquisitions.

## FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the three months ended March 31, 2025, and this accompanying MD&A (together the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR+ at www.sedarplus.ca.

Additional information related to the Company, including the Company's annual information form for the year ended December 31, 2024, is available on SEDAR+ at www.sedarplus.ca.