FIRST PHOSPHATE CORP.

Condensed Interim Financial Statements

August 31, 2025

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

FIRST PHOSPHATE CORP.

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FIRST PHOSPHATE CORP.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of First Phosphate Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. These financial statements, along with the accompanying notes, have been approved by the Company's audit committee.

In accordance with Canadian Securities Administrators National Instruments 51-102, the Company discloses that these unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Approved and authorized by the Board of Directors on October 30, 2025.

"BENNETT KURTZ"
Director

"JOHN PASSALACQUA"
Director

FIRST PHOSPHATE CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

AS AT

Assets	**August 31, 2025** $	**February 28,2025** $
Current Assets		
Cash and cash equivalents (Note 5)	7,590,632	1,873,550
Restricted cash (Note 5)	40,000	35,000
Prepaid expenses (Note 6)	2,450,289	159,445
Tax credits recoverable (Note 9)	329,657	1,244,955
Prepaid financing expense (Note 8)	-	332,578
Amounts receivable	508,813	47,336
	10,919,391	**3,692,864**
Non-Current Assets		
Investments (Note 7)	171,542	168,174
Exploration and evaluation assets (Note 9)	3,591,734	3,591,734
	3,763,276	**3,759,908**
Total Assets	**14,682,667**	**7,452,772**
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	149,765	342,964
Flow-through share premium liability (Note 10)	114,464	718,477
Total Liabilities	**264,229**	**1,061,441**
Shareholders' Equity		
Capital stock (Note 11)	42,153,353	30,657,018
Contributed surplus (Note 11)	5,594,520	5,309,401
Deficit	(33,329,435)	(29,575,088)
Total Shareholders' Equity	**14,418,438**	**6,391,331**
Total Liabilities and Shareholders' Equity	**14,682,667**	**7,452,772**

Nature of operations (Note 1)
Going concern (Note 2)
Subsequent events (Note 16)

Approved and authorized by the Board of Directors on October 30, 2025.

"BENNETT KURTZ"
Director

"JOHN PASSALACQUA"
Director

The accompanying notes are an integral part of these condensed interim financial statements.

FIRST PHOSPHATE CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended		For the six months ended	
	August 31, 2025	**August 31, 2024**	**August 31, 2025**	**August 31, 2024**
	$	**$**	**$**	**$**
Expenses				
Mining exploration and metallurgy (Note 9)	1,463,750	(635,810)	2,726,356	3,053,388
Share based compensation (Note 11 and 12)	423,577	422,069	864,968	1,187,987
Business development	143,083	77,427	274,236	270,534
Professional fees (Note 11)	54,731	199,290	119,618	302,551
General and administrative expenses	77,443	60,849	149,065	134,372
Regulatory and compliance expenses	45,724	55,290	72,468	112,500
Consulting fees	45,749	55,800	72,582	65,800
Directors' fees	-	10,000	-	10,000
Total expenses	**2,254,061**	**244,915**	**4,279,297**	**5,137,132**
Loss before other income (expenses)	**(2,254,061)**	**(244,915)**	**(4,279,297)**	**(5,137,132)**
Other income (expenses)				
Interest income	17,620	49,388	30,234	116,655
Financing expense (Note 8 and 11)	(99,774)	(152,986)	(199,547)	(252,759)
Impairment of financing expense (Note 8)	(133,031)	-	(133,031)	-
Gain (loss) on amortization of flow-through share premium liability (Note 10)	463,181	174,779	823,926	912,586
Unrealized gain on investments (Note 7)	56	2,737	3,368	4,436
Net loss and comprehensive loss	**(2,006,009)**	**(170,997)**	**(3,754,347)**	**(4,356,214)**
Loss per common share – basic and diluted	**(0.02)**	**(0.00)**	**(0.04)**	**(0.06)**
Weighted average number of common shares outstanding – basic and diluted	**109,002,376**	**75,040,352**	**99,628,086**	**74,683,406**

The accompanying notes are an integral part of these condensed interim financial statements.

FIRST PHOSPHATE CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ended August 31, 2025 and 2024
(Expressed in Canadian Dollars)
(Unaudited)

	Common Shares				
	Number of shares	**Amount $**	**Contributed surplus $**	**Deficit $**	**Total $**
Balance, February 29, 2024	**73,786,772**	**26,342,634**	**4,917,414**	**(21,947,674)**	**9,312,374**
Shares issued for exploration activities	200,000	60,000	-	-	**60,000**
Share based compensation	-	-	1,187,987	-	**1,187,987**
Shares issued for acquisition of exploration and evaluation assets	200,000	34,000	-	-	**34,000**
Shares issued upon exercise of restricted share units	1,916,596	705,446	(705,446)	-	**-**
Net loss for the period	-	-	-	(4,356,214)	**(4,356,214)**
Balance, August 31, 2024	**76,103,368**	**27,142,080**	**5,399,955**	**(26,303,888)**	**6,238,147**
Balance, February 28, 2025	**89,947,551**	**30,657,018**	**5,309,401**	**(29,575,088)**	**6,391,331**
Shares issued	29,355,711	11,159,349	-	-	11,159,349
Shares to be issued	-	4,650	-	-	4,650
Flow-through share premium liability	-	(219,913)	-	-	(219,913)
Residual value of warrants in units issued	-	(64,550)	64,550	-	-
Share issuance costs	-	(777,947)	-	-	(777,947)
Shares issued for finders' fees	1,584,470	623,700	-	-	623,700
Warrants issued for finders' fees	-	-	126,647	-	126,647
Share based compensation	-	-	864,968	-	864,968
Shares issued upon exercise of restricted share units	2,658,780	771,046	(771,046)	-	-
Net loss for the period	-	-	-	(3,754,347)	(3,754,347)
Balance, August 31, 2025	**123,546,512**	**42,153,353**	**5,594,520**	**(33,329,435)**	**14,418,438**

The accompanying notes are an integral part of these condensed interim financial statements.

FIRST PHOSPHATE CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	For the six months ended	
	August 31, 2025	**August 31, 2024**
	$	**$**
Operating Activities		
Net loss for the period	(3,754,347)	(4,356,214)
Non-cash expense:		
Share based compensation	864,968	1,187,987
Financing fee	332,578	252,759
Shares issued for business development	-	60,000
Gain on amortization of flow-through share premium liability	(823,926)	(912,586)
Unrealized gain on investments	(3,368)	(4,436)
Changes in non-cash working capital items:		
Amounts receivable	453,821	(915,002)
Prepaid expenses	(2,290,845)	34,613
Accounts payable and accrued liabilities	(193,199)	(2,417,915)
Restricted cash	(5,000)	(15,000)
Net cash used in Operating Activities	**(5,419,318)**	**(7,085,794)**
Financing Activities		
Issuance of shares and warrants	11,136,400	-
Net cash provided by Financing Activities	**11,136,400**	**-**
Net increase (decrease) in cash for the period	5,717,082	(7,085,794)
Cash and cash equivalents, beginning of the period	1,873,550	7,496,238
Cash and cash equivalents, end of the period	**7,590,632**	**410,444**
Supplemental cash flow information		
Recognition of flow-through liability	219,913	-
Purchase of exploration and evaluation assets by issue of shares	-	34,000
Shares issued for finders' fees	623,700	-
Warrants issued for finders' fees	126,647	-
Shares issued upon exercise of RSUs	771,046	705,446

The Company paid $nil in taxes and $103 in interest in the six months ended August 31, 2025 (2024 - $nil and $9,893, respectively).

The Company received $30,234 in interest income in the six months ended August 31, 2025 (2024 - $116,655).

The accompanying notes are an integral part of these condensed interim financial statements.

1. Nature of Operations

First Phosphate Corp. (the "Company") owns and is developing igneous rock phosphate mineral properties in the Saguenay Region of Quebec for the production of cathode active material ("CAM") for the Lithium Iron Phosphate ("LPF") battery industry.

The Company's common shares are listed under the symbol "PHOS" on the Canadian Securities Exchange, "FRSPF" on the OTC Pink Market and "KD0" on the Frankfurt Stock Exchange. The address of the Company's corporate office and registered and records office is 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7.

2. Going Concern

These financial statements have been prepared under IFRS Accounting Standards as issued by the International Accounting Standards Board applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. Accordingly, it does not give effect to any adjustments that may be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of operations and at amounts which may differ from those shown in these financial statements. Such adjustments could be material. The ability of the Company to continue as a going concern is dependent on its ability to continue to obtain equity financing and ultimately achieve profitable operations. While the Company has been successful in arranging financing in the past, the success of such initiatives cannot be assured.

As of August 31, 2025, the Company had accumulated losses of $33,329,435 since its inception and had negative cash flows from operating activities of $5,419,318 for the six months then ended. Furthermore, the Company expects to incur further losses in the development of its business. These factors represent material uncertainties which cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and ultimately achieve profitable operations. While the Company has been successful in arranging financing in the past, the success of such initiatives cannot be assured.

These 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.

3. Basis of Presentation

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended February 28, 2025 ("Annual Financial Statements"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended February 28, 2025. These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the annual financial statements.

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments which are measured at fair value through profit or loss. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements were authorized for issue by the Board of Directors on October 30, 2025.

(b) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company, unless otherwise stated.

4. Material Accounting Policy Information

In preparing the Company's unaudited condensed interim financial statements for the six months ended August 31, 2025, the Company applied the accounting policies, critical judgments and estimates disclosed in Note 3 and 4 of its financial statements for the year ended February 28, 2025.

5. Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents includes cash held at the bank of $340,632 (February 28, 2025 - $473,550) and investments in guaranteed investment certificates ("GIC") of $7,250,000 (February 28, 2025 - $1,400,000) which comprises of one-year cashable term GICs earning interest of 2.95% per annum.

Restricted cash is comprised of $40,000 investment in a GIC (February 28, 2025 - $35,000). The GIC is a one-year cashable term with a maturity date of August 25, 2026, earning annual interest of 2.50% per annum. The GIC is held as collateral for credit cards issued to officers of the Company.

(Expressed in Canadian Dollars)

6. Prepaid Expenses

Prepaid expenses are comprised of the following:

	August 31, 2025 $	February 28, 2025 $
Expenses paid in advance:		
Business development	151,131	104,450
Mining exploration and metallurgy	2,218,325	32,000
General administrative expenses	11,499	5,148
Regulatory and compliance expenses	12,876	14,514
Consulting fees	56,458	3,333
Total	**2,450,289**	**159,445**

7. Investments

On January 10, 2023, the Company entered into an investment and licensing option agreement (the "IPL Agreement") with Integrals Power Limited ("IPL") under the terms of which the Company acquired 7,386 IPL shares for £50,000 ($83,060). Under the terms of the IPL Agreement, IPL granted an option to acquire a license to use IPL technology in a facility of a production capacity of up to 1,000-tonnes of LFP CAM for a further payment of £950,000. IPL also granted the Company another option to acquire, for an additional upfront payment of £1,000,000, a license to use IPL technology in a facility of a production capacity beyond 1,000-tonnes. The Company is committed to a 1.5% royalty per kilogram of LFP CAM sold from a facility that uses IPL technology.

A continuity of investments is as follows:

	$
Balance, February 29, 2024	132,988
Gain on foreign currency translation	4,436
Balance, August 31, 2024	**137,424**
Balance, February 28, 2025	168,174
Gain on foreign currency translation	3,368
Balance, August 31, 2025	**171,542**

8. Prepaid Financing Expense

(Expressed in Canadian Dollars)

On December 29, 2023, the Company entered into a credit facility (the "Credit Facility") with members of its management team and board of directors to establish a revolving credit facility of $2,100,000 until September 30, 2025. The Company issued 5,250,000 share purchase warrants as compensation for entering into the Credit Facility, of which 2,625,000 warrants vested immediately and the balance would vest upon utilization of the facility. The fair value of the vested warrants was estimated to be $798,188 (Note 13) and is being amortized over the term of the Credit Facility. The remaining warrants vest as advances are taken under the Credit Facility.

As of August 31, 2025, the Company has confirmed that the Credit Facility will not be utilized, and the prepaid financing expense is fully impaired.

A continuity of the prepaid financing expense is as follows:

	$
Balance, February 29, 2024	731,673
Amortization for the period	(252,759)
Balance, August 31, 2024	**478,914**
Balance, February 28, 2025	332,578
Amortization for the period	(199,547)
Impairment for the period	(133,031)
Balance, August 31, 2025	**-**

9. Exploration and Evaluation Assets

The following details the changes in exploration and evaluation assets in the Saguenay Region of Quebec for the six-month periods ended August 31, 2024 and 2025:

	Lac`a l'Orignal (a) $	Begin-Lamarche area Flagship area (b) $	Total $
Balance as of February 29, 2024	3,270,709	287,025	3,557,734
Acquisition costs	-	34,000	34,000
Balance as of August 31, 2024	3,270,709	321,025	3,591,734
Balance as of February 28, 2025	3,270,709	321,025	3,591,734
Acquisition costs	-	-	-
Balance as of August 31, 2025	3,270,709	321,025	3,591,734

(Expressed in Canadian Dollars)

The Company expenses non-acquisition exploration and evaluation expenditure to profit and loss. This is presented as mining exploration and metallurgy in the statement of loss and comprehensive loss. The following table details such expenditure:

	Lac `a l'Orignal (a) $	Begin-Lamarche area Flagship area (b) $	Total $
Consulting	-	14,285	14,285
Survey, drilling & geophysics	-	865,977	865,977
Metallurgical testing	-	3,682,833	3,682,833
Mining tax credits	(158,703)	(1,351,004)	(1,509,707)
For the six months ended August 31, 2024	(158,703)	3,212,091	3,053,388
Consulting	-	144,480	144,480
Survey, drilling & geophysics	-	2,909,770	2,909,770
Metallurgical testing	-	1,763	1,763
Mining tax credits	-	(329,657)	(329,657)
For the six months ended August 31, 2025	-	2,726,356	2,726,356

(a) Lac `a l'Orignal

The Lac `a l'Orignal properties consist of a series of staked claims and claims acquired under various option agreements. This property is in the exploration stage.

(b) Begin-Lamarche flagship area

The Begin - Lamarche properties consist of a series of staked claims and claims acquired under various option agreements. This property is in the exploration stage.

On July 10, 2024, the Company acquired 15 mineral claims in this area for a total consideration of $34,000 through the issuance of 200,000 common shares. The fair value of the consideration has been determined based on the fair value of the common shares on the date of issuance.

The Company is entitled to refundable mining tax credits on qualified exploration expenditures incurred in Quebec. In the six months ended August 31, 2025, the Company accrued mining tax credits receivable of $329,657 (August 31, 2024 - $964,447) and received mining tax credit refunds of $1,244,955, which were accrued for the year ended February 28, 2025.

(Expressed in Canadian Dollars)

10. Flow-Through ("FT") Share Premium Liability

	For the six months ended August 31	
	2025	**2024**
	$	**$**
Balance, beginning of the period	718,477	1,151,052
Liability incurred through FT shares issued	219,913	-
Amortization for the period	(823,926)	(912,586)
Balance, end of the period	**114,464**	**238,466**

As of August 31, 2025, $6,894,449 remains to be spent on qualifying expenditures (August 31, 2024 - $1,043,672).

11. Share Capital and Contributed Surplus

The authorized capital stock of the Company is an unlimited number of common shares and an unlimited number of preferred shares issuable in series.

The Company has no preferred shares outstanding.

Capital transactions are as follows:

<u>During the six months ended August 31, 2025</u>

(a) On May 27, 2025, The Company issued 5,041,880 flow-through shares at a price of $0.35 per share, for gross proceeds of $1,764,658, and 1,789,990 units, at a price of $0.35 per unit, for gross proceeds of $626,497. Each unit is comprised of one common share and one half of one common share purchase warrant with each whole warrant exercisable for one common share at a price of $0.50 per common share until December 31, 2025, subject to an accelerated expiry clause. In connection with the above private placements, the Company paid $800 in cash finder's fees, issued 244,478 compensation shares valued at $85,255, and issued 218,193 compensation warrants, valued at $12,591, exercisable at $0.50 per common share, until December 31, 2025, subject to an accelerated expiry clause.

(b) On June 2, 2025, the Company issued 2,883,429 flow-through shares at a price of $0.35 per share, for gross proceeds of $1,009,200, and 334,757 units, at a price of $0.35 per unit, for gross proceeds of $117,164. Each unit is comprised of one common share and one-half of one common share purchase warrant with each whole warrant exercisable for one common share at a price of $0.50 per common share until December 31, 2025, subject to an accelerated expiry clause. In connection with the issuances, the Company issued 226,674 compensation shares and 226,674 compensation warrants, with the warrants exercisable at $0.50 per common share, until December 31, 2025, subject to an accelerated expiry clause.

(c) In July 2025, the Company issued 12,856,513 flow-through shares at a price of $0.35 per share, for gross proceeds of $4,499,780, and 550,142 units, at a price of $0.35 per unit, for gross proceeds of $192,549. Each unit is comprised of one common share and one-half of one common share purchase warrant with each whole warrant exercisable for one common share at a price of $0.50 per common share until December 31, 2025, subject to an accelerated expiry clause. In connection with the issuances, the Company paid $1,600 in cash finder's fees, and issued 894,998 compensation shares and 899,570 compensation warrants, with the warrants exercisable at $0.50 per common share, until December 31, 2025, subject to an accelerated expiry clause.

(d) On August 21, 2025, the Company received $5,000 for the issuance of 10,000 flow-through shares at a price of $0.50 per unit. These shares were issued on September 12, 2025.

(e) On August 22, 2025, the Company issued 4,749,000 flow-through shares at a price of $0.50 per share, for gross proceeds of $2,374,500, and 1,150,000 units, at a price of $0.50 per unit, for gross proceeds of $575,000. Each unit is comprised of one common share and one-half of one common share purchase warrant with each whole warrant exercisable for one common share at a price of $0.50 per common share until December 31, 2025, subject to an accelerated expiry clause. In connection with the issuances, the Company paid $25,200 in cash finder's fees, and issued 218,320 compensation shares and advisory shares at a deemed price of $0.50 per common share, and 268,720 compensation warrants, with the warrants exercisable at $0.50 per common share, until December 31, 2025, subject to an accelerated expiry clause.

(f) On August 31, 2025, the Company issued 2,658,780 common shares upon the exercise of RSUs for services received from its directors, management and staff. The fair value of the RSUs on the grant date was computed as $771,046 and was reclassified upon exercise from contributed surplus to capital stock.

<u>During the six months ended August 31, 2024</u>

(g) On April 5, 2024, the Company issued 84,616 common shares upon the exercise of restricted share units (“RSUs”) for services received from a consultant. The fair value of the RSUs on the grant date was computed as $33,000 and was reclassified upon exercise from contributed surplus to capital stock.

(h) On April 16, 2024, the Company issued 200,000 common shares pursuant to the signing of a collaboration agreement with respect to its proposed phosphate mine and LFP CAM plant project in the Saguenay-Lac-Saint-Jean region of Quebec, Canada, with a fair value of $60,000.

(i) On May 31, 2024, the Company issued 470,250 common shares upon the exercise of RSUs for services received from its officers and directors. The Company also issued 325,933 common shares due to the exercise of RSUs for services received from consultants. The fair value of the RSUs on the grant date was computed as $334,418 and was reclassified upon exercise from contributed surplus to capital stock.

(j) On July 10, 2024, the Company acquired 15 additional mineral claims in the Begin-Lamarche area by the issue of 200,000 common shares with a fair value of $34,000.

(k) On July 11, 2024, the Company issued 84,616 common shares upon the exercise of RSUs for services received from a consultant. The fair value of the RSUs on the grant date was computed as $33,000 and was reclassified upon exercise from contributed surplus to capital stock.

(l) On July 31, 2024, the Company issued 28,000 common shares upon the exercise of RSUs for services received from a consultant. The fair value of the RSUs on the grant date was computed as $6,720 and was reclassified upon exercise from contributed surplus to capital stock.

(m) On August 31, 2024, the Company issued 470,250 common shares upon the exercise of RSUs for services received from its officers and directors. The Company also issued 452,933 common shares due to the exercise of RSUs for services received from consultants. The fair value of the RSUs on the grant date was computed as $331,308 and was reclassified upon exercise from contributed surplus to capital stock.

Omnibus Plan

On July 26, 2023, the Omnibus Equity Incentive Plan (the “Omnibus Plan”) was approved and adopted by the Board, which was implemented on August 25, 2023 and amended on July 24, 2024.

Under the Omnibus Plan, eligible persons may be allocated a number of Awards as the board deems appropriate, with vesting provisions also to be determined by the board. Upon vesting, eligible participants are entitled to receive cash or common shares from treasury to satisfy all or any portion of a vested RSU award. The expiry date of options granted pursuant to the Omnibus Plan is set by the board and must not be later than ten years from the date of grant.

The Omnibus Plan is a “rolling” share-based compensation plan pursuant to which the aggregate number of common shares reserved for issue under the Omnibus Plan may not exceed twenty percent (20%) of the common shares issued and outstanding at the time of option or RSU grant.

Restricted Share Units

On March 1, 2025, the Company granted 2,658,580 RSUs to directors, management and staff. The RSUs vested and were exercised on August 31, 2025.

(Expressed in Canadian Dollars)

The following details the changes in outstanding RSUs for the six month periods ended August 31, 2024 and 2025:

	Number of RSUs
Outstanding, March 1, 2024	3,074,298
Granted during the period	605,000
Vested and exercised during the period	(1,916,598)
Cancelled during the period	(246,500)
Outstanding, August 31, 2024	1,516,200
Outstanding, March 1, 2025	-
Granted during the period	2,658,580
Vested and exercised during the period	(2,658,580)
Cancelled during the period	-
Outstanding, August 31, 2025	-

As of August 31, 2025, there were no RSUs outstanding.

For the six months ended August 31, 2025, the Company recorded $771,046 of share-based compensation related to the vesting of RSUs (2024 - $735,020).

Options

The following details the changes in outstanding options for the six months ended August 31, 2025:

	Number of Options	Weighted Average Exercise Price $
Outstanding, February 29, 2024	9,893,000	0.37
Issued during the period	400,000	0.40
Forfeited during the period	(450,000)	0.40
Expired during the period	(25,000)	0.70
Outstanding, August 31, 2024	9,818,000	0.37
Outstanding, February 28, 2025	8,500,000	0.37
Issued during the period	-	-
Expired during the period	(600,000)	0.65
Outstanding, August 31, 2025	7,900,000	0.35

(Expressed in Canadian Dollars)

The following is a summary of options outstanding and exercisable as of August 31, 2025:

Expiry date	Number of options outstanding	Number of options exercisable	Exercise price $	Life remaining
February 22, 2026	2,525,000	2,525,000	0.25	0.48
February 22, 2026	2,425,000	2,425,000	0.35	0.48
September 1, 2026	250,000	250,000	0.70	1.00
December 29, 2026	200,000	150,000	0.40	1.33
April 16, 2027	250,000	125,000	0.40	1.63
July 10, 2027	150,000	75,000	0.40	1.92
December 29, 2028	2,100,000	1,575,000	0.40	3.33
	7,900,000	7,125,000		

For the six months ended August 31, 2025, the Company recorded $93,922 of share based compensation related to the vesting of options (2024 - $452,967). The fair value of options was determined based on the Black-Scholes pricing model, with the following inputs:

Weighted Averages	2025	2024
Share price	-	$0.30
Dividend yield	-	Nil
Exercise price	-	$0.40
Risk-free interest rate	-	4.09%
Expected volatility	-	100%
Expected expiration	-	3.00

Warrants

On May 27, 2025, the Company issued 894,995 warrants as part of a unit, exercisable for one common share at a price of $0.50 per share until December 31, 2025, subject to an accelerated expiry date. The 894,995 warrants issued as part of units are valued using the residual method, with a fair value of $35,800. The Company also issued 218,193 finders' warrants, exercisable at a price of $0.50 per common share, until December 31, 2025, subject to an accelerated expiry date. The fair value of the 230,948 finders' warrants was $12,591 computed using the Black Scholes pricing model.

On June 2, 2025 the Company issued 167,378 warrants as part of a unit, exercisable for one common share at a price of $0.50 per share until December 31, 2025, subject to an accelerated expiry date. The 167,378 warrants issued as part of units are valued using the residual method, with a fair value of $nil. The Company also issued 226,674 finders' warrants, exercisable at a price of $0.50 per common share, until December 31, 2025, subject to an accelerated expiry date. The fair value of the 226,674 finders' warrants was $21,209 computed using the Black Scholes pricing model.

(Expressed in Canadian Dollars)

In July, 2025 the Company issued 275,071 warrants as part of a unit, exercisable for one common share at a price of $0.50 per share until December 31, 2025, subject to an accelerated expiry date. The 275,071 warrants issued as part of units are valued using the residual method, with a fair value of $nil. The Company also issued 899,570 finders' warrants, exercisable at a price of $0.50 per common share, until December 31, 2025, subject to an accelerated expiry date. The fair value of the 899,570 finders' warrants was $64,680 computed using the Black Scholes pricing model.

On August 22, 2025 the Company issued 575,000 warrants as part of a unit, exercisable for one common share at a price of $0.50 per share until December 31, 2025, subject to an accelerated expiry date. The 575,000 warrants issued as part of units are valued using the residual method, with a fair value of $28,750. The Company also issued 268,720 finders' warrants, exercisable at a price of $0.50 per common share, until December 31, 2025, subject to an accelerated expiry date. The fair value of the 268,720 finders' warrants was $28,167 computed using the Black Scholes pricing model.

The following details the changes in outstanding warrants for the six months ended August 31, 2025:

	Number of warrants	Weighted Average Exercise Price $
Outstanding, February 29, 2024	16,962,927	0.54
Issued during the period	-	-
Cancelled during the period	(80,640)	0.25
Outstanding, August 31, 2024	16,882,287	0.54
Outstanding, February 28, 2025	17,239,664	0.54
Issued during the period	3,525,601	0.50
Outstanding, August 31, 2025	20,765,265	0.53

The following is a summary of warrants outstanding and exercisable as of August 31, 2025:

Expiry date	Number of warrants outstanding	Number of warrants exercisable	Exercise price $	Weighted average life remaining
December 31, 2025	13,907,476	13,907,476	0.50	0.33
April 24, 2026	1,607,789	1,607,789	1.25	0.67
December 31, 2028	5,250,000	2,625,000	0.40	3.33
	20,765,265	**18,140,265**		

12. Related Party Transactions

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

(Expressed in Canadian Dollars)

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Key management personnel compensation is comprised of:

	For the three months ended		For the six months ended	
	August 31, 2025 $	August 31, 2024 $	August 31, 2025 $	August 31, 2024 $
Share based compensation	250,492	223,732	515,116	737,610
Directors' fees	-	10,000	-	10,000
Financing fees	232,804	152,986	332,578	252,759
	483,296	386,718	847,694	1,000,369

There are no amounts owed to related parties as of August 31, 2025.

The financing fee relates to warrants granted by the Company to key management personnel pursuant to the Credit Facility. Further details may be found in Note 8.

13. Financial Instruments

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash and cash equivalents, and investments at FVTPL and restricted cash and accounts payable at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

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

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

(Expressed in Canadian Dollars)

The following table sets forth the Company's financial assets measured at fair value by levels within the fair value hierarchy:

	As of August 31, 2025			
	Level 1 **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Cash and cash equivalents	7,630,632	-	-	7,630,632
Long-term investments	-	-	171,542	171,542

The investments in Level 3 include the investment in privately held companies that are not quoted on an exchange. Management believes that the price of the shares in the investee's most recent private placement approximates the fair value.
The Company is exposed in varying degrees to a variety of financial instrument related risks:

Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to a significant credit risk as its maximum exposure relates to cash and restricted cash totaling $7,630,632. The Company mitigates the credit risk of cash by depositing with only reputable financial institutions. The Company also assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors.

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 as of August 31, 2025, has $7,590,632 in cash and cash equivalents and $40,000 in restricted cash and $148,748 in financial liabilities, which represents the Company's maximum exposure to liquidity risk.

The Company has no financial liabilities with a contractual maturity greater than one period. As of August 31, 2025, the Company has sufficient working capital to satisfy its financial liabilities.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) 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.

The Company has no investments or liabilities with variable interest rates. The Company is exposed to interest rate risk, as a decline in market interest rates at the time of GIC renewal could result in reinvestment at lower rates, potentially reducing overall returns.

(b) Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. As of August 31, 2025, a portion of the Company's financial assets, comprising long-term investments, are held in Great British Pound ("GBP"). 1% change in the exchange rate would result in a change of net loss or gain by $1,715. The impact of fluctuations in foreign exchange rates is not significant and, accordingly, a sensitivity analysis has not been provided.

(c) Price risk
Price risk is related to equity and commodity price risks. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company is exposed to price risk on its investment in IPL.

14. Capital Risk Management

The Company considers its capital to be comprised of shareholders' equity.

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. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the periods ended August 31, 2025. The Company is not subject to externally imposed capital requirements.

15. Segmented Information

The Company has one operating segment involved in the exploration of mineral properties. All of the Company's operations and long-lived assets are in Canada.

16. Subsequent Events

On September 1, 2025, the Company granted 1,850,400 RSUs to its directors, management and staff. The RSUs are to vest on February 28, 2026.

On September 1, 2025, the Company's line of credit, provided by three of its directors for an aggregate of $2.1 million, ceased. As a result, 2,625,000 warrants issued to the directors in connection with that facility expired unvested on that date.

On September 22, 2025, 125,000 options were exercised at $0.25 per share for gross proceeds of $31,250.

On September 28, 2025, the Company entered into an agreement for a "best efforts" private placement of up to 25,000,000 units of the Company at a price of $0.60 per unit for aggregate gross proceeds of up to $15,000,000. The Company and the agent mutually agreed to withdraw this offering on October 6, 2025 due to market volatility.

In September 2025, the Company issued 8,548,400 flow-through shares at a price of $0.50 per share, for gross proceeds of $4,274,200, and 8,635,000 units, at a price of $0.50 per unit, for gross proceeds of $4,307,500. Each unit is comprised of one common share and one-half of one common share purchase warrant with each whole warrant exercisable for one common share at a price of $0.50 per common share until December 31, 2025, subject to an accelerated expiry clause. In connection with the issuances, the Company paid $71,600 in finder's fees, and issued 494,720 compensation shares and 645,920 compensation warrants, with the warrants exercisable at $0.50 per common share until December 31, 2025, subject to an accelerated expiry clause.

Between September 1 and October 30, 2025, the Company issued 1,367,810 common shares, at $0.50 per share, on the exercise of warrants, for total proceeds of $683,905.