CANADA RARE EARTH CORP.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended September 30, 2025

(Expressed in Canadian Dollars)

(Unaudited)

CANADA RARE EARTH CORP.

September 30, 2025

Index	**Page**

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Canada Rare Earth Corp. (the "Company") for the three months ended September 30, 2025 have been prepared by and are the responsibility of the Company's management and have been approved by the Company's audit committee.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

CANADA RARE EARTH CORP.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	September 30, 2025 $	June 30, 2025 $
		(unaudited)	
ASSETS			
Current assets			
Cash		140,603	372,714
Trade and other receivables	4	40,838	33,273
Prepaid expenses and deposits	5	54,140	20,062
Total current assets		235,581	426,049
Non-current assets			
Right-of-use asset	6	47,783	63,710
Equipment	7	53,604	55,928
Total non-current assets		101,387	119,638
Total assets		336,968	545,687
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Accounts payables and accrued liabilities	9,11	509,038	529,227
Due to related parties	9	2,050,204	1,815,604
Lease liabilities	10	60,209	79,253
Loans payable	11	255,703	250,821
Loans payable – related parties	9	455,526	453,858
Total current liabilities		3,330,680	3,128,763
Non-current liabilities			
Due to related parties	9	219,710	351,710
Loans payable	11	987,641	967,918
Total non-current liabilities		1,207,351	1,319,628
Total liabilities		4,538,031	4,448,391
Shareholders' deficiency			
Share capital	12	17,626,957	17,626,957
Reserves	12	9,185,081	9,183,655
Deficit		(31,013,101)	(30,713,316)
Total shareholders' deficiency		(4,201,063)	(3,902,704)
Total liabilities and shareholders' deficiency		336,968	545,687

Nature and continuance of operations (Note 1)
Commitments and contingent liabilities (Note 15)
Subsequent events (Note 17)

Approved and authorized for issuance on behalf of the Board of Directors on November 28, 2025:

"Mark Peters" Director
Mark Peters

"Peter Shearing" Director
Peter Shearing

(The accompanying notes form an integral part of these condensed interim consolidated financial statements)

CANADA RARE EARTH CORP.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Three Months ended September 30, 2025 $	Three Months ended September 30, 2024 $
Revenue	16	–	1,644,156
Cost of sales	16	–	(1,478,891)
		–	165,265
Expenses			
Consulting fees	9	146,662	181,361
Depreciation and amortization	6,7	18,251	18,252
Office and administration		63,471	79,152
Share-based compensation	9,12	1,426	14,126
		229,810	292,891
Loss before other income (expense)		(229,810)	(127,626)
Other income (expense)			
Expected credit loss expense	4	(4,455)	–
Foreign exchange gain (loss)		(29,722)	5,996
Impairment of investment in associate		(177)	–
Interest on lease liability	10	(1,914)	(3,805)
Interest on loans payable	9,11	(49,088)	(17,831)
Share of loss on investment in associate	8	(921)	(2,160)
Other income	9	16,302	14,897
Loss and comprehensive loss for the period		(299,785)	(130,529)
Loss per share – basic and diluted per common share		(0.00)	(0.00)
Weighted average shares outstanding, basic and diluted		211,587,696	211,587,696

(The accompanying notes form an integral part of these condensed interim consolidated financial statements)

CANADA RARE EARTH CORP.
Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital Number of shares	Share capital $	Reserves $	Deficit $	Total $
Balance at June 30, 2024	211,587,696	17,626,957	9,145,769	(28,193,454)	(1,420,728)
Share-based compensation	–	–	14,126	–	14,126
Loss and comprehensive loss for the period	–	–	–	(130,529)	(130,529)
Balance at September 30, 2024	211,587,696	17,626,957	9,159,895	(28,323,983)	(1,537,131)
Balance at June 30, 2025	211,587,696	17,626,957	9,183,655	(30,713,316)	(3,902,704)
Share-based compensation	–	–	1,426	–	1,426
Loss and comprehensive loss for the period	–	–	–	(299,785)	(299,785)
Balance at September 30, 2025	211,587,696	17,626,957	9,185,081	(31,013,101)	(4,201,063)

(The accompanying notes form an integral part of these condensed interim consolidated financial statements)

CANADA RARE EARTH CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended September 30, 2025 $	Three months ended September 30, 2024 $
Operating activities		
Loss	(299,785)	(130,529)
Items not involving cash:		
Amortization included in cost of sales	–	4,441
Depreciation and amortization	18,251	18,252
Expected credit loss expense	4,455	–
Foreign exchange effect on cash	28,495	(9,210)
Impairment of investment in associate	177	–
Interest on lease liability	1,915	3,805
Interest on loans payable	49,088	17,545
Share of loss on investment in associate	921	2,160
Share-based compensation	1,426	14,126
Changes in non-cash working capital items:		
Trade and other receivables	(7,565)	(14,601)
Prepaid expenses and deposits	(34,078)	1,258,540
Accounts payable and accrued liabilities	(71,563)	(218,417)
Deferred revenue	–	(1,646,398)
Due to related parties	102,600	146,192
Cash flows used in operating activities	(205,663)	(554,094)
Investing activities		
Advances to investment in associate	(5,490)	(912)
Cash flows used in investing activities	(5,490)	(912)
Financing activities		
Payments of lease liabilities	(20,958)	(20,958)
Proceeds from loans payable from related parties	–	88,494
Cash flows (used in) provided by financing activities	(20,958)	67,536
Change in cash during the period	(232,111)	(487,470)
Cash, beginning of period	372,714	489,591
Cash, end of period	140,603	2,121
Supplemental Disclosures:		
Interest paid	–	–
Income taxes paid	–	–

(The accompanying notes form an integral part of these condensed interim consolidated financial statements)

1. Nature and Continuance of Operations

Canada Rare Earth Corp. (the "Company") was incorporated in British Columbia on July 8, 1987. The Company operates a global essential minerals business in rare earth minerals and products. The Company sources essential minerals ("Mineral Products") from both third party and proprietary sources for sale to refining customers. The Company is focused on near-term positive cash flow opportunities to support its business growth, including acquiring and developing proprietary projects, resources and processing capabilities and facilities. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "LL". The Company's corporate office is located at Suite 2110 – 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8.

These 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 for the foreseeable future. During the three months ended September 30, 2025, the Company incurred a loss of $299,785 (2024 – $130,529), and, as of that date, the Company's deficit was $31,013,101 (June 30, 2025 – $30,713,316). The Company is dependent on its ability to raise additional debt, equity or general revenues to raise sufficient cash resources to meet its current financial obligations and plans including establishing an integrated business within the rare earth industry. The Company will periodically have to raise funds to continue operations and there is no assurance it will be able to do so in the future. The Company had cash of $140,603 at September 30, 2025 (June 30, 2025 – $372,714) to meet current financial obligations of $3,330,680 (June 30, 2025 – $3,128,763). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of Presentation

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and its interpretations. Accordingly, they do not include all of the information and note disclosures as required by International Financial Reporting Standards ("IFRS") for annual financial statements.

The accounting policies and methods of computation applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company in its most recent annual consolidated financial statements filed on the Company's profile on SEDARplus at www.sedarplus.ca. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements as at and for the year ended June 30, 2025.

Results for the three-month period ended September 30, 2025, are not necessarily indicative of future results.

The Company's Board of Directors approved the release of these condensed interim consolidated financial statements on November 28, 2025.

b) Basis of presentation and consolidation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. Basis of Presentation (continued)

b) Basis of presentation and consolidation (continued)

These condensed interim consolidated financial statements include the accounts of the Company and the subsidiaries that it controls. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Intercompany balances and transactions including any unrealized income and expenses arising from intercompany transactions are eliminated upon consolidation.

At September 30, 2025, the Company held a 100% interest in REM Metals Inc., and a 100% interest in CREC South American Holdings Corp. ("CREC SAH"), entities incorporated in British Columbia, Canada.

c) Critical Accounting Judgements, Estimates and Assumptions

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies and significant estimates and assumptions made are as follows:

<u>Critical Judgments</u>

Going concern of operations

Management has made the determination that the Company will continue as a going concern for the next year.

Assessment of impairment indicators

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required. The information considered in assessing whether there is an indicator of impairment or impairment reversal includes, but is not limited to, market transactions for similar assets, commodity prices, interest rates, inflation rates, the Company's market capitalization and operating results. If there is objective evidence that an investment may be impaired, the investment is tested for impairment in accordance with IAS 36, *Impairment of Assets* ("IAS 36").

Investment in associate

The accounting for investments in associates can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting.

2. Basis of Presentation (continued)

c) Critical Accounting Judgements, Estimates and Assumptions (continued)

The shareholders of CREC South American Holdings (BF) Corp. ("CREC SAH(BF)C"), which owns Canbras Bom Futuro Ltda. ("CBFL"), have collectively agreed to appoint the Company as operating manager. The Company owns 20% of CREC SAH(BF)C. However, an unrelated party owns 60% of CREC SAH(BF)C and has voting control to remove the Company from this role or to appoint directors to the boards of either CREC SAH(BF)C or CFBL. As a result, the judgment was made that the Company does not control CREC SAH(BF)C or CBFL, but that it has significant influence over the operations of these entities.

<u>Significant Estimates and Assumptions</u>

Right-of-use asset / Lease liability

The incremental rate of borrowing of 10.50% used in the measurement of the lease liability was based on management's best estimate of the Company's cost of debt at the commencement date of the lease.

Share-based payments and warrants

The estimation of share-based payment costs and warrant values requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the expected volatility of its own shares, the expected life of share options and warrants granted, the estimated number of share options and warrants expected to vest and the expected time of exercise of those stock options and warrants. The model used by the Company is the Black-Scholes option pricing valuation model.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. No deferred tax assets have been deemed probable to date.

3. Recently Adopted Accounting Standards

Accounting Standards Issued But Not Yet Effective or Adopted

Certain pronouncements have been issued by the IASB that are mandatory for annual accounting periods after September 30, 2025:

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18") to replace IAS 1 and is effective for annual periods beginning on or after January 1, 2027. IFRS 18 introduces two newly required subtotals on the face of the income statement, which includes operating profit and profit or loss before financing and income tax, and three new income statement classifications, which are operating, investing, and financing. In addition, IFRS 18 requires non-IFRS management performance measures that are subtotals of income and expenses to be disclosed on financial statement. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes. IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect which items are classified in other comprehensive income or loss and how these items are classified. Retrospective application is required and early application is permitted. The Company is currently assessing the effect of this new standard on its condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

4. Trade and Other Receivables

As at September 30, 2025, and June 30, 2025, trade and other receivables were as follows:

	September 30, 2025 $	June 30, 2025 $
Amounts receivable	329,523	321,927
GST receivable	40,838	33,273
	370,361	355,200
Allowance for lifetime expected losses	(329,523)	(321,927)
	40,838	33,273

Receivables are measured at amortized cost and are presented net of their allowance for expected credit losses within the statements of financial position. The allowance for expected credit losses is determined by estimates and assumptions made by management on credit losses expected to occur in the future. This is based on the probability of default, loss given default, and expected cash shortfall relating to the underlying receivables.

The expected credit loss is determined by evaluating a range of possible outcomes incorporating the time value of money and reasonable and supportable information about past events, current conditions, and future economic forecasts. During the three months ended September 30, 2025, the Company recognized an allowance for expected credit loss of $4,455 (2024 - $Nil) relating to amounts receivable from the 80% shareholder of the Company's associated company, CREC South American Holdings (BF) Corp.

5. Prepaid Expenses and Deposits

As at September 30, 2025 and June 30, 2025, prepaid expenses and deposits were as follows:

	September 30, 2025 $	June 30, 2025 $
Prepaid expenses	20,730	20,062
Deposits for Mineral Products	33,410	–
	54,140	20,062

As at September 30, 2025, the Company had advanced $33,410 (June 30, 2025 - $Nil) to a supplier to secure future deliveries of Mineral Products.

(Expressed in Canadian Dollars)

6. Right of Use Asset

Changes in the Company's right-of-use asset during the three months ended September 30, 2025, was as follows:

	Right-of-use building $
Cost	
Balance, June 30 and September 30, 2025	318,552
Accumulated amortization	
Balance, June 30, 2025	254,842
Amortization	15,927
Balance, September 30, 2025	270,769
Carrying amounts	
Balance, June 30, 2025	63,710
Balance, September 30, 2025	47,783

7. Equipment

	Magnets, frames and magnetic separation machinery $	Fixtures and fittings $	Total $
Cost			
Balance, June 30 and September 30, 2025	86,944	2,994	89,938
Accumulated depreciation			
Balance, June 30, 2025	31,658	2,352	34,010
Depreciation	2,174	150	2,324
Balance, September 30, 2025	33,832	2,502	36,334
Carrying amounts			
Balance, June 30, 2025	55,286	642	55,928
Balance, September 30, 2025	53,112	492	53,604

(Expressed in Canadian Dollars)

8. Investments in Associate

		Ownership		Carrying Value	
Name	Country of incorporation	September 30, 2025	June 30, 2025	September 30, 2025	June 30, 2025
CREC South American Holdings (BF) Corp.	Canada	20%	20%	$ –	$ –

At September 30, 2025, the Company held 20 common shares (June 30, 2025 – 20 shares) of CREC South American Holdings (BF) Corp., a private company incorporated in British Columbian. As the Company has significant influence over CREC South American Holdings (BF) Corp., this investment has been classified as an Investment in Associate for the three months ended September 30, 2025 and year ended June 30, 2025. For the three month period ended September 30, 2025, the Company's share of loss in the results of CREC South American Holdings (BF) Corp. was $921 (2024 – $2,160).

CREC South American Holdings (BF) Corp.'s wholly owned subsidiary, Canbras Bom Futuro Ltda. ("CBFL"), is a development-stage Brazilian private company that holds the exclusive rights to develop and process tailings pursuant to an agreement to purchase tailings and lease surface rights in Brazil (the "Agreement") at a price of US$11 million (the "Purchase Price"). The Purchase Price is payable by CBFL over ten years, with a US$600,000 ($776,698) payment made in January 2020 and monthly US$100,000 payments originally required from September 1, 2020 to April 1, 2029. Payments were postponed during the COVID-19 pandemic and more recently while the parties are negotiating new terms.

Pursuant to the Agreement, CBFL:

- owns the existing mining and processing waste and rejects which include various minerals including rare earths, cassiterite, ilmenite and zircon (the "Tailings") originating from past (over 25 years), current and future mining activities;
- has leased the surface rights to the 9,960-hectare property where the mining activities occur in order to process or relocate the Tailings and place waste and rejects from its operations;
- is able to use the vendors' licenses and permits required to conduct its operations;
- has the right of first refusal to purchase the mineral rights and licenses held by the vendors; and
- has the option to require the vendors to reacquire the Tailings for US$1 and terminate the lease by providing three months' written notice, with no further obligations beyond the notice period.

Upon expiration of the term, the vendors have the option to require CBFL to sell back the Tailings for US$1 and terminate the lease and obligations by providing three months' written notice.

Changes in the Company's investment in CREC South American Holdings (BF) Corp. during the three months ended September 30, 2025, and year ended June 30, 2025, were as follows:

	September 30, 2025 $	June 30, 2025 $
Balance, beginning of period	–	910,068
Company's 20% share of net loss for the period	(921)	(4,877)
Advances to associate	1,098	967
Impairment of investment in associate	(177)	(906,158)
Balance, end of period	–	–

(Expressed in Canadian Dollars)

8. Investments in Associate (continued)

During the year ended June 30, 2025, the Agreement was moved to be terminated by the counterparty and the Company intends to vigorously defend against termination. As a result, an impairment assessment was conducted in accordance with IAS 36 to determine the recoverable amount of the investment in associate. As of June 30, 2025, the recoverable amount was estimated to be $nil. Consequently, the Company recognized an impairment loss of $906,158 during the year ended June 30, 2025. During the three months ended September 30, 2025, the Company recognized a further impairment loss of $177 (2024 - $nil).

The following is a summary of financial information prepared under IFRS for the three months ended September 30, 2025 and 2024 and reconciliation with the carrying amount of the investment on the consolidated statements of financial position:

Statements of financial position	September 30, 2025 $	June 30, 2025 $
Current assets	885	152
Non-current assets	4,091,615	3,914,875
Current liabilities	(942,537)	(901,824)
Non-current liabilities	–	–

Statements of loss and comprehensive loss	September 30, 2025 $	September 30, 2024 $
Net loss and comprehensive loss	(4,605)	(10,799)
Share of comprehensive loss	20%	20%
Proportionate share of loss and comprehensive loss	(921)	(2,160)

9. Related Party Balances and Transactions

Related party transactions

The Company has identified its directors and certain senior officers as its key management. Key management personnel compensation was:

	Three months ended September 30, 2025 $	Three months ended September 30, 2024 $
Short-term benefits	102,000	148,688
Share-based payments	1,661	13,676
	103,661	162,364

The short-term benefits were paid or accrued to management and Directors of the Company or to companies controlled by management and Directors of the Company.

During the three months ended September 30, 2025, the Company recognized other income of $12,167 (2024 – $12,167) from a Director of the Company for the recovery of office rental costs. The Company has a verbal agreement with the Director to share a percentage of the lease repayments based upon space utilized.

(Expressed in Canadian Dollars)

9. Related Party Balances and Transactions (continued)

Due to related parties

On December 21, 2023, the Company entered into Payment Plan Agreements with two companies controlled by Directors of the Company pursuant to which the Company agreed to repay amounts owing the related parties in eight instalments commencing April 10, 2025. At September 30, 2025, the amounts owing under these Payment Plan Agreements was $1,011,710 (June 30, 2025 – $1,011,710) of which $219,710 (June 30, 2025 – $351,710) is due beyond one year and has been presented as a long-term liability. The Payment Plan agreements are unsecured and non-interest bearing.

As at September 30, 2025, in addition to the amounts owed under the Payment Plan Agreements, the Company owes related parties a total of $1,258,204 (June 30, 2025 – $1,155,604) which consists of $1,184,996 (June 30, 2025 – $1,082,396) of fees, $25,070 of expenses (June 30, 2025 - $25,070) and $48,138 (June 30, 2025 – $48,138) of royalties owed. The amounts are unsecured, non-interest bearing and due on demand. Royalty expense payable to related parties for the three months ending September 30, 2025, of $nil (2024 – $9,801) is included in cost of sales.

Loans payable – related parties

	September 30, 2025 $	June 30, 2025 $
Balance, beginning of period	453,858	226,000
Addition	–	227,858
Foreign exchange translation adjustment	1,668	
Balance, end of period	455,526	453,858

As at September 30, 2025, the Company owes $125,000 of loan payable (June 30, 2025 – $125,000) to a Director of the Company, which is unsecured, bears interest at 4% per annum and is due in 30 days upon request for repayment.

As at September 30, 2025, the Company owes $101,000 of loans payable (June 30, 2025 – $101,000) to a Director of the Company, which are unsecured, non-interest bearing and were due on July 24, 2023. The parties are negotiating an extension.

As at September 30, 2025, the Company owes $83,526 (US$60,000) of loans payable (June 30, 2025 – $81,858 (US$60,000) to a Director of the Company, which are unsecured, non-interest bearing and due on demand.

As at September 30, 2025, the Company owes $7,500 of loan payable (June 30, 2025 – $7,500) to the Chief Executive Officer of the Company, which is unsecured, non-interest bearing and was due on October 3, 2024. The parties are negotiating an extension.

As at September 30, 2025, the Company owes $108,500 of loans payable (June 30, 2025 - $108,500) to the Chief Executive Officer of the Company, which are unsecured, were due on October 31, 2024, and non-interest bearing if repaid on or prior to maturity date. The parties are negotiating an extension.

As at September 30, 2025, the Company owes $30,000 of loans payable (June 30, 2025 - $30,000) with a Director of the Company, which is unsecured, bears interest at 4% per annum and due on demand.

As at September 30, 2025, accrued interest of $18,302 (June 30, 2025 – $15,839) due to related parties is included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

10. Lease Liabilities

Lease liabilities consist of a lease for office space. The lease has been discounted using an interest rate of 10.50% as the estimated incremental borrowing rate of the Company. Changes in the Company's lease liabilities during the three months ended September 30, 2025, and year ended June 30, 2025, were as follows:

	September 30, 2025 $	June 30, 2025 $
Balance, beginning of the period	79,253	150,638
Lease payments	(20,958)	(83,831)
Interest expense	1,914	12,446
Balance, end of the period	60,209	79,253
Less: current portion of lease liabilities	(60,209)	(79,253)
Lease liabilities	–	–

The Company's future minimum lease payments in respect of lease liabilities as at September 30, 2025, were as follows:

	$
Undiscounted minimum lease payments:	
2026	62,874
	62,874
Amounts representing interest over the term of the lease	(2,665)
Present value of minimum lease payments	60,209

11. Loans Payable

	September 30, 2025 $	June 30, 2025 $
Balance, beginning of period	1,218,739	667,489
Addition	–	894,435
Repayment	–	(342,175)
Foreign exchange translation adjustment	24,605	(1,010)
Balance, end of period	1,243,344	1,218,739
Less: current portion of loans payable	(255,703)	(250,821)
Loans payable – long term	987,641	967,918

As at September 30, 2025, the Company owes a loan payable of $27,842 (US$20,000) (June 30, 2025 – $27,286 (US$20,000)) which is unsecured, bears interest at 6% per annum and is due in 30 days upon request for repayment.

As at September 30, 2025, the Company owes a loan payable of $291,591 (US$209,462) (June 30, 2025 – $285,768 (US$209,462)) which is unsecured, bears interest at 10% per annum and is due on June 10, 2027.

As at September 30, 2025, the Company owes a loan payable of $11,250 (June 30, 2025 – $11,250) which is unsecured, bears interest at 6% per annum and was due on October 4, 2024. The parties are negotiating an extension.

As at September 30, 2025, the Company owes a loan payable of $69,605 (US$50,000) (June 30, 2025 - $68,215 (US$50,000)) which is unsecured, bears interest at 1% per annum and due on December 6, 2025.

(Expressed in Canadian Dollars)

11. Loans Payable (continued)

As at September 30, 2025, the Company owes a loan payable of $147,006 (US$105,600) (June 30, 2025 - $144,070 (US$105,600)) which is unsecured, bears interest at 11% per annum and due on December 20, 2025.

As at September 30, 2025, the Company owes two loans payable totaling $696,050 (US$500,000) (June 30, 2025 – $$682,150 (US$500,000)) which are unsecured, bear interest at 21% per annum and due on June 3, 2027.

As at September 30, 2025, accrued interest of $133,772 (June 30, 2025 – $84,862) is included in accounts payable and accrued liabilities.

12. Share Capital and Reserves

a) Share Capital

Authorized: Unlimited common shares without par value.

There were no share transactions during the three months ended September 30, 2025 and 2024.

b) Stock Options

On January 12, 2024, the Company adopted a new stock option plan that allows up to 10% of the Company's outstanding shares be granted as options to its directors, officers, employees, and service providers. Such stock options are exercisable over periods of up to ten years. The previous stock option plan was terminated as a result of the adoption of the new plan and previously granted options carry forward. The new stock option plan was approved by TSX-V on October 23, 2025.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price $
Options outstanding at June 30, 2025 and September 30, 2025	15,325,000	0.07
Options exercisable at September 30, 2025	14,695,833	0.07

(Expressed in Canadian Dollars)

12. Share Capital and Reserves (continued)

b) Stock Options (continued)

The Company's outstanding and exercisable stock options at September 30, 2025 were:

	Outstanding options			Exercisable options	
Expiry date	Number of options	Weighted average remaining life (years)	Weighted average exercise price $	Number of options	Weighted average exercise price $
October 26, 2025*	4,025,000	0.07	0.07	4,025,000	0.07
March 1, 2026	250,000	0.42	0.17	250,000	0.17
March 12, 2026	2,000,000	0.45	0.11	2,000,000	0.11
May 1, 2026	1,900,000	0.58	0.05	1,900,000	0.05
May 6, 2026	100,000	0.60	0.095	100,000	0.095
July 17, 2026	1,000,000	0.79	0.08	1,000,000	0.08
October 23, 2026	250,000	1.06	0.05	250,000	0.05
April 19, 2027	2,950,000	1.55	0.07	2,950,000	0.07
March 13, 2028	500,000	2.45	0.05	500,000	0.05
April 8, 2029	2,350,000	3.52	0.05	1,720,833	0.05
	15,325,000	1.15	0.07	14,695,833	0.07

* Expired subsequent to September 30, 2025.

Share-based compensation expense is determined using the Black-Scholes option pricing model. The Company recognizes share-based payments in connection with stock options granted over their respective vesting periods, with stock options typically vesting in various increments and having a maximum term of five years. During the three months ended September 30, 2025, the Company recognized share-based compensation of $1,426 (2024 – $14,126) in reserves. The weighted average grant-date fair value of options granted during the three months ended September 30, 2025, was $0.01 per share (2024 – $0.01). The weighted-average assumptions used in calculating the fair value of share-based compensation expense were as follows:

	September 30, 2025	September 30, 2024
Volatility	170.86%	210.02%
Expected life	2.47 years	3.30 years
Risk-free interest rate	2.51%	2.77%
Dividend yield	0%	0%

c) Share Unit Plan

On January 12, 2024, subject to TSX.V approval, the Company established a share unit plan which allows the Company to issue share units of the Company to employees, directors and consultants (the "Participants") as compensation or incentive for future performance. Each share unit entitles the Participants to receive, subject to and in accordance with the share unit plan, one share of the Company when the vesting terms and conditions of the share unit are satisfied. The share units shall have an expiry date no later than the earlier of the date which is (i) ten years from the grant date and (ii) two years after the participant's termination date. The number of shares that may be reserved for issuance under the plan shall not exceed 21,158,770 shares. At September 30, 2025, no share units have been issued.

13. Risk Management

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management process, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

a) Credit risk

Credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. Credit risk arises from cash, trade receivables and deposits. While the Company is exposed to credit losses due to the non-performance of its counterparties and there is a significant concentration of credit risk because the trade receivables and deposits are receivable from/held by a single counterparty, management does not consider this to be a material risk.

The Company mitigates the risk of default of accounts receivable by assessing the credit worthiness of customers prior to sale and shipment of product.

For trade receivables, the simplified approach is applied for determining expected credit losses. This requires the lifetime expected losses to be determined for all trade receivables. The expected lifetime credit loss provision for trade receivables is based on historical counterparty default rates and adjusted for relevant forward-looking information, as required.

b) 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 manages liquidity risk through the management of its capital structure. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. At September 30, 2025, the Company had cash of $140,603 to meet current financial liabilities of $3,330,680. The Company has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements, and loans. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant debt and equity funding. Liquidity risk is assessed as high.

Trade accounts payable and accrued liabilities are due within the current operating period.

c) 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 liabilities with fixed interest rates over a specified period of time expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does not believe it is currently subject to any significant interest rate risk.

d) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company’s ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

13. Risk Management (continued)

e) Foreign currency exchange rate risk

The Company is exposed to foreign currency fluctuations as it has cash, receivables, deposits, accounts payable and accrued liabilities, loans payable, and deferred revenue denominated in US dollars, Euro and Brazilian Real. There are no exchange rate contracts in place. A 10% change in the US dollar will affect profit/loss by approximately $151,742 (June 30, 2025 – $121,605). A 10% change in the Brazilian Real will affect profit/loss by approximately $273 (June 30, 2025 – $262).

Financial instruments denominated in foreign currencies are:

At September 30, 2025	US Dollars	Brazilian Real
Assets	97,060	–
Liabilities	1,187,082	10,451
Exchange rate / $1.00 =	0.7183	3.8226

At June 30, 2025	US Dollars	Brazilian Real
Assets	242,888	–
Liabilities	1,134,670	10,451
Exchange rate / $1.00 =	0.7330	3.9952

e) Risk of economic dependency

The Company is reliant on one customer for the majority of its sales of mineral concentrate. If the Company's relationship is impaired with this customer, it would have an adverse impact on the Company's business.

f) Fair value of financial instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount due to their short-term nature and capacity for prompt liquidation.

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

14. Capital Management

The Company's objectives when managing capital are to raise the necessary equity financing to fund its projects and to manage the equity funds raised which best optimizes its programs and the interests of its equity shareholders at an acceptable risk. In the management of capital, the Company includes the components of shareholders' deficiency. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may raise additional equity funds. The Company did not initiate any changes to its capital management strategy during the three months ended September 30, 2025. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

15. Commitments and Contingent Liabilities

a) Pursuant to the Company's contracts for the sale of concentrate to a rare earth company in Asia, the buyer has the right to the following claims within 90 days and 12 months after arrival of the goods at destination based on an inspection certificate issued by the relevant government inspection authority:

- within 90 days – the right to claim for replacement with new goods or for compensation if the quality, specification or quantity is not in conformity with the contract; and
- within 12 months – as regarding quality based on the Company's guarantee that if damages occur in the course of operation as a result of inferior quality, bad workmanship or the use of inferior materials, the right to claim for immediate replacement of the defect, complete or partial replacement of the commodity, devaluation of the commodity according to the state of the defect(s) or, where necessary, elimination of the defects at the Company's expense.

b) CBFL acquired certain exploration and evaluation assets in South America in December 2019 and as part of the agreement, is obligated to make its pro-rata share of the US$100,000 monthly payments starting in September 2020. Payments were postponed during the COVID-19 pandemic and more recently while the parties are negotiating new terms (Note 8).

c) In February 2021, the Company entered into a commercial property lease at 650 West Georgia Street, Vancouver, B.C. This lease commenced in July 2021 for a term of five years (Note 10).

16. Segment Reporting

Based on the primary products of the Company, it has one reportable segments – mineral products:

Three months ended September 30, 2025	Mineral Products $	Corporate $	Total $
Segment revenues	–	–	–
Cost of sales	–	–	–
Gross profit	–	–	–
Expenses	–	(229,810)	(229,810)
Loss from operations	–	(229,810)	(229,810)
Other items (net)	–	(69,975)	(69,975)
Loss before taxes	–	(299,785)	(299,785)

Three months ended September 30, 2024	Mineral Products $	Corporate $	Total $
Segment revenues	1,644,156	–	1,644,156
Cost of sales	(1,478,891)	–	(1,478,891)
Gross profit	165,265	–	165,265
Expenses	–	(292,891)	(292,891)
Loss from operations	–	(292,891)	(127,626)
Other items (net)	–	(2,903)	(2,903)
Profit (loss) before taxes	165,265	(295,794)	(130,529)

17. Subsequent Events

On October 21, 2025, the Company entered into an Advanced Payment Agreement pursuant to which the Company advanced $9,815 to the supplier to secure future deliveries of Mineral Products.

Subsequent to September 30, 2025, 4,025,000 stock options with an exercise price of $0.07 per share expired unexercised.