



FARADAY COPPER

Faraday Copper Corp.

Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Faraday Copper Corp.

Opinion

We have audited the consolidated financial statements of Faraday Copper Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$27,894,657 during the year ended December 31, 2025. In addition, the Company is a resource exploration stage company, which does not generate any revenues. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brenton Francis.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
March 12, 2026

FARADAY COPPER CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	December 31, 2025	December 31, 2024
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	11	37,880,822	17,003,895
Other receivables		178,263	92,632
Prepaid expenses and deposits		589,552	347,238
Current assets		38,648,637	17,443,765
Property and equipment	5	17,513,854	18,037,072
Resource properties	6	5,197,517	4,955,328
Other long-term assets		135,278	142,020
Total assets		61,495,286	40,578,185
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	2,370,688	3,441,524
Due to related parties	10	853,572	873,036
Current liabilities		3,224,260	4,314,560
Decommissioning and restoration provision		242,189	-
Total liabilities		3,466,449	4,314,560
SHAREHOLDERS' EQUITY			
Share capital	9	167,138,450	117,059,415
Reserves	9	14,609,347	14,095,979
Accumulated other comprehensive income		4,158,577	5,117,110
Deficit		(127,877,537)	(100,008,879)
Total shareholders' equity		58,028,837	36,263,625
Total liabilities and shareholders' equity		61,495,286	40,578,185

Commitments (Note 12)
Subsequent events (Note 14)

Approved and authorized for issue on behalf of the Board of Directors:

<u>/s/ Russell Ball</u>	<u>/s/ Paul Harbidge</u>
Director	Director

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

FARADAY COPPER CORP.**Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars, except for per share amounts and number of shares)

	Note	2025	Years ended December 31, 2024
		\$	\$
Operating expenses			
Depreciation	5	298,352	210,402
Consulting and management fees	10	-	50,985
Exploration and evaluation expenses	7	21,369,271	18,647,345
General and administration		3,393,958	2,788,976
Professional fees and legal expenses		1,068,744	340,418
Shareholder costs and investor relations		561,587	296,349
Share-based compensation	9, 10	1,777,792	1,109,075
Travel		240,605	256,174
Total operating expenses		28,710,309	23,699,724
Foreign exchange loss		168,286	417,157
Interest income	11	(914,231)	(1,324,215)
Other income	10	(95,706)	(243,957)
Net loss		27,868,658	22,548,709
Other comprehensive loss (income) items			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of foreign operations		958,533	(1,435,025)
Total comprehensive loss		28,827,191	21,113,684
Net loss per share:			
Basic and diluted		0.12	0.12
Weighted average number of common shares:			
Basic and diluted		225,308,253	193,481,835

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

FARADAY COPPER CORP.**Consolidated Statements of Changes in Shareholders' Equity**

(Expressed in Canadian dollars, except number of shares)

		Share capital		Reserves		Accumulated other comprehensive income	Deficit	Total shareholders' equity
	Note	Number #	Amount \$	Warrants \$	Options \$			
Balance, December 31, 2023		176,566,975	94,798,827	2,776,475	10,308,172	3,682,085	(77,460,170)	34,105,389
Share-based compensation		-	-	-	1,109,075	-	-	1,109,075
Shares issued in private placement, net of issuance costs	9(b)	28,750,000	22,138,253	-	-	-	-	22,138,253
Shares issued for options exercised	9(b), 9(d)	100,000	108,943	-	(68,943)	-	-	40,000
Settlement of RSUs	9(b), 9(e)	18,600	13,392	-	(28,800)	-	-	(15,408)
Foreign exchange differences on Translation of foreign operations		-	-	-	-	1,435,025	-	1,435,025
Net loss for the year		-	-	-	-	-	(22,548,709)	(22,548,709)
Balance, December 31, 2024		205,435,575	117,059,415	2,776,475	11,319,504	5,117,110	(100,008,879)	36,263,625
Share-based compensation		-	-	-	1,777,792	-	-	1,777,792
Shares issued in private placement, net of share issuance costs	9(b)	44,339,500	46,964,411	-	-	-	-	46,964,411
Shares issued for options exercised	9(b), 9(d)	80,000	58,892	-	(23,692)	-	-	35,200
Shares issued for warrants exercised	9(b), 9(c)	3,025,000	1,815,000	-	-	-	-	1,815,000
Settlement of RSUs	9(b), 9(e), 10	1,486,000	1,240,732	-	(1,240,732)	-	-	-
Foreign exchange differences on Translation of foreign operations		-	-	-	-	(958,533)	-	(958,533)
Net loss for the year		-	-	-	-	-	(27,868,658)	(27,868,658)
Balance, December 31, 2025		254,366,075	167,138,450	2,776,475	11,832,872	4,158,577	(127,877,537)	58,028,837

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

FARADAY COPPER CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars, except where noted)

	Years ended December 31,	
	2025	2024
	\$	\$
Operating activities		
Net loss for the year	(27,868,658)	(22,548,709)
Adjustments for:		
Depreciation	298,352	210,402
Share-based compensation	1,777,792	1,109,075
Changes in non-cash working capital:		
Other receivables	(85,631)	44,572
Prepaid expenses and deposits	(242,314)	(104,967)
Other long-term assets	-	(100,587)
Accounts payable and accrued liabilities	(1,070,836)	1,703,198
Due to related parties	(19,464)	124,465
Cash used in operating activities	(27,210,759)	(19,562,551)
Investing activities		
Purchases of property and equipment	(750,958)	(501,182)
Cash used in investing activities	(750,958)	(501,182)
Financing activities		
Proceeds from issuance of common shares in private placement	48,773,450	23,000,000
Share issuance costs	(1,809,039)	(861,747)
Proceeds from exercise of options	35,200	40,000
Proceeds from exercise of warrants	1,815,000	-
Cash provided by financing activities	48,814,611	22,178,253
Effect of foreign exchange on cash and cash equivalents	24,033	(11,831)
Changes in cash and cash equivalents	20,876,927	2,102,689
Cash and cash equivalents, beginning of year	17,003,895	14,901,206
Cash and cash equivalents, end of year	37,880,822	17,003,895
Supplemental cash flow information:		
Transfer from other long-term assets to property and equipment	-	35,972
Cash received from interest income included in operating activities	914,231	1,324,215

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Faraday Copper Corp. (the "Company") was incorporated on October 21, 2014 under the Business Corporations Act (British Columbia). The Company's registered office is located at Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. The Company's head office and principal address is located at 2800 - 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1L2. The Company's shares are traded on the Toronto Stock Exchange and OTCQX under the symbol "FDY" and "CPPKF", respectively, and its principal business is the acquisition and development of resource properties.

These consolidated financial statements (the "financial statements") for the years ended December 31, 2025 and 2024 have been prepared based on accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company is a resource exploration stage company, which does not generate any revenue and has been relying mainly on equity-based financing to fund its operations. For the year ended December 31, 2025, the Company incurred a net loss of \$27,868,658 (2024 - \$22,548,709). The Company will require additional financing either through equity or debt financing, sale of assets, joint venture arrangements, or a combination thereof to meet its administrative costs and to continue to explore and develop its resource properties. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. As such, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern, and any such adjustments may be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on March 12, 2026.

These financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") effective for the year ended December 31, 2025.

b) Basis of presentation

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS Accounting Standards for each type of asset, liability, income, and expense as set out in the accounting policies below.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars ("Canadian dollar" or "CAD" except as otherwise noted), which is also the functional currency of the parent company. The functional currency is the currency of the primary economic environment in which an entity operates. References to "USD" or "US\$" are to United States dollars.

d) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. Control exists where the parent entity has power over the investee and is exposed, 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.

A summary of the Company's subsidiaries included in these financial statements as at December 31, 2025 is as follows:

Name of subsidiary	Country of incorporation	Percentage ownership	Functional currency	Principal activity
CopperBank Royalties Corp.	Canada	100%	CAD	Holding
Enesco International Inc.	USA	100%	USD	Exploration
Redhawk Copper Inc.	USA	100%	USD	Exploration
Redhawk Ranch Land Holdings LLC	USA	100%	USD	Holding
Redhawk Exploration LLC	USA	100%	USD	Holding
Redhawk Resources, Inc. ("Redhawk")	Canada	100%	CAD	Holding

2. BASIS OF PRESENTATION (continued)

As at December 31, 2025, the Company has one operating segment, a mineral exploration group focused on projects located in the United States of America.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Financial instruments

Financial assets

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost and measured at fair value through profit or loss.

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value less transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

(ii) Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company's cash and cash equivalents are financial assets measured at FVTPL.

(c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are recognized in profit or loss.

Financial liabilities

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities measured at amortized cost.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company's accounts payable and accrued liabilities and due to related parties are financial liabilities measured at amortized cost.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

A summary of the Company's classification of financial instruments under IFRS 9 *Financial Instruments* is as follows:

Financial instrument	Classification
Financial assets	
Cash and cash equivalents	FVTPL
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

b) Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. The calculation of diluted loss per share excludes the effects of conversion or exercise of options and warrants if they would be anti-dilutive.

c) Resource properties

Once the legal right to explore has been acquired, the Company capitalizes on a property-by-property basis, acquisition costs until such time as the lease expires or the mineral properties are abandoned, sold, or are considered impaired in value. Exploration expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development, and costs not directly attributable to exploration and evaluation activities, including general and administrative costs, are expensed as incurred. Exploration and evaluation properties are not amortized during the exploration and evaluation stage.

Technical feasibility and commercial viability are established once all of the following conditions have been met:

- The Company has established a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant estimate of property resources and/or reserves; The Company has obtained a mining permit or otherwise has the right to extract the resources and/or reserves; and
- The Company has established that it is economically viable to mine the resources and/or reserves. This includes the completion of a NI 43-101 compliant study to a pre-feasibility level at a minimum, board approval to proceed and binding approval of project financing for the development of the project.

If it is determined that capitalized acquisition costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Resource properties are reviewed for indicators of impairment, when such indicators exist, the Company evaluates the carrying amount may exceed its recoverable amount.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, are recorded as resource property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received is recorded as a gain on option or disposition of resource property.

d) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency will be translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded in other comprehensive (income) loss.

e) Cash and cash equivalents

Cash and cash equivalents include cash in interest-bearing accounts with high credit quality financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

f) Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each class of property and equipment are as follows:

Class of property and equipment	Estimated useful life	Depreciation method
Building	25 years	Straight-line
Equipment	5 years	Straight-line
Land	Nil	Not depreciated

g) Impairment of non-financial assets

The Company performs impairment tests on non-financial assets when events or circumstances occur which indicate the carrying amount of the assets may not be recoverable.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The recoverable amount is the higher of the fair value less costs of disposal ("FVLCTD") and the value in use ("VIU"). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows ("cash generating units" or "CGUs"). These are typically the individual mines or projects. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

FVLCTD is the amount that would be received from selling an asset in an orderly transaction between market participants at the measurement date, less the costs of disposal. For mining assets, fair value less cost of disposal is often estimated using a discounted cash flow approach because a fair value is not readily available from an active market or binding sale agreement. Estimated future post-tax cash flows are calculated using estimated mineral reserves and resources, estimated future commodity prices, and expected future operating and capital costs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that impairment may have reversed. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss. During the year ended December 31, 2025, the Company did not recognize any impairment expense or reversal (2024 - nil).

h) Decommissioning and restoration provision

The Company recognizes a provision for statutory, contractual, constructive, or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of resource properties. Provisions for decommissioning and restoration are recognized in the period in which the obligation is incurred or acquired and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset. These costs are depreciated on a basis consistent with the depreciation, depletion, and amortization of the underlying assets.

The obligation is accreted over time for the change in its present value, with this accretion charge recognized as a finance expense in profit or loss. The obligation is also adjusted for changes in the estimated amount and timing of expected future cash flows and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset, in which case the amount of the excess is recognized in profit or loss.

i) Share-based compensation

The Company has a Long-Term Incentive Plan that is described in Note 9(d) and Note 9(e). Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to options reserve. Consideration received on the exercise of stock options is recorded as share capital and the related amount originally recorded in option reserve is transferred to share capital. For those unexercised options that expire, the recorded value is transferred to deficit. For those unexercised options that are cancelled or forfeited, the recorded value remains in options reserve.

j) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity, and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and the deferred income taxes relate to the same taxable entity and the same taxation authority.

k) New IFRS Accounting Standards and interpretations not yet applied:

IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18")

On April 9, 2024, the IASB issued *IFRS 18 Presentation and Disclosure in Financial Statements*. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss'. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company is currently assessing the effects of IFRS 18 on the financial statements.

IFRS 9 Financial Instruments ("IFRS 9") and IFRS 7 Financial Instruments: Disclosures ("IFRS 7")

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. These amendments updated classification and measurement requirements in IFRS 9 *Financial Instruments* and related disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the 'solely payments of principal and interest' criterion, including financial assets that have environmental, social and corporate governance (ESG)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted. These amendments are not expected to have a material impact on the financial statements.

The Company has not early adopted any new accounting standard, interpretation or amendment that has been issued but is not yet effective.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements and applying its accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The judgements, key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

a) Indicators of impairment of property and equipment and resource properties

Assets or "CGUs" are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's property and equipment and resource properties.

Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of resource properties may exceed its recoverable amount. The retention of regulatory permits and licenses; the Company's ability to obtain financing for exploration and development activities and its future plans on the resource properties; current and future metal prices; and market sentiment are all factors considered by the Company.

b) The determination of the Company and its subsidiaries' functional currency

The functional currency for the Company and each of its subsidiaries is the currency of the primary economic environment in which each entity operates. The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

c) The assessment of the Company's ability to continue as a going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its operating expenditures, meet its liabilities for the subsequent year, and to fund planned contractual exploration programs, involves significant judgement based on historical experiences and other factors including expectation of future events that are believed to be reasonable under the circumstances.

5. PROPERTY AND EQUIPMENT

A summary of the Company's property and equipment is as follows:

	Buildings	Land	Equipment	Vehicles	Total
	\$	\$	\$	\$	\$
Cost					
Balance, December 31, 2023	2,830,896	13,275,115	304,538	115,565	16,526,114
Additions	37,328	360,368	139,458	-	537,154
Foreign exchange	248,929	1,167,319	26,779	10,162	1,453,189
Balance, December 31, 2024	3,117,153	14,802,802	470,775	125,727	18,516,457
Additions	31,113	-	559,266	160,579	750,958
Disposal	-	-	(18,503)	(46,722)	(65,225)
Foreign exchange	(544,694)	(702,643)	263,827	(5,967)	(989,477)
Balance, December 31, 2025	2,603,572	14,100,159	1,275,365	233,617	18,212,713
Accumulated depreciation					
Balance, December 31, 2023	147,370	-	88,315	11,557	247,242
Depreciation	106,662	-	79,804	23,936	210,402
Foreign exchange	12,959	-	7,766	1,016	21,741
Balance, December 31, 2024	266,991	-	175,885	36,509	479,385
Depreciation	109,926	-	158,040	30,386	298,352
Disposal	-	-	-	(15,882)	(15,882)
Foreign exchange	(37,148)	-	(24,984)	(864)	(62,996)
Balance, December 31, 2025	339,769	-	308,941	50,149	698,859
Net book value					
Balance, December 31, 2024	2,850,162	14,802,802	294,890	89,218	18,037,072
Balance, December 31, 2025	2,263,803	14,100,159	966,424	183,468	17,513,854

On January 5, 2024, the Company completed the acquisition of additional land in Arizona, included in land for \$343,262 (US\$250,447) which included \$34,265 (US\$25,000) deposit classified as other long-term assets as at December 31, 2023.

6. RESOURCE PROPERTIES

Copper Creek Project, Arizona

The Company acquired 100% of the Copper Creek project through the acquisition of Redhawk for a value of \$4,955,328 in 2018. All permits of this resource property are in good standing. During the year ended December 31, 2025, there have been no additions to acquisition costs (2024 - \$nil).

- D & G Mining Agreement

In November 2005, Redhawk entered into a lease-to-purchase agreement with a third party for additional property within the Copper Creek boundaries. Redhawk has the option to purchase the property for US\$3,000,000 until May 2033.

Redhawk paid US\$80,000 in both 2006 and 2007 and US\$100,000 annually from 2008 to 2017. Starting May 2018, Redhawk is required to make two payments per year of US\$25,000 due by May 31 and by November 30, until the end of May 2033.

Commencing January 1, 2022, 50% of the annual payments made prior to exercising the option to purchase will be applied against the purchase price in the event that Redhawk exercises its property purchase option. As of December 31, 2025, the purchase option has not been executed. All options payments to date have been made to keep the option in good standing.

6. RESOURCE PROPERTIES (continued)

- Freeport Mineral Corporation Agreement

In April 2007, Redhawk entered into a purchase agreement with Freeport Mineral Corporation ("Freeport") to acquire additional mining claims within the Copper Creek boundaries. The additional mining claims are subject to a 1% net smelter return royalty.

On May 30, 2018, Redhawk entered into an amendment to the Fourth Workout Agreement with Freeport. The substance of the amended agreement is a conversion of interest and principal owing to Freeport into production decision royalty payments. The total will be US\$3,000,000 paid in six equal annual instalments of US\$500,000 per annum. The payments are contingent upon Redhawk or successors achieving a defined commercial production of minerals. As a result of this amendment, no liabilities in connection with this agreement have been recorded as of December 31, 2025 and 2024.

Contact Copper Project, Nevada

The Company owns a 100% interest in the Contact Copper project located in Elko County, Nevada. All permits of this resource property are in good standing. During the year ended December 31, 2025, there have been no additions to acquisition costs (2024 - \$nil).

7. EXPLORATION AND EVALUATION EXPENSES

A summary of the Company's exploration and evaluation expenses by property is as follows:

	2025	Years ended December 31, 2024
	\$	\$
Copper Creek Project		
Exploration, geological and laboratory	11,738,544	13,047,212
Engineering & studies	1,949,358	205,213
Environmental, social, and governance	2,530,401	1,155,198
Legal	198,254	157,802
Payroll	3,688,152	3,240,768
Permit maintenance and land access	220,904	224,912
Administration and other costs	861,501	437,738
	21,187,114	18,468,843
Contact Copper Project		
Administration and other costs	182,157	178,502
Total	21,369,271	18,647,345

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Exploration and evaluation expenses	1,337,579	3,023,701
General and administration	1,033,109	417,823
	2,370,688	3,441,524

9. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value. As at December 31, 2025, the Company had 254,366,075 common shares issued and outstanding (December 31, 2024 - 205,435,575).

b) Issued and outstanding

During the year ended December 31, 2025, the Company had the following share capital transactions:

- On January 22, 2025, the Company issued 80,000 common shares pursuant to the exercise of 80,000 stock options with an exercise price of \$0.44 and received gross proceeds of \$35,200. Accordingly, \$23,692 was transferred from the options reserve into share capital.
- On July 17, 2025, the Company issued 625,000 common shares at a price of \$0.60 per share pursuant to the exercise of warrants, for total proceeds of \$375,000. No amounts were previously recorded in reserves for the warrants exercised and accordingly, there was no reclassification to share capital.
- On July 29, 2025, the Company closed a private placement financing for gross proceeds of \$48,773,450. The financing includes a brokered "bought deal" private placement involving the issuance of 26,139,500 common shares at a price of \$1.10 per share for gross proceeds of \$28,753,450 and a non-brokered private placement of 18,200,000 common shares at a price of \$1.10 per share for gross proceeds of \$20,020,000, and paid total share issuance costs of \$1,809,039.
- On August 7, 2025, the Company issued 70,000 common shares at a price of \$0.60 per share pursuant to the exercise of warrants, for total proceeds of \$42,000. No amounts were previously recorded in reserves for the warrants exercised and accordingly, there was no reclassification to share capital.
- On August 15, 2025, the Company issued 55,000 common shares at a price of \$0.60 per share pursuant to the exercise of warrants, for total proceeds of \$33,000. No amounts were previously recorded in reserves for the warrants exercised and accordingly, there was no reclassification to share capital.
- On October 9, 2025 and October 10, 2025, the Company issued 150,000 and 2,125,000 common shares, respectively, at a price of \$0.60 per share pursuant to the exercise of 150,000 and 2,125,000 warrants, respectively, for total proceeds of \$1,365,000. No amounts were previously recorded in reserves for the warrants exercised and accordingly, there was no reclassification to share capital.
- On December 1, 2025, the Company issued 1,486,000 common shares to settle 1,486,000 RSUs held by related parties (Note 10). The fair value of common shares issued was \$1,240,732 and no common shares were withheld in lieu of withholding taxes.

During the year ended December 31, 2024, the Company had the following share capital transactions:

- The Company issued an aggregate of 18,600 common shares net of withholding tax, to settle 40,000 RSUs. The total grant date fair value of the vested RSUs was \$28,800. A total of 21,400 common shares were withheld in lieu of withholding taxes in the amount of \$10,486. The fair value of common shares issued was \$13,392.
- On May 30, 2024, the Company closed a bought deal financing and issued 28,750,000 common shares at a price of \$0.80 per share for net proceeds of \$22,138,253, which included share issuance costs of \$861,747.
- The Company issued 100,000 common shares pursuant to the exercise of 100,000 stock options with exercise price \$0.40. The Company received gross proceeds of \$40,000 and reallocated \$68,943 from the Company's options reserve into share capital.

9. SHARE CAPITAL (continued)

c) Warrants

A summary of the Company's warrants activity is as follows:

	Number of options	Weighted average exercise price
	#	\$
Outstanding, December 31, 2023	12,500,000	0.60
Exercised	-	-
Outstanding, December 31, 2024	12,500,000	0.60
Exercised	(3,025,000)	0.60
Outstanding, December 31, 2025	9,475,000	0.60

The weighted average share price on the dates of exercises of warrants was \$1.65 (2024 - \$nil). As at December 31, 2025, the Company had 9,475,000 warrants outstanding (December 31, 2024 - 12,500,000) all of which have an exercise price of \$0.60 and expire on September 16, 2026. As at December 31, 2025, the weighted average remaining life of these warrants is 0.71 years (December 31, 2024 - 1.71 years).

d) Options

The Company has a long-term incentive plan ("LTIP") which provides for the grant of deferred share units, restricted share units ("RSU"), performance share units, and stock options ("Options") which may be converted into a maximum of 10% of issued and outstanding common shares. As of December 31, 2025, the LTIP allows for a maximum of 20,551,557 common shares to be reserved for issuance under the LTIP.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant, or officer and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of death, the option terminates at the earlier of twelve months after the date of death and the expiration of the option period.

A summary of the Company's stock options activity is as follows:

	Number of options	Weighted average exercise price
	#	\$
Outstanding, December 31, 2023	11,439,000	0.46
Exercised	(100,000)	0.40
Outstanding, December 31, 2024	11,339,000	0.46
Expired	(100,000)	0.23
Exercised	(80,000)	0.44
Outstanding, December 31, 2025	11,159,000	0.46
Exercisable, December 31, 2025	11,159,000	0.46

The weighted average share price on the date of exercise of stock options was \$0.75 (2024 - \$0.78).

FARADAY COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian dollars, except where noted)

9. SHARE CAPITAL (continued)

A summary of the Company's stock options outstanding at December 31, 2025, is as follows:

Expiry date	Number of outstanding options	Number of exercisable options	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
June 8, 2026	325,000	325,000	0.60	0.44
September 2, 2026	9,550,000	9,550,000	0.40	0.67
February 1, 2027	120,000	120,000	0.80	1.09
February 16, 2027	224,000	224,000	0.94	1.13
April 1, 2027	500,000	500,000	0.86	1.25
April 25, 2027	350,000	350,000	0.91	1.32
August 16, 2027	90,000	90,000	0.49	1.62
	11,159,000	11,159,000	0.46	0.73

The weighted average remaining contractual life of the Company's options as at December 31, 2025, was 0.73 years (December 31, 2024 - 1.71 years). During the year ended December 31, 2025, the Company incurred share-based compensation expense related to options of \$2,092 in connection with options vested (2024 - \$80,012).

e) Restricted share units

When the Company issues RSUs, it records a share-based compensation expense in the year or period which the RSUs are granted and/or vested. The expense is measured at the fair value of RSUs calculated using a deemed price that is based on the volume weighted average trading price of the Company's common shares for the five trading days immediately preceding the grant date as prescribed in the Company's Amended and Restated LTIP.

During the year ended December 31, 2025, the Company incurred share-based compensation expense related to RSUs of \$1,775,700 in connection with RSUs vested (2024 - \$1,029,063).

	Number of non-vested RSUs	Weighted average issue price
	#	\$
Non-vested balance, December 31, 2023	2,006,364	0.71
Granted	2,060,176	0.54
Vested	(999,454)	0.79
Non-vested balance, December 31, 2024 ⁽¹⁾	3,067,086	0.60
Granted	3,318,630	0.71
Vested	(1,229,511)	0.61
Non-vested balance, December 31, 2025⁽¹⁾	5,156,205	0.66

(1) As at December 31, 2025, 6,771,166 RSUs are outstanding (December 31, 2024 - 4,938,538).

FARADAY COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian dollars, except where noted)

9. SHARE CAPITAL (continued)

A summary of the Company's non-vested RSUs at December 31, 2025, is as follows:

Vesting date ⁽¹⁾	Weighted average issue price	Number of non-vested RSUs
	\$	#
January 31, 2026	0.62	1,150,845
February 6, 2026	0.70	1,066,205
April 14, 2026	0.75	40,000
January 31, 2027	0.54	686,730
February 6, 2027	0.70	1,066,212
April 14, 2027	0.75	40,000
February 6, 2028	0.70	1,066,213
April 14, 2028	0.75	40,000
	0.66	5,156,205

(1) RSUs vest over a period of two to three years. Vesting dates listed above represent the end of the two-year or three-year term.

10. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2025 and 2024, the Company incurred transactions with key management personnel, being the Chief Executive Officer, Chief Financial Officer, Vice President Projects & Evaluations, and Vice President of Exploration; as well as the directors of the Company.

A summary of the Company's key management personnel is as follows:

	2025	Years ended December 31, 2024
	\$	\$
Consulting and management fees	-	4,903
Director fees included in general and administration	225,000	225,000
Salaries and other compensation included in general and administration	1,883,400	1,928,920
Share-based compensation	1,128,967	774,223
	3,237,367	2,933,046

On September 30, 2024, the Company entered into a management services agreement with Fireweed Metals Corp. ("Fireweed") which resulted in the Company and Fireweed becoming related parties due to overlapping composition of officers at each organization. The Company and Fireweed ceased to be related parties as of February 27, 2025, and the management services agreement was terminated on March 31, 2025. In connection with the management services agreement, during the year ended December 31, 2025, the Company recorded other income of \$95,706 (2024 - \$243,957) of which \$64,082 and \$91,618 were earned while Fireweed was a related party during the years ended December 31, 2025 and 2024, respectively.

On December 1, 2025, the Company issued 1,486,000 common shares to related parties pursuant to exercise of 1,486,000 RSUs held by them (Note 9). The fair value of common shares issued was \$1,240,732 and no common shares were withheld in lieu of withholding taxes.

As at December 31, 2025, the Company had \$853,572 (December 31, 2024 - \$873,036) due to related parties which comprised of amounts owing to key management personnel for services rendered. Amounts due to related parties are unsecured and non-interest-bearing with no specified terms of repayment.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are exposed to several financial and market risks, including credit, interest rate and liquidity risks. The Company may, or may not, establish from time-to-time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of cash flow of its operations would warrant such hedging activities.

Fair value of financial instruments

The fair value hierarchy established by IFRS 13 *Fair Value Measurement* has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

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 assets or liabilities either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

The fair values of the Company's cash and cash equivalents, accounts payable and accrued liabilities and due to related parties are equivalent to their carrying values due to their short-term nature.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through its cash and cash equivalents. The Company mitigates its exposure to credit loss associated with cash and cash equivalents by placing its cash and cash equivalents in major financial institutions.

As at December 31, 2025, the Company held cash equivalents of \$37,450,146 in term deposits (December 31, 2024 - \$14,201,500) that are cashable in no more than 90 days and bear interest up to 4.46% (December 31, 2024 - 5.05%). Interest income on term deposits during the year ended December 31, 2025 was \$914,231 (2024 - \$1,324,215). Given the high credit quality of the financial institutions and the short-term, highly liquid nature of the term deposits, the Company assesses its exposure to credit risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. To mitigate the risk, the Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents are maintained in business accounts and invested in term deposits that are cashable in no more than 90 days and bear interest up to 4.46% (December 31, 2024 - 5.05%). The Company manages its liquidity risk mainly through raising funds from private placements. The Company's accounts payable and accrued liabilities are due within 90 days of December 31, 2025 and due to related parties has no specific terms of repayment. Given the Company's proactive management of working capital, the high liquidity of its term deposits, and its ability to access funds through private placements, the Company assesses its liquidity risk to be low.

The Company's operating cash requirements are continuously monitored and adjusted as input variables change. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

Interest rate risk

Interest rate risk is the risk that the Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. As at December 31, 2025 and 2024, the Company did not have debt instruments exposed to variable interest rate.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of the Company's assets and liabilities will fluctuate due to changes in foreign exchange rates.

FARADAY COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian dollars, except where noted)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

A summary of the Company's financial assets and liabilities that are denominated in US dollars and are presented in the Company's functional currency is as follows:

	December 31, 2025		December 31, 2024	
	US\$	\$	US\$	\$
Cash	18,555,485	25,432,148	2,132,694	3,068,733
Accounts payable and accrued liabilities	(939,352)	(1,287,476)	(2,067,113)	(2,974,369)
	17,616,133	24,144,672	65,581	94,364

As at December 31, 2025, a 5% change in the US dollar against the Canadian dollar would result in a \$1,207,234 impact on the net loss to the Company. The Company's foreign exchange exposure primarily relates to cash deposits held in US dollars. These funds are intended to be used to finance exploration activities for the Copper Creek Project and are expected to decrease over time as expenditures are incurred. The Company's exposure to foreign currency risk is limited to the US dollar, which is not the currency of a hyperinflationary economy.

12. COMMITMENTS

On May 1, 2024, the Company entered into a management services agreement (the "Agreement") with a management services company for the use of certain shared office facilities and related services. As part of the terms of the Agreement, the Company is required to pay a basic fee per month, plus applicable taxes. Effective January 1, 2025, the basic fee was \$33,000 per month and is subject to adjustment. The Agreement expires on April 30, 2029. The Company is required to make a one-time termination payment as determined by the Agreement and the management services company, if the Company were to terminate the agreement prior to its expiry.

As at December 31, 2025, the Company has a statewide surety bond of US\$575,000 in place to secure reclamation and restoration obligations related to disturbances under its approved Exploration Plan of Operations. The bond carries an annual premium of 2.5%, which is expensed as incurred.

13. INCOME TAXES

A summary of the Company's reconciliation of income taxes at statutory rates for the years ended December 31, 2025 and 2024, is as follows:

	2025	2024
	\$	\$
Loss for the year	(27,868,658)	(22,548,709)
Expected income tax recovery	(7,525,000)	(6,088,000)
Non-deductible expenditures and non-taxable revenues	487,000	299,000
Change in foreign tax rate and other	457,000	402,000
Impact of foreign exchange rates	11,000	(1,302,000)
Share issuance costs	(488,000)	(233,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(316,000)	(48,000)
Temporary differences originated in the year	44,000	-
Change in unrecognized deferred tax assets	7,330,000	6,970,000
Income tax	-	-

FARADAY COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian dollars, except where noted)

13. INCOME TAXES (continued)

A summary of the Company's significant components of deferred tax assets is as follows:

	Year ended December 31,	
	2025	2024
	\$	\$
Deferred tax assets (liabilities)		
Non-Capital losses	85,000	211,000
Property and equipment	-	(211,000)
Land	(85,000)	-
Net deferred tax asset	-	-

A summary of the Company's significant components of unrecognized deferred tax assets is as follows:

	December 31, 2025	Expiry date range	December 31, 2024	Expiry date range
	\$		\$	
Deferred tax assets (liabilities)				
Share issuance costs and financing fees	2,589,000	2046 to 2049	1,627,000	2042 to 2045
Resource properties	48,463,000	No expiry date	40,730,000	No expiry date
Non-capital losses	116,242,000	2029 to 2045	101,865,000	2038 to 2041
Intangible assets	1,708,000	No expiry date	1,708,000	No expiry date
Property and equipment	301,000	No expiry date	48,000	No expiry date
Canadian Capital losses	3,947,000	No expiry date	3,947,000	No expiry date
Charitable donation	20,000	No expiry date	20,000	No expiry date
Unrecognized deferred tax assets	173,270,000		149,945,000	

As at December 31, 2025, the Company has US non-capital losses of approximately \$80 million (December 31, 2024 - approximately \$71 million) that may be applied to reduce future US taxable income. US losses after January 1, 2018 would not have an expiry period. The Company also has Canadian non-capital losses of approximately \$36 million (December 31, 2024 - approximately \$31 million) that may be applied to reduce future Canadian taxable income.

14. SUBSEQUENT EVENTS

On January 12, 2026, the Company issued 157,000 RSUs and 1,175,000 stock options to certain employees and directors as part of the LTIP grant for the 2025 financial year, subject to a Board resolution. The RSUs and stock options entitle the holders to receive common shares of the Company, subject to the terms of the Company's Amended and Restated LTIP dated May 12, 2023, and the conditions outlined in the respective grant agreements. The RSUs are priced at \$2.83 per share and will vest over a three-year period. The stock options have an exercise price of \$2.87 per share and will vest over a three-year period and will expire after five years from the grant date.

On February 2, 2026, the Company issued 150,000 common shares at a price of \$0.60 per share pursuant to the exercise of 150,000 warrants for total proceeds of \$90,000.

On March 11, 2026, the Company closed a non-brokered private placement involving the issuance of up to 23,810,000 common shares at a price of \$4.20 for aggregate gross proceeds of \$100,002,000.