FATHOM NICKEL INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars, unless otherwise stated)

FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

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Independent Auditor's Report

To the Shareholders of Fathom Nickel Inc.

Opinion

We have audited the consolidated financial statements of Fathom Nickel Inc. and its subsidiaries (the Group), which comprise the consolidated statement 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 2.2 in the consolidated financial statements, which indicates that the Group had an accumulated deficit of $10,515,120. As stated in Note 2.2, these events or conditions, along with other matters set forth in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment Indicator Assessment of Exploration and Evaluation Assets

Description of the key audit matter

Exploration and Evaluation Assets ("E&E Assets") are valued at $18,469,791. Management must assess at each reporting date whether indicators of impairment exist. If such indicators are identified, an impairment test is required. This assessment involves significant judgment and was therefore considered a key audit matter.

Please refer to Notes 3.7 and 3.8 to the consolidated financial statements for the Company's accounting policies relating to its E&E Assets and the determination of impairment. Note 3.2 details the critical judgments used in assessing whether or not E&E Assets are impaired.

How the key audit matter was addressed in the audit

Our audit procedures for this matter included, among others:

- Evaluated management's assessment of whether impairment indicators exist and obtained evidence regarding management's conclusion on indicators;
- For a sample of claims, we obtained evidence to support the right to explore the area and claim expiration dates;
- Evaluated management's assumptions related to continued and planned expenditures, which included evaluating the results of current-year exploration programs, inspecting board meeting minutes, and reviewing exploration budgets and approvals to evidence continued and planned exploration;
- Assessed whether there are facts and circumstances that could indicate that the carrying value of the exploration and evaluation assets may not be recoverable, based on evidence obtained in other areas of the audit; and
- Reviewed the disclosure in the consolidated financial statements, including disclosures related to significant judgments and estimates.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group as a basis for forming an opinion on the group 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 Justin Friesen.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
April 30, 2026

FATHOM NICKEL INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT

	Note		Year ended Dec 31, 2025		Dec 31, 2024
ASSETS					
Current assets					
Cash and cash equivalents		$	11,263	$	314,973
Goods and services tax receivable			501,942		409,460
Deposits and prepaids			217,752		356,274
		$	730,957		1,080,707
Non-current assets					
Exploration and evaluations assets	6	$	18,469,791	$	17,724,505
Capital assets			4,243		7,375
			18,474,034		17,731,880
Total assets		$	19,204,991	$	18,812,587
EQUITY AND LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	434,551	$	506,655
Flow through premium liability	9, 13		-		42,750
Funds held on account			-		69,575
Total liabilities			434,551		618,980
Equity					
Share capital	9	$	26,573,704	$	25,156,997
Contributed surplus	9		2,711,856		2,607,188
Deficit			(10,515,120)		(9,570,578)
			18,770,440		18,193,607
Total equity and liabilities		$	19,204,991	$	18,812,587

Basis of measurement and going concern	2.2
Commitments	13
Events after the reporting year	14

Approved on behalf of the Board on April 30, 2026:

Signed: "*Ian Fraser*" Signed: "*John Morgan*"

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

	Note		2025		2024
Expenses					
Share based compensation	9, 12	$	86,993	$	126,000
Administrative consulting fees	12		180,000		181,650
Investor relations and capital markets consulting			166,859		519,113
Advertising and promotion			77,564		167,075
Legal and accounting			93,820		124,653
Insurance			59,462		44,117
Market making services			84,000		84,000
Exchange, transfer agent, commission fees and taxes			56,037		67,924
Travel			66,065		61,170
Depreciation			4,512		4,096
Telecommunications			31,911		14,581
Dues, fees and subscriptions			10,682		35,197
Shareholder communications			20,239		44,511
Bank charges			3,186		3,035
Rent			10,795		9,810
Office supplies			7,027		3,847
Property investigations			28,140		-
Operating loss			987,292		1,490,779
Flow through premium renounced	9, 13		(42,750)		(464,000)
Interest income			-		(23,520)
Net loss and comprehensive loss		$	944,542	$	1,003,259
Net loss per share, basic and diluted	11	$	0.01	$	0.01
Weighted average outstanding shares	11		183,899,588		138,926,570

The accompanying notes are an integral part of these financial statements

FATHOM NICKEL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

	Note	Share Capital								
		Common Shares		Amount		Contributed surplus		Deficit		Total
Balance, December 31, 2023		129,527,003	$	23,745,542	$	2,427,179	$	(8,567,319)	$	17,605,402
Fair value of options						126,000				126,000
Common shares issued for property acquisition	9	500,000		15,000		-		-		15,000
Flow-through units issued for cash, net of share issue costs	9	8,550,000		321,000		-		-		321,000
Non flow-through units issued for cash, net of share issue costs	9	12,409,688		1,172,214		-		-		1,172,214
Fair value of broker warrants	9	-		(54,009)		54,009		-		-
Unrenounced flow-through share premium	9	-		(42,750)		-		-		(42,750)
Loss and comprehensive loss	9	-		-		-		(1,003,259)		(1,003,259)
Balance, December 31, 2024		150,986,691	$	25,156,997	$	2,607,188	$	(9,570,578)	$	18,193,607
Fair value of options						86,993				86,993
Common shares issued for property acquisition	9	350,000		10,500		-		-		10,500
Non flow-through units issued for cash, net of share issue costs	9	50,000,000		1,423,882		-		-		1,423,882
Fair value of broker warrants	9	-		(17,675)		17,675		-		-
Loss and comprehensive loss	9	-		-		-		(944,542)		(944,542)
Balance, December 31, 2025		201,336,691	$	26,573,704	$	2,711,856	$	(10,515,120)	$	18,770,440

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

FATHOM NICKEL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

		2025		2024
Cash flows from operating activities				
Net loss for the year	$	(944,542)	$	(1,003,259)
Add back / Deduct non cash expenses				
Stock based compensation		86,993		126,000
Reversal of flow-through liability		(42,750)		(464,000)
Depreciation		4,512		4,096
		(895,787)		(1,337,163)
Working capital changes				
Goods and services tax receivable		(92,482)		(64,213)
Prepaids and deposits		138,522		95,715
Accounts payable and accrued liabilities		(72,104)		401,950
Cash flows used in operating activities		(921,851)		(903,711)
Cash flows from investing activities				
Capital assets		(1,380)		(2,050)
Exploration and evaluation assets		(835,139)		(3,672,549)
Saskatchewan Targeted Mineral Exploration Incentive		89,853		150,000
Cash flows used in investing activities		(746,666)		(3,524,599)
Cash flows from financing activities				
Issue of common share units for cash, net of share issuance costs		1,423,882		1,493,214
Payment for property acquisition		10,500		15,000
Decrease in funds held on account		(69,575)		(60,439)
Cash provided by financing activities		1,364,807		1,447,775
Net change in cash		(303,710)		(2,980,535)
Cash, beginning of the year		314,973		3,295,508
Cash, end of the year	$	11,263	$	314,973

Supplemental cash flow information (Note 8)

The accompanying notes are an integral part of these financial statements

1. REPORTING ENTITY

Fathom Minerals Ltd. (“FML”) is an exploration stage company engaged in locating, acquiring and exploring for base and precious metals in Canada. FML was incorporated pursuant to the Business Corporations Act (Alberta) on April 27, 2012. On January 22, 2021, FML acquired 100% of Fathom Nickel Inc. (“FNI” or the “Company”), a privately-held Alberta corporation, in a reverse takeover (“RTO”) transaction. The RTO was effected by means of a share-for-share exchange under which the former shareholders of FML acquired control of FNI. (Note 6). On May 25, 2021 FNI commenced trading on the CNSX under the symbol FNI.

The annual audited consolidated financial statements (Annual Financial Statements”) as at and for the years ended December 31, 2025 and 2024 comprise all entities in which FNI has a controlling interest. The consolidated entity is referred to as the Company or Fathom Nickel Inc. Intercompany balances and transactions are eliminated on consolidation.

The Company’s registered head office is located at #104, 1240 Kensington Road NW, Calgary, Alberta T2N 3P7.

The consolidated financial statements were authorized for issue by the board of directors on April 30, 2026.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Company has consistently applied IFRS Accounting Standards throughout these consolidated financial statements.

2.2 Basis of measurement and going concern

These financial statements have been prepared on a historical cost basis, except for cash and cash equivalents which approximate fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Going Concern

The Company’s ability to continue to operate and to meet its obligations as they come due is dependent upon its ability to obtain additional financing as necessary to locate and develop its properties or related opportunities with economic potential. The ultimate outcomes of these matters cannot presently be determined because they are contingent on future events.

As at December 31, 2025, the Company had working capital of $296,406, had not yet achieved profitable operations, had an accumulated deficit of $10,515,120 and may incur further losses in the development of its business, all of which create material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern.

The Company’s continued existence is dependent upon its ability to locate suitable properties containing economically viable reserves and the ability of the Company to raise capital or alternative financing, if necessary. Although the Company has been successful with raising capital in the past, there can be no assurance that the Company will be successful in future capital raises.

2. BASIS OF PRESENTATION (continued)

These audited consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern. Accordingly, they do not give effect to adjustments that would 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 and commitments in other than normal course of business and at amounts different from those in the accompanying Annual Financial Statements.

2.3 Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the functional and presentation currency of FNI and all entities under its control.

3. **MATERIAL** ACCOUNTING POLICIES:

3.1 Financial instruments

Details of classifications of financial instruments are discussed below.

Recognition and initial measurement

Financial assets are initially measured at fair value, net of transaction costs, other than financial instruments classified as fair value through profit and loss ("FVTPL"). On initial recognition, financial assets are classified in the following measurement categories: amortized cost, FVTPL, or fair value through other comprehensive income ("FVOCI"). The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Financial liabilities, other than derivatives, are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

i) Classification and Measurement: IFRS 9 requires the classification and measurement of financial assets based on their contractual cash flow characteristics and the Company's business model for the financial asset. All financial assets and financial liabilities, including derivatives, are recognized at fair value on the Statements of Financial Position when the Company becomes party to the contractual provisions of a financial instrument or non-financial derivative contract. Subsequent to initial recognition, financial assets must be classified and measured at either amortized cost, FVTPL, or at FVTOCI.

3. MATERIAL ACCOUNTING POLICIES (continued)

Classification and subsequent measurement

Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing the financial assets, in which case all affected financial assets are reclassified on the first day of the reporting year following the change in the business model.

	Classification	Subsequent Measurement
Cash and cash equivalent Accounts payable and accrued liabilities	Amortized cost	Amortized cost, using the effective interest method. Interest Income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents are recorded at fair value based on a Level 1 designation. The balances recorded as current assets and current liabilities approximate their carrying amounts due to the short-term nature of these balances.

There were no changes to the fair value designations for the above financial instruments during the year.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with a maturity of three months or less from the purchase date. As at December 31, 2025, the balance was comprised of cash in bank.

Common shares:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 Significant accounting estimates and judgments

The preparation of these financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates:

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The recoverability of deferred tax assets and liabilities; and
- The Company finances some exploration and evaluation expenses through the issuance of flow-through shares and flow-through special warrants. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference ("premium") between the amounts recognized in common shares (equal to the quoted price on the date of issue) and the amount the investors pay for the shares is recognized as a flow-through premium liability. The flow-through premium liability is reversed into the statement of operations and comprehensive loss as a recovery of deferred income taxes when the eligible expenditures are incurred.

Critical accounting judgments:

Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits in order to determine if there are indicators of impairment.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.3 Income taxes

The Company uses the Asset and Liabilities method to determine income tax and deferred tax.

Income tax expense is comprised of current and deferred tax expense. Current tax expense is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes and are presented as non-current liabilities. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Income taxes are calculated using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are calculated using substantively enacted tax rates expected to apply when the asset is realized, or the liability is settled. An asset is recognized on the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The effect on deferred tax assets and liabilities of changes in tax rates are recognized in income in the period in which the change is substantively enacted.

Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

3.4 Flow-through shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. These shares transfer the tax deductibility of the qualifying resource expenditures to investors. On issuance, the Company splits the flow-through shares into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital (Note 9). When expenses are incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The deferred tax liability will be reduced to the extent that deferred tax asset is available to offset. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.6 Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company had no material provisions as at December 31, 2025 and 2024.

3.7 Exploration and evaluation assets

i) Pre-exploration costs

Pre-exploration costs are expensed in the year in which they were incurred. Pre-exploration costs are those incurred prior to obtaining the legal right to explore.

ii) Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation (“E&E”) expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

The acquisitions of mineral property interests are initially measured at cost. Mineral property acquisition costs and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Company are capitalized until the property to which they relate is placed into production, sold or allowed to lapse.

Mineral property acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements. These costs will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse, or when an impairment of value has been determined to have occurred.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.8 Impairment of non-financial assets

The Company reviews its tangible and intangible assets for indications of impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For non-financial assets such as property and equipment, or exploration and evaluation assets, the recoverable amount is the higher of an asset's or cash-generating units (CGUs) value in use or its fair value less costs of disposal. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing whether an impairment loss should be recorded on an exploration and evaluation asset, management considers the following factors:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
- Substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted not planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of potentially commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area.

- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full through successful development or a sale.

A number of assumptions are required in making valuation assessments including, mineral prices, continued activity in surrounding areas, thus increasing the likelihood of optioning or selling the asset, and the availability of future equity or other capital to further explore and develop the property. As the Company's properties are at the exploration and evaluation stage, they are not yet at the point where there are assessments of possible or probable reserves. Consequently, any valuation of the properties will necessarily require judgments and estimates. There are risks that: 1) the property(s) could have little or no value if exploration activities on the property(s) and in the surrounding area cease; 2) commodity prices will not be sufficient to make extraction, regardless of quantity, economic; 3) the Company will be unable to obtain sufficient future financing to continue exploration prior to the expiry of the mineral claims.
When impairment has occurred, the cumulative loss is recognized in the statement of comprehensive loss.

Impairment losses, other than goodwill impairment losses, may be reversed in subsequent periods, if the tests yield results greater than the carrying amount at the end of the period. Impairment losses may only be reversed to the extent they bring the carrying value up to the original cost, net of any amortization that would have been reported had no impairment been recognized in prior periods.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.9 Loss per share

The calculation of basic loss per share is based on loss for the year divided by the weighted average number of common shares outstanding for the year. Diluted loss per share is equal to basic loss per share as the effect of potentially dilutive options and warrants would be anti-dilutive as the Company is in a loss position.

The Company had no comprehensive income or loss transactions, other than its net loss, presented in the Statements of Loss and Comprehensive Loss, nor has the Company accumulated other comprehensive income during the periods that have been presented.

3.11 Share-based payments

Where equity-settled share options are awarded to employees and consultants, the fair value (Note 10) of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, any unrecognized expense is recognized immediately. In addition, the incremental fair value of the options, measured as the difference between the fair value immediately before and after the modification, is charged to the statement of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity

instrument granted at the grant date. The grant date fair value is recognized in the profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received in the statement of loss and comprehensive loss, unless they are an expense directly related to the issuance of the shares. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by reference to the fair value of the equity instruments issued.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount previously recognized in contributed surplus is credited to share capital, adjusted for any consideration paid.

3. MATERIAL ACCOUNTING POLICIES (continued)

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company accounts for the cancellation as an acceleration of vesting and recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3.13 Government incentives

The Company is entitled to the refundable Saskatchewan Targeted Mineral Exploration Incentive (“TMEI”) grant as a result of incurring qualifying mineral exploration expenses in Saskatchewan. These amounts are recognized when the amount to be received can be reasonably estimated and collection is reasonably assured. Once recovered, these amounts are treated as a reduction to the carrying value of mineral properties.

3.14 New accounting standards and interpretations

Lack of Exchangeability (“IAS 21”)

Effective January 1, 2025, amendments to IAS 21 Lack of Exchangeability, provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. It requires an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. This adopted amendment had no impact on the Company’s Annual Financial Statements as at December 31, 2025.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

The amendment to IFRS 9, Financial Instruments (“IFRS 9”) and IFRS 7, Financial Instruments: Disclosures (“IFRS 7”) clarifies the date of recognition and derecognition of some financial assets and liabilities, including a new exception for certain financial liabilities settled through an electronic payment system before the settlement date. The amendment is effective for annual periods beginning on or after January 1, 2026 with earlier adoption permitted.
The Company is assessing the impact of this amendment.

Presentation and Disclosures in Financial Statements (“IFRS 18”)

This is a new standard on presentation and disclosure in financial statements which replaces IAS 1, with a focus on updates to the statement of profit or loss. IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the
- financial statements
- improve aggregation and disaggregation

An entity is required to apply IFRS 18 for annual reporting periods on or after January 1, 2027, with earlier adoption permitted. IFRS 18 requires retrospective application with specific transition provisions. While the adoption of the standard will affect the Company’s income statement presentation, the Company is still assessing the overall impact of this standard.

4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Share-based payment transactions

Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Under this method, the fair value of the equity-settled share- based payment is measured on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options.

Equity-settled, share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

4.2 Flow-through shares

The Company finances some exploration and evaluation expenses through the issuance of flow-through shares with flow-through special warrants. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference ("premium") between the amounts recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through premium liability which is reversed into the statement of loss and comprehensive loss as a recovery of deferred income taxes when the eligible expenditures are incurred. The amount recognized as a flow-through share liability represents the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares, net of allocated issue costs.

5. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

5. FINANCIAL RISK MANAGEMENT (continued)

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- commodity price risk
- capital risk management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's other receivables, and cash and equivalents.

The Company considers this risk to be low.

Cash and cash equivalents

At times when the Company's cash position is positive, cash deposits are made with financial institutions having reasonable local credit ratings.

(i) Liquidity risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity are its cash and cash equivalents. These funds are primarily used to operating cost, finance working capital, exploration expenditures, evaluation expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents, including raising financing through issuance of shares or other third-party sources of financing, if and when needed.

Accounts payable and accrued liabilities are current financial instruments expected to be settled in the normal course of operations, under applicable vendor terms of between 30 and 90 days.

5. FINANCIAL RISK MANAGEMENT (continued)

(ii) Commodity price risk

The value of the Company's exploration and evaluation assets are related to the price of nickel and other mineral commodities. Adverse changes in the price of nickel, copper and other base and precious metals can also significantly impair the economic viability of the Company's projects, along with the ability to obtain future financing.

Nickel and other mineral commodities prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial demand,

levels of worldwide production, short-term changes in supply and demand due to speculative hedging activities, macro-economic variables and certain other factors related specifically to nickel and other mineral commodities.

(iii) Capital risk management

The primary objective of managing the Company's capital is to ensure that there is sufficient capital available to support the funding and operating requirements of the Company in a way that optimizes the cost of capital, maximizes shareholders' returns, matches the current strategic business plan and ensures that the Company remains in a sound financial position.

There were no changes to the Company's approach to capital management during the year, as compared to the prior year.

6. EXPLORATION AND EVALUATION ASSETS

	2025	2024
E&E assets beginning of year	$ 17,724,505	$ 14,201,956
Acquisition cost and leases	27,743	17,160
Exploration (Note 13)	807,396	3,655,389
Saskatchewan TMEI payment	(89,853)	(150,000)
E&E assets end of year	$ 18,469,791	$ 17,724,505

Albert Lake Exploration & Evaluation Asset

	2025	2024
Balance beginning of year – Albert Lake Property	$ 12,649,425	$ 11,359,784
Acquisition cost and leases	2,075	(53,655)
Exploration (Note 13)	79,503	1,493,296
Saskatchewan TMEI payment	-	(150,000)
Balance end of year – Albert Lake Property	$ 12,731,003	$ 12,649,425

At year end, the Company’s 100% owned Albert Lake Property was comprised of 31 contiguous mineral dispositions (totaling 90,460 hectares) issued by and registered with the Saskatchewan Ministry of Energy and Resources. The Albert Lake Property is located approximately 135 kilometers northwest of La Ronge in north central Saskatchewan.

The Company is required to incur annual minimum work program expenditures ranging between $15.00 and $25.00 per hectare in order to maintain title to the dispositions. Excess qualifying exploration expenditures can be carried forward indefinitely to be applied to future years’ work requirements.

Based on available expenditures carried-forward from prior years, the minimum required expenditure for 2026 is $nil.

The initial six mineral dispositions, totaling 10,439 hectares, were acquired from Uravan Minerals Inc. in April 2015 in exchange for the issuance of 2,000,000 common shares of the Company. This original 10,439 hectares was subject to a 2% net smelter return (“NSR”) royalty interest pertaining to any future commercial production from the associated mineral dispositions. However, in 2022, the Company purchased this Uravan NSR for a one-time payment of $175,000.

6. EXPLORATION AND EVALUATION ASSETS (continued)

On June 8, 2015, the Company acquired an additional 1,348 hectares in two mineral dispositions from an individual land consultant in exchange for the issuance of 500,000 common shares of the Company and a cash payment of $5,000. The 1,348 hectares covered by the purchase agreement are subject to a 1% NSR royalty interest pertaining to any future commercial production from the associated mineral dispositions. The NSR can be acquired at any time, at the option of the Company, for cash payments totaling $500,000.

The Company acquired 20 mineral dispositions directly through the staking system of the Saskatchewan Ministry of Energy and Resources during the period from 2016 through 2021.

In June 2022 the Company acquired 3 mineral dispositions totaling 315 hectares from a third party in exchange for the reimbursement of direct staking costs together with a 2% NSR. The NSR can be bought down to 1% for a cash payment of $1,000,000 at the Company's option.

The Saskatchewan Targeted Mineral Exploration Incentive ("TMEI") provides for a 25% rebate on qualified eligible mineral exploration expenditures, up to an annual limit of $150,000 (prior to 2024 the annual maximum limit was $50,000). TMEI rebates are recorded as a reduction to the exploration and evaluation asset at the either the Albert Lake or Gochager Lake projects, depending on where the exploration expenditures were incurred. The 2025 TMEI rebate was on account of exploration expenditures on the Gochager Lake Property incurred in 2024, resulting in a claim of $nil against the Albert Lake Property for the year ended December 31, 2025.

During the year ended December 31, 2024, the Company received a refund of $53,655 related to a payment it had made in lieu of completing required exploration work in 2020. Subsequent to the Saskatchewan Ministry of Energy and Resources' review and approval of spending per the Company's exploration assessment report, the "payment in lieu" was refunded resulting in a ($53,655) amount in Acquisition and lease costs in the year.

Gochager Lake Exploration & Evaluation Asset

	Year ended Dec. 31, 2025	Year ended Dec. 31, 2024
Balance beginning of period – Gochager Lake Property	$ 5,075,080	$ 2,842,172
Acquisition cost and leases	25,669	70,815
Exploration	727,892	2,162,093
Saskatchewan TMEI payment	(89,853)	-
Balance end of year – Gochager Lake Property	$ 5,738,788	$ 5,075,080

Gochager Lake Property

At year end, the Company's Gochager Lake Property was comprised of 39 contiguous mineral dispositions (totaling 33,629 hectares) issued by and registered with the Saskatchewan Ministry of Energy and Resources. The Gochager Lake Property is located approximately 90 kilometers northwest of La Ronge in north central Saskatchewan. For purposes of financial reporting the Gochager Lake Property includes the claims acquired in the original Gochager Option Agreement, the claims acquired in the Watts Lake acquisition and the contiguous claims acquired by direct staking with the Saskatchewan Ministry of Energy and Resources.

6. EXPLORATION AND EVALUATION ASSETS (continued)

The Company is required to incur annual minimum work program expenditures ranging between $15.00 and $25.00 per hectare in order to maintain title to the dispositions. Excess qualifying exploration expenditures can be carried forward indefinitely to be applied to future years' work requirements. The Company is required to incur annual qualifying expenditures of approximately $504,000 from 2026 onward in order to maintain all dispositions in good standing. However, based on available expenditures carried-forward from prior years, the minimum required expenditure for 2026 is $nil.

Original Gochager Lake Option Agreement

On September 16, 2022, the Company entered into an Option Earn-In Agreement (the "Gochager Option") with a third-party vendor (the "Optionor") to earn an interest in the Gochager Lake Property ("Gochager") based on a combination of cash payments, share issuances and exploration expenditures over a four-year period.

Gochager is comprised of nine mineral dispositions totalling 4,696 hectares located in north-central Saskatchewan, approximately 75 km north of the town of La Ronge.
Option Agreement Terms:

Pursuant to the terms of the Gochager Option, the Company is required to issue the following common shares and complete the following cash payments to the Optionor, and incur the following exploration expenditures:

(a) issue an aggregate of 920,000 common shares of the Company to the Optionor as follows:
- (i) 150,000 on the date of the execution of the Gochager Option (the "Execution Date") or as soon as practicable thereafter;
- (ii) 170,000 on the first anniversary of the Execution Date;
- (iii) 250,000 on the second anniversary of the Execution Date; and
- (iv) 350,000 on the third anniversary of the Execution Date

(b) pay an aggregate of $94,000 in cash to the Optionor as follows:
- (i) $9,000 on the Execution Date of the Gochager Option or as soon as practicable thereafter;
- (ii) $15,000 on the first anniversary of the Execution Date;
- (iii) $30,000 on the second anniversary of the Execution Date; and
- (iv) $40,000 on the third anniversary of the Execution Date;

(c) incur an aggregate of $2,000,000 in exploration expenditures on Gochager as follows:
- (i) $125,000 by the first anniversary of the Execution Date;
- (ii) $250,000 cumulative by the second anniversary of the Execution Date;
- (iii) $400,000 cumulative by the third anniversary of the Execution Date;
- (iv) $2,000,000 cumulative by the fourth anniversary of the Execution Date.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Earn-In Thresholds

Upon the Company satisfying each of the Earn-In Threshold Conditions below, the Company will have exercised the Option and acquired that percentage of an undivided right, title and interest in and to the Property at each respective threshold:

a. A minimum of $350,000 in exploration expenditures, plus the share and cash payments required to be paid by the first anniversary of the Execution Date shall result in the transfer of a 10% undivided legal and beneficial interest in and to Gochager;
b. a minimum of $750,000 in cumulative exploration expenditures, plus the share and cash payments required to be paid by the second anniversary of the Execution Date shall result in the transfer of an additional 25% undivided legal and beneficial interest in and to Gochager, for a cumulative ownership interest of the Company of 35%;
c. a minimum of $1,200,000 in cumulative exploration, plus the share and cash payments required to be paid by the third anniversary of the Execution Date shall result in the transfer of an additional 20% undivided legal and beneficial interest in and to Gochager, for a cumulative ownership interest of the Company of 55%;
d. a minimum of $1,600,000 in cumulative exploration expenditures shall result in the transfer of an additional 20% undivided legal and beneficial interest in and to Gochager, for a cumulative ownership interest of the Company of 75%; and
e. a minimum of $2,000,000 in cumulative exploration expenditures shall result in the transfer of an additional 25% undivided legal and beneficial interest in and to Gochager, for a cumulative ownership interest of the Company of 100%.

As at December 31, 2025, the Company had fulfilled its obligations under the Gochager Option related to the annual minimum exploration spend, the cash payments and share issuances and, as of year end, has a 100% ownership in Gochager subject to a 2.0% net smelter return royalty on the Property (the "NSR") granted to the optionor. The Company shall have the right to purchase 1.0% of the Royalty from the optionor for $1,000,000 at any time.

As mentioned in the Albert Lake Property section above, the Saskatchewan Targeted Mineral Exploration Incentive ("TMEI") provides for a 25% rebate on qualified eligible mineral exploration expenditures, up to an annual limit of $150,000. The 2025 TMEI rebate was on account of exploration expenditures on the Gochager Lake Property incurred in 2024, resulting in a rebate of $89,853 recorded against the Gochager Lake Property. The Company is expected to qualify for the full rebate of $150,000 for 2025 (determined and payable in July 2026). TMEI rebates are recorded as a reduction to the exploration and evaluation asset at the either the Albert Lake or Gochager Lake projects, depending on where the exploration expenditures were incurred.

Watts Lake Mineral Claims

On March 21, 2023, pursuant to an agreement with SKRR Exploration Inc., the Company acquired the Watts Lake Mineral Claims. The Watts Lake Mineral Claims encompass twenty-four (24) mineral claims totalling 13,708 hectares in the region of, and contiguous with, Gochager. Under the terms of the Acquisition Agreement, Fathom acquired a 100% interest in the Watts Lake Mineral Claims by making total cash payments of CAD$150,000 and issuing 2,000,000 common shares of Fathom to SKRR. The Acquisition Agreement provides for a 2% net smelter return ("NSR") royalty in favour of Edge Geological Consulting Inc., a company controlled by Ross McElroy. The NSR is subject to a buy down to 1% for CAD$1,000,000.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Friesen Lake Property

The Company acquired 3 mineral dispositions, totalling 10,132 hectares, directly through the staking system of the Saskatchewan Ministry of Energy and Resources in June 2024 for a cost of $4,838. The Company has until the second anniversary (June 2026) to complete the required exploration spend of $15 per hectare. Until the Company determines that further investment in the Friesen Lake Property is justified, the initial acquisition costs have been included in the Albert Lake Property totals.

7. OFFICE SUBLEASE

The Company entered into an agreement to sublease its office space located at #730, 521 – 3rd Avenue SW, Calgary effective July 1, 2023 through to the end of its head lease on December 31, 2027. Rent under the sublease was payable monthly in advance at a basic rent rate of $4.50 per square foot, plus an additional rent equal to the square footage annual operating expenses ($16.15 per square foot for fiscal 2023).

As a result of the cancellation of the Company's head lease effective December 31, 2023, the corresponding sublease was also cancelled effective on that date.

On November 8, 2023 the subtenant filed a Statement of Claim in the Court of King's Bench, Alberta, naming Fathom as a defendant. The lawsuit claims damages of up to $143,000 resulting from the cancellation of the sublease.

8. SUPPLEMENTAL CASH FLOW

Summary of non-cash investing activities for the year ended December 31, 2025 and 2024:

	Dec 31, 2025	Dec 31, 2024
Common shares issued for property (Note 6)	$ 10,500	$ 15,000

9. SHARE CAPITAL

Authorized: Unlimited number of common shares without a value

Authorized and issued	Year ended December 31, 2025	Year ended Dec 31, 2024
	Number of common shares	
Balance, beginning of the year	150,986,691	129,527,003
Issued for property acquisition (Note 6) (i)	350,000	500,000
Issued for cash pursuant to non flow-through financing (ii),(iii),(iv)	50,000,000	12,409,688
Issued for cash pursuant to flow-though financings (iii)	-	8,550,000
Balance, end of the year	201,336,691	150,986,691
Balance, beginning of the year	$ 25,156,997	$ 23,745,542
Issued for property acquisition (Note 6) (i)	10,500	15,000
Issued for cash pursuant to non flow-through financing (ii),(iii),(iv)	1,423,882	1,172,214
Issued for cash pursuant to flow-though financings (iii)	-	321,000
Flow-through share premium	-	(42,750)
Fair value of broker warrants	(17,675)	(54,009)
Balance, end of the year	$ 26,573,704	$ 25,156,997

9. SHARE CAPITAL (continued)

(i) Under the terms of the Gochager Option the second anniversary payment and share issuance was amended as follows: the cash payment was reduced to $7,500 and the share issuance was increased accordingly by 250,000 at an agreed upon price of $0.03 per share, for a total of issuance of 500,000 shares. The third anniversary payment and share issuance were made as per the Gochager Option (See Note 6).

(ii) On February 16, 2024, FNI completed a non-brokered private placement of 10,808,974 non flow-through units ("Hard Dollar Unit") at a price $0.11 per unit for gross proceeds of $1,188,987. Each Hard Dollar Unit consisted of one common share of the Company and one common share purchase warrant ("Hard Dollar warrant"). Each Hard Dollar warrant is exercisable into a common share of the Company at a price of $0.20 for a period of two years from the date of issue.

In connection with the issuance of the non flow-through shares the Company paid $51,794 in fees. The agents were also granted 661,342 broker warrants, exercisable at a price of $0.13 per broker warrant into one common share of FNI for a period of two years from the date of the closing of the respective financings.

The fair value of the broker warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 120%; (III) a risk-free interest rate of 4.755%; (IV) an expected life of 2 years and (V) a broker warrant price of $0.13. Expected volatility was based on comparable companies. This resulted in a fair value of $0.068 per broker warrant for a total of $45,391.

The total share issuance costs for the issuance of the flow-through and non flow-through shares amounted to $72,875, inclusive of the agent's fees of $51,794 as noted above.

(iii) On December 23, 2024, FNI completed a non-brokered private placement of 8,550,000 flow-through units ("FT Unit")at a price $0.04 per unit for gross proceeds of $342,000. Each FT Unit consisted of one common share of the Company and one-half of a common share purchase warrant ("FT warrant"). Each whole FT warrant is exercisable into a common share of the Company at a price of $0.07 for a period of three years from the date of issue.

On December 23, 2024, FNI completed a non-brokered private placement of 1,600,714 non flow-through units ("Hard Dollar Unit") at a price $0.035 per unit for gross proceeds of $56,025. Each Hard Dollar Unit consisted of one common share of the Company and one-half of a common share purchase warrant ("Hard Dollar warrant"). Each Hard Dollar warrant is exercisable into a common share of the Company at a price of $0.07 for a period of three years from the date of issue.

The flow-through premium liability associated with the issuance of the flow-through shares was calculated at $0.005 per FT Unit, based on the difference between the selling price of $0.04 and the selling price of the non flow-through unit ($0.035). This resulted in a flow-through premium liability of $42,750.

In connection with the issuance of the flow-through shares the Company paid $21,000 in fees. The agents were also granted 525,000 broker warrants, exercisable at a price of $0.05 per broker warrant into one common share of FNI for a period of three years from the date of the closing of the respective financings.

9. SHARE CAPITAL (continued)

The fair value of the broker warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 130%; (III) a risk-free interest rate of 3.35%; (IV) an expected life of 3 years and (V) a broker warrant price of $0.05. Expected volatility was based on comparable companies. This resulted in a fair value of $0.016 per broker warrant for a total of $8,618.

(iv) On April 30 and May 23, 2025 (closed in two tranches), FNI completed a non-brokered private placement of 50,000,000 non flow-through units ("Hard Dollar Unit") at a price $0.03 per unit for gross proceeds of $1,500,000. Each Hard Dollar Unit consisted of one common share of the Company and one common share purchase warrant ("Hard Dollar warrant"). Each Hard Dollar warrant is exercisable into a common share of the Company at a price of $0.05 for a period of three years from the date of issue.

In connection with the issuance of the non-flow-through shares the Company paid $25,865 in fees. The agents were also granted 862,166 broker warrants, exercisable at a price of $0.05 per broker warrant into one common share of FNI for a period of three years from the date of the closing of the respective financings.

The fair value of the broker warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 120%; (III) a risk-free interest rate of 4.755%; (IV) an expected life of 2 years and (V) a broker warrant price of $0.05. Expected volatility was based on comparable companies. This resulted in a fair value of $0.025 per broker warrant for a total of $17,675.

Stock option plan

The Company has a stock option plan to provide employees, directors, officers and consultants with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of option is four years. Options typically vest in three equal tranches: one-third on date of issuance and one-third on each of the first and second anniversary dates of issuance. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares. The following table summarizes the employees, directors, officers and consultants stock options that have been granted, exercised, expired, vested or cancelled during the years ended December 31, 2024 and December 31, 2025:

	Number of Options Issued/(Cancelled)	Number of Options Vested	Weighted Average Exercise Price
Balance, December 31, 2023	6,460,000	2,770,000	0.13
Granted	-	-	-
Vested	-	1,845,000	
Cancelled	-	-	-
Balance, December 31, 2024	6,460,000	4,615,000	0.13
Granted	6,400,000	-	0.05
Vested	-	3,998,333	
Cancelled	-	-	-
Balance, December 31, 2025	12,860,000	8,613,333	0.09

9. SHARE CAPITAL (continued)

The fair value of the options issued in 2025 were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk-free interest rate of 1%; (IV) an expected life of 5 years and (V) a common share price of $0.05. Expected volatility was based on comparable companies. This resulted in a fair value of $0.0247 per option for a total of $159,684. The options vest 1/3 at the grant date and 1/3 on each of the first and second anniversaries of the grant date. $86,993 in share-based compensation was expensed the year ended December 31, 2025 (2024 - $126,000) based on options that vested during the year,

Warrants

Share Purchase Warrants

	Dec. 31, 2025		Dec. 31, 2024	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance beginning of period	57,679,594	$ 0.19	41,795,263	$ 0.20
Issued	50,000,000	0.05	15,884,331	0.158
Exercised	-	-	-	-
Expired	(41,795,263)	-	-	-
Balance end of year	65,884,331	$ 0.08	57,679,594	$ 0.19

At December 31, 2025, the following warrants were outstanding:

Number of warrants	Exercise price	Expiry date
10,808,974	$ 0.20	Feb 16, 2026
5,075,357	$ 0.07	Dec 23, 2027
35,902,500	$ 0.05	April 30, 2028
14,097,500	$ 0.05	May 23, 2028
65,884,331		-

10. INCOME TAX SECTION

The provision for income taxes varies from the amount that would be computed by applying the expected tax rate to income (loss) before income taxes. The principal reasons for the differences between such “expected” income tax expense and the amount actually recorded are as follows:

	Dec 31, 2025	Dec 31, 2024
Loss before income taxes	$ (944,543)	$ (1,003,259)
Recovery based on statutory rate of 23.0% (2023 – 23.0%)	(217,245)	(230,750)
Net non-deductible expense	20,014	28,980
Share issuance cost	(16,761)	(21,573)
Flow-through liability	-	(9,835)
Tax effect on flow-through shares	-	21,094
Change in unrecognized deferred tax assets	213,992	212,084
Total income tax expense	$ -	$ -

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	Dec 31, 2025	Dec 31, 2024
Deferred income tax asset		
Property, plant and equipment	1,368	329
Share issuance cost	56,268	160,785
Undeducted non-capital losses	2,448,543	2,127,712
Flow-through share liability	-	9.833
Mineral properties and exploration and evaluation assets	(1,747,930)	(1,754,402)
	758,249	544,257
Deferred tax assets not recognized	(758,249)	(544,257)
	$ -	$ -

As at December 31, 2025, the Company has estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. A summary of these tax losses is provided below.

	Dec 31, 2025
2036	340,275
2037	130,544
2038	89,645
2039	76,543
2040	31,774
2041	2,329,967
2042	1,995,265
2043	2,407,021
2044	1,849,886
2045	1,394,920
	$ 10,645,840

11. EARNINGS/LOSS PER SHARE

The calculation of basic loss per share for the year ended December 31, 2025 of $0.01 (2024– $0.01) was based on the loss attributable to shareholders of the Company of $944,542 (2024 - $1,003,259), and a weighted average number of common shares of 183,899,588 (2024 – 138,926,570).

12. RELATED PARTIES

The following related party transactions occurred and were charged in the financial statements during the years ended December 31, 2025 and 2024 as follows:

Consulting fees	Dec 31, 2025	Dec 31, 2024
Administrative and exploration-related consulting fees:		
Administrative consulting fees were charged by officers for corporate administrative and financial management services	$ 180,000	$ 181,650
Consulting fees were charged by officers for geological management of the Company's exploration and evaluation asset (Note 7)	$ 84,000	$ 84,000
Legal fees charged by a law firm of which a director of the Company is a partner	$ 78,486	$ 41,533

Administrative consulting fees are expensed as incurred and presented in the statement of loss and comprehensive loss. Geological consulting fees are capitalized to exploration and evaluation assets as incurred (Note 6). Legal fees associated with equity financings are disclosed as a share issuance cost and recorded as a reduction to share capital. Legal fees on account of general corporate and other non-financing matters are expensed in the statement of loss and comprehensive loss as legal and accounting fees.

Key management personnel and compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and key management positions of CEO, President, CFO and Vice President, Exploration.

Key management compensation	Dec 31, 2025	Dec 31, 2024
Key management consulting fees	$ 264,000	$ 265,150
Share based compensation	$ 86,993	$ 126,000
	$ 350,993	$ 391,150

13. COMMITMENTS AND CONTINGENCIES

The Company completed a flow-through financing in December 2024 for total gross proceeds of $342,000 (Note 9). The Company was therefore required to incur qualifying exploration expenditures on eligible Canadian exploration and development expenses totalling $342,000 prior to December 31, 2025 in order to satisfy its spending commitment in respect of funds raised via flow-through financings in 2024. The Company met this requirement by incurring in excess of $700,000 in qualifying exploration expenditures in 2025.

As disclosed in Exploration and Evaluation Asset (Note 6), the Company is required to incur annual minimum work program expenditures ranging between $15.00 and $25.00 per hectare in order to maintain title to the mineral dispositions. Excess qualifying exploration expenditures can be carried forward indefinitely to be applied to future years' work requirements. At December 2025, all of the Company's mineral dispositions were in good standing and did not require any level of expenditure to remain in good standing through the end of 2026.

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees.

The Company has not determined and is not aware that any provision for such costs is required and is unable to determine the impact on its financial position of environmental laws, if any, and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

On November 8, 2023 a Statement of Claim was filed in the Court of King's Bench, Alberta, naming Fathom as a defendant over the termination of the sublease of its Calgary office space. (See Note 7). The lawsuit that claims damages of up to $143,000 resulting from the cancellation of the sublease. The Company's position is that the claim against it is without merit and any financial damages are the result of and the responsibility of the owner of the building. The maximum financial exposure to the Company in the event it is unsuccessful in defending the claim is estimated to be $143,000.

14. EVENTS AFTER THE REPORTING YEAR

Equity Financing

On February 18 and 26, 2026 (closing in two tranches), the Company completed a non-brokered equity offering consisting of the issuance a total of 52,083,334 charity flow-through units (the "Charity FT Units") at a price per Charity FT Unit of C$0.048 for gross proceeds of C$2,500,000, and 48,387,076 non flow-through Units (the "NFT Units") at a price per NFT Unit of C$0.031 for gross proceeds of C$1,499,999. Combined gross proceeds of the Offering was C$3,999,999.

Each NFT Unit consists of one common share of the Company (a "Common Share") and one transferable Common Share purchase warrant (a "Warrant") that is exercisable into one Common Share ("Warrant Share") for a period of 36 months from issuance at an exercise price of C$0.05. Each Charity FT Unit consists of one "flow-through" Common Share (a "FT Share") and one transferable Common Share purchase warrant (a "FT Unit Warrant"), exercisable into a Warrant Share for 36 months from issuance at an exercise price of C$0.05. The FT Shares and FT Unit Warrants comprising the Charity FT Units will qualify as "flow-through shares" within the meaning of the *Income Tax Act* (Canada) (the "Tax Act") and as "eligible flow-through shares" as defined in *The Mineral Exploration Tax Credit Regulations*, 2014 (Saskatchewan) (the "SK Regulations").

The gross proceeds from the issue and sale of the Charity FT Units will be used by the Company to incur eligible "Canadian exploration expenses" that will qualify as "flow-through critical mineral mining expenditures" as such terms are defined in the Tax Act, and to incur "eligible flow-through mining expenditures" pursuant to the SK Regulations (collectively, the "Qualifying Expenditures") related to the Company's Gochager Lake Project located in Saskatchewan, Canada on or before December 31, 2027. All Qualifying Expenditures will be renounced in favour of the subscribers of the Charity FT Units effective December 31, 2026.