AE FUELS CORPORATION

(formerly Cavalry Capital Corp.)

TSXV: AEF | OTCQB: NRGFF

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025 AND THE PERIOD FROM INCORPORATION ON JULY 17, 2024 TO DECEMBER 31, 2024

Independent Auditor's Report

To the Shareholders of AE Fuels Corporation (formerly Cavalry Capital Corporation)

Opinion

We have audited the consolidated financial statements of AE Fuels Corporation (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year 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 its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 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 to the financial statements, which indicates that the Company has accumulated losses of $1,758,791. 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 Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 report.

Other Matter

The financial statements of the Company for the period from incorporation on July 17, 2024 to December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on December 12, 2025.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 International Accounting Standards Board, 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 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 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 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.

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 Matthew Gosden.

DMCL LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 8, 2026

AE FUELS CORPORATION
(formerly Cavalry Capital Corporation)
Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)

		As at December 31, 2025		As at December 31, 2024
ASSETS				
Current assets				
Cash	$	2,176,212	$	19
Amounts receivable		58,698		12,649
Prepaid expenses		170,740		-
Total current assets		2,405,650		12,668
Exploration and evaluation properties (Note 6)		3,361,355		527,726
TOTAL ASSETS	$	5,767,005	$	540,394
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	899,733	$	72,966
Income taxes payable		12,866		7,236
Loan payable (Note 10)		58,909		-
Related party loan (Note 11)		44,274		36,783
		1,015,782		116,985
SHAREHOLDERS' EQUITY				
Share capital (Note 7)		6,216,740		638,075
Share-based compensation reserve		293,546		-
Foreign currency translation reserve		(272)		(58,700)
Deficit		(1,758,791)		(155,966)
TOTAL SHAREHOLDERS' EQUITY		4,751,223		423,409
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	5,767,005	$	540,394

Nature and continuance of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved on behalf of the Board on May 8, 2026:

"Gary Leon Lewis" — Gary Leon Lewis, Director

"Melissa Sanderson" — Melissa Sanderson, Director

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

AE FUELS CORPORATION

(formerly Cavalry Capital Corporation)

Consolidated Statement of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	December 31, 2025	From incorporation on July 17, 2024 to December 31, 2024
Expenses		
Advertising and marketing	$ 89,501	$ 24,000
Consulting fees (Note 11)	96,385	57,972
Interest and bank charges	471	-
Listing expense (Note 4)	924,423	-
Office expenses	40,698	2,562
Professional fees	272,615	49,339
Regulatory and filing fees	70,755	-
Rent	2,086	-
Share-based compensation (Note 7 & 11)	68,805	19,300
Travel	29,259	15,002
Loss before other items	1,594,998	168,175
Other items		
Foreign exchange gain	-	17,886
Interest income	4,845	1,559
	4,845	19,445
Net loss before taxes	**(1,590,153)**	**(148,730)**
Income tax expense (Note 13)	(12,672)	(7,236)
Net loss for the year	**(1,602,825)**	**(155,966)**
Other Comprehensive Income (Loss)		
Items that may be reclassified to profit or loss		
Exchange difference on translation of foreign operations	58,428	(58,700)
Comprehensive loss for the year	**$ (1,544,397)**	**$ (214,666)**
Loss per common share – basic and diluted	**$ 0.09**	**$ 0.05**
Weighted average number of common shares outstanding	**17,695,618**	**3,199,850**

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

AE FUELS CORPORATION

(formerly Cavalry Capital Corp.)

Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital		Contributed Surplus	Foreign Currency Translation	Deficit	Total
	Number	Amount $	$	$	$	$
Balance, July 17, 2024	**-**	**-**	**-**	**-**	**-**	**-**
Shares issued pursuant to private placements (Note 7)	8,520,024	525,802	-	-	-	525,802
Shares issued for debt to related party (Note 7)	1,379,976	64,598	-	-	-	64,598
Share-based compensation (Note 7)	725,000	47,675	-	-	-	47,675
Net and other comprehensive loss for the period	-	-	-	(58,700)	(155,966)	(214,666)
Balance, December 31, 2024	**10,625,000**	**638,075**	**-**	**(58,700)**	**(155,966)**	**423,409**
Shares issued for private placements (Note 7)	6,188,271	836,163	-	-	-	836,163
Shares issued for subscription receipts (Note 4)	10,960,468	2,520,908	219,209	-	-	2,740,117
Share issued pursuant to Reverse Takeover (Note 4)	3,893,073	817,545	74,337	-	-	891,882
Shares issued to Trek Metals (Notes 5 & 7)	8,000,000	1,438,000	-	-	-	1,438,000
Shares issued for services – capitalized (Note 7)	150,000	19,650	-	-	-	19,650
Share issuance costs (Note 7)	1,091,667	(122,406)	-	-	-	(122,406)
Shares issued for services – expensed (Note 7)	525,000	68,805	-	-	-	68,805
Net and other comprehensive income (loss) for the year	-	-	-	58,428	(1,602,825)	(1,544,397)
Balance, December 31, 2025	**41,433,479**	**6,216,740**	**293,546**	**(272)**	**(1,758,791)**	**4,751,223**

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

AE FUELS CORPORATION

(formerly Cavalry Capital Corp.)

Consolidated Statement of Cash Flows

(Expressed in Canadian Dollars)

	For the year ended December 31, 2025	For the period from incorporation on July 17, 2024 to December 31, 2024
Cash flow from operating activities:		
Net loss for the period	$ (1,602,825)	$ (155,966)
Non-cash item:		
Share-based compensation	68,805	19,300
Listing expense	924,423	-
Changes in non-cash working capital related to operating activities:		
Changes in amounts receivable	(46,050)	(12,649)
Changes in prepaid expenses	47,315	-
Changes in income taxes payable	5,630	-
Changes in accounts payable and accrued liabilities	30,493	97,110
Net cash used in operating activities	**(572,209)**	**(52,205)**
Cash flows from investing activity:		
Acquisition of exploration and evaluation expenditures	(1,048,516)	(550,887)
Net cash used in investing activity:	**(1,048,516)**	**(550,887)**
Cash flows from financing activities		
Issuance of common shares for cash	3,597,157	520,627
Proceeds from loan	66,400	64,598
Cash received on completion of RTO	133,361	-
Net cash provided by financing activities	**3,796,918**	**585,225**
Foreign exchange effect on cash	**-**	**17,886**
Change in cash	2,176,193	19
Cash, beginning	19	-
Cash, ending	**$ 2,176,212**	**$ 19**
Supplemental cash flows information:		
Interest received	$ 4,845	$ 1,559
		-

Non-cash transactions (Note 12)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

AE Fuels Corporation ("AEF" or the "Company") was incorporated under the laws of the Province of British Columbia on March 19, 2021, under the name Cavalry Capital Corp. ("Cavalry"), and subsequently completed a qualifying transaction (the "Transaction") on December 19, 2025, pursuant to which it acquired all of the issued and outstanding shares of Advanced Energy Fuels, Inc. ("AEFI"). AEFI was incorporated on July 17, 2024, and is domiciled in Delaware, in the United States of America. Cavalry was a capital pool company listed on the TSX Venture Exchange. Subsequent to the Transaction, the Company's shares recommenced trading under the symbol AEF. Concurrently with the completion of the Transaction, the Company changed its name to AE Fuels Corporation. The Company's head office and registered office is located at Suite 1400-1050 West Pender Street, Vancouver, BC, V6E 3S7.

For accounting purposes, the Transaction was treated as a reverse takeover of Cavalry, with AEFI identified as the accounting acquirer and Cavalry as the acquiree. As a result, the consolidated financial statements of the Company are presented as a continuation of AEFI's operations, with the assets and liabilities of Cavalry recognized at fair value as of the acquisition date. A listing expense was recorded representing the difference between the fair value of the deemed consideration paid and the fair value of net identifiable assets acquired (Note 4).

These consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At December 31, 2025, the Company had accumulated losses of $1,758,791 and expects to incur further losses in the development of its business. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of exploration expenditures and corporate overhead. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future. These conditions indicate a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These consolidated financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern. These adjustments could be material.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 8, 2026.

(b) Basis of presentation

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

(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

(c) Consolidation

These consolidated financial statements include the financial statements of the Company and the following subsidiaries controlled by the Company:

		Percentage owned of voting shares	
	Incorporated in	**December 31, 2025**	**December 31, 2024**
Advanced Energy Fuels, Inc.	USA	100%	N/A
Advanced Energy Fuels (NM) LLC	USA	100%	100%
Advanced Energy Fuels (Aust) Pty Ltd	Australia	100%	100%
Edge Minerals Pty Ltd	Australia	100%	0%
Bellpiper Pty Ltd	Australia	100%	0%

The Company owns the 499 issued ordinary shares, and a Company Director owns the 501 issued Class E Shares of Advanced Energy Fuels Australia Pty Limited. As the holder of the ordinary shares, the Company has the right to vote at all general meetings, participate in dividends declared on the class of shares, and on winding up have a pro-rata right to the net assets of the entity. The holder of the Class E shares, does not have the right to vote at general meetings, participate in dividends declared on the class of shares, and on winding up have a right to repayment of capital paid up, but no right to any distribution of surplus assets or profits of the entity. The Company has determined that it controls Advanced Energy Fuels Australia Pty Limited as a consequent of holding 100% of the issued ordinary shares.

Control over an entity is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

(d) New financial reporting standards and interpretations

The functional currency of the Company is the Canadian Dollar (“CAD”), and the presentation currency of the Company is the Canadian Dollar. The functional currency of Advanced Energy Fuels (Aust) Pty Ltd. and Edge Minerals Pty Ltd. was the Australian dollar, while the functional currency of AEFI and Advanced Energy Fuels (NM) LLC was the US dollar. Upon completion of the Transaction (Note 1) the Company reassessed the functional currency of the Company’s subsidiaries and determined that they all had a CAD dollar functional currency. Those functional currencies are the currencies of the primary economic environments in which each of the entities operate.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Entities whose functional currencies differ from the presentation currency of the Company are translated into Canadian dollars as follows: assets and labilities – at the closing rate as at the reporting date, equity (at historical) and income and expenses – at the average rate of the reporting period. All resulting changes are recognized in other comprehensive income (loss) and accumulated in foreign currency translation reserve.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are recognized to profit or loss.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in foreign currency translation reserve related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in foreign currency translation reserve related to the subsidiary are reallocated between controlling and non-controlling interests.

(e) Financial instruments

Financial instruments are measured on initial recognition at fair value, and, in the case of financial instruments other than those classified as ‘‘fair value through profit and loss” (“FVTPL”), directly attributable transaction costs.

Recognition and classification
The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial asset debt instruments is driven by the Company’s business model for managing those financial assets and the contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial assets/liabilities	**Classification**
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loan payable	Amortized cost
Related party loan	Amortized cost

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Measurement
Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets and liabilities at FVTPL
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment, using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition
Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

(f) Exploration and evaluation assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation are capitalized by project. These direct expenditures include such costs as materials used, surveying, drilling, and payments made to contractors during the exploration phase. Costs not directly attributed to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs of disposal, the asset is written down accordingly with an impairment recognized in profit or loss.

Impairment reviews for the Company's exploration and evaluation assets are carried out on a project by project basis, with each project representing a single cash generating unit. An impairment review for an exploration and evaluation asset is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- The right to explore the area has expired or will expire in the near future with no expectation of renewal;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the area is neither planned nor budgeted;
- No commercially viable deposits have been discovered, and the decision had been made to discontinue exploration in the area; and
- Sufficient work has been performed to indicate that the carrying amount of the expenditure is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred.

Exploration and evaluation assets are classified as intangible assets.

(g) Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at December 31, 2025, the Company has no known material restoration, rehabilitation or environmental liabilities related to its exploration and evaluation assets.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

(h) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Equity-settled common share options, denominated in the Company's functional currency, issued by the Company are classified as equity instruments. Costs directly identifiable with the raising of share capital financing are recognized against share capital.

Share issuance costs incurred in advance of closing a financing are recorded as deferred assets. Share issuance costs related to incomplete financing transactions are recognized to profit or loss.

(i) Earnings (loss) per share

Basic earnings (loss) per share represents the earnings (loss) for the period, divided by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share represents the earnings (loss) for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of those instruments would not be anti-dilutive. Diluted earnings (loss) per share is equal to basic earnings (loss) per share, as the effect of potentially dilutive instruments would be anti-dilutive.

(j) Share-based compensation

Where equity-settled share-based compensation is awarded to employees, directors or other service providers, the fair value of common shares are recognized based on the most recent cash issuances. Stock options issued are recognized at fair value, determined using the Black-Scholes option pricing model. The fair value is recognized in profit or loss, or capitalized to exploration and evaluation assets, with a corresponding increase to share capital or share-based payments reserve. 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 instruments that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the equity-settled share-based payments 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 conditions or where a non-vesting condition is not satisfied. The expected life used in the valuation model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the equity-settled share-based payments, measured immediately before and after the modification, is also recognized to profit or loss over the remaining vesting period.

Where equity-settled share options are granted to non-employees, they are recorded at the fair value of the goods or services received. Amounts related to the issuance of shares are recorded as a reduction of share capital, amounts related to the acquisition of assets are capitalized to the asset, and current period services are expensed to profit or loss. When the value of goods or services received in exchange

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

for the share-based payment cannot be reliably estimated, the fair value of the equity instrument is measured.

All equity-settled share-based payments are reflected in share-based payments reserve, until exercised. Upon exercise, shares are issued from treasury and the amount originally reflected in share-based payments reserve is credited to share capital, adjusted for any consideration paid. Upon expiry or forfeiture, the amount reflected in share-based payments reserve is not reclassified to another component of equity.

Where a grant of equity-settled share-based payments is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes 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.

(k) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

(l) New financial reporting standards and interpretations

The following accounting standards and amendments are for future periods.

Amendments to IFRS 9 – Financial Instruments, and IFRS 7 – Financial Instruments: Disclosures
In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments*. The amendments clarify that a financial liability is derecognized on the settlement date and introduce an accounting policy choice to derecognize a financial liability settled using an electronic payment system before the settlement date. Other clarifications include guidance on the classification of financial assets with ESG-linked features, non-recourse loans and contractually linked instruments.

The amendments are effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets (for contingent features). The Company is currently in the process of assessing the impact of the amendments on the consolidated financial statements and notes to the consolidated financial statements

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in the Financial Statements*. IFRS 18 will replace IAS 1 *Presentation of Financial Statements* but carries forward many of the requirements from IAS 1. The standard introduces new defined subtotals to be presented in the Company's consolidated statement of loss and comprehensive loss, disclosure of any management-defined performance measures related to the consolidated statement of loss and comprehensive loss and requirements for grouping of information. IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with earlier adoption permitted, and will apply retrospectively. The Company is currently in the process of assessing the impact of IFRS 18 (and applicable amendments to other standards) on the consolidated financial statements and notes to the consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

(a) Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Impairment of exploration and evaluation assets
The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project.

Going concern
In preparing these financial statements on a going concern basis, as is disclosed in Note 1 of these financial statements, Management's critical judgment is that the Company will be able to meet its obligations and continue its operations for the next twelve months.

Acquisitions
The Company completed acquisitions during the year. Judgment was required in determining the accounting acquirer (Note 4) and whether the acquired entities met the definition of a business (Notes 4 and 5).

(b) Key Sources of Estimation Uncertainty

The Company completed share-based payment transactions during the year. There was estimation uncertainty relating to determining the fair value of the shares and other equity instruments issued.

4. REVERSE TAKEOVER TRANSACTION

Pursuant to a definitive share exchange agreement entered into on July 17, 2025 (the "Agreement"), on December 19, 2025, Cavalry completed the Transaction and acquired 100% of the issued and outstanding common shares of AEFI (Note 1).

Pursuant to the Agreement and in connection with the closing of the Transaction:

- Cavalry completed a consolidation of its outstanding share capital on the basis of 1.66 pre-consolidation shares for each one post-consolidation share;
- Cavalry issued 20,579,938 post-consolidation common shares to the shareholders of AEFI in exchange for the AEFI shares that were outstanding at the time of the Transaction;
- Cavalry completed a private placement of 10,960,948 subscription receipts at a price of $0.25 per Subscription Receipt for gross proceeds of $2,740,117 (the "Concurrent Financing"). Upon satisfaction of certain escrow release conditions, each subscription receipt converted into one unit comprised of one post-consolidation common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one post-consolidation common share at a exercise price of $0.35 for a period of 24 months following the escrow release date;
- The Company exercised its option to indirectly acquire a 100% interest in the SWWM Project by paying AUD$450,000 to Trek Metals Limited (ASX:TKM) and issuing 6,000,000 post-consolidation common shares to Trek (Note 5); and
- The management and board of directors of the resulting Issuer were reconstituted to include three nominees from Advanced Energy Fuels, Inc. and two nominees from Calvary.

(Expressed in Canadian Dollars)

4. REVERSE TAKEOVER TRANSACTION (continued)

For accounting purposes, the Transaction has been accounted for as a reverse takeover, whereby AEFI is considered the accounting acquirer and Calvary is considered the accounting acquiree. The Transaction in accordance with the guidance provided under IFRS 2, Share-based Payment and IFRS 3, Business Combinations. As Cavalry did not qualify as a business according to the definition in IFRS 3, the transaction was accounted for as an acquisition by AEFI of the net assets of Cavalry and its public listing. The fair value of the consideration paid less the Cavalry net assets acquired, has been recognized as a listing expense in the statements of loss and comprehensive loss for the period ended December 19, 2025. The fair value of the shares issued was determined based on the price of the Concurrent Financing, reduced by the estimated fair value of the warrants that were included in the Concurrent Financing units.

The following represents the fair value of the consideration paid and the Cavalry net assets acquired as at December 19, 2025 as a result of the Transaction:

Consideration		
Cavalry – shares outstanding as at December 19, 2025		6,462,500
Share consolidation – 1.66 per consolidation for each post-consolidation share		3,893,073
Fair value per share	$	0.21
Fair Value of shares issued to Cavalry shareholders	**$**	**817,545**
369,842 Stock options outstanding and revalued	$	48,079
238,705 Warrants outstanding and revalued		26,258
Total Consideration	**$**	**891,882**
Net assets of Cavalry		
Cash	$	133,361
Other current assets		13,055
Prepaid expenses		205,000
Prepaid share issuance costs		82,150
Accounts payables and accrued liabilities		(466,107)
Net assets (liabilities) acquired	**$**	**(32,541)**
Listing expense	**$**	**924,423**

The consideration for the stock options and broker warrants represent the total consideration transferred by the accounting acquirer, valued using the Black-Scholes valuation model with the following assumptions:

	Stock Options	**Warrants**
Exercise price	$0.083	$0.166
Risk-free interest rate	2.18%	2.48%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	100.00%	100.00%
Expected option life in years	0.25	1.37
Fair value	$0.13	$0.11

(Expressed in Canadian Dollars)

5. ACQUISTION OF EDGE MINERALS PTY LTD.

AEFI signed an Option and Acquisition Agreement with Trek Metals Limited (Trek) on September 9, 2024, subsequently amended, whereby the Company will earn a 100% ownership interest in the South Woodie Woodie Manganese Project (the "Project") or ("SWWM"), through the acquisition of Trek's whole owned subsidiary Edge Minerals Pty Ltd. ("Edge"), upon satisfaction of the following key transaction terms:

- AUD$450,000 cash payable upon the listing of the Company which closed on December 19, 2025 (paid) and 8,000,000 common shares, 2,000,000 common shares issued January 31, 2025 (issued with a fair value of $178,000) and 6,000,000 common shares issued on November 20, 2025 (issued with a fair value of $1,260,000); and
- AUD$2 million in exploration expenditure on or before September 30, 2027 (the "Exploration Expenditure").

If the Exploration Expenditure is not satisfied by September 30, 2027, the Company must pay Trek any shortfall either with cash or shares with the number of shares determined based on the 20-day volume weighted average price of the Company's shares.

On December 19, 2025, the Company completed the acquisition of Edge. The Company's Edge's assets consisted primarily of the Exploration and Evaluation assets associated with the Project. As Edge did not have processes capable of generating output, Edge did not meet the definition of a business in accordance with IFRS 3 – Business Combinations, and as a result, the acquisition has been accounted for as an asset acquisition. The value of the consideration paid after allocation to the other net assets acquired, was allocated to the Project.

The purchase price has been determined and allocated as follows:

Cash Consideration		
Canadian dollar cash equivalent consideration	**$**	**411,615**
Share Consideration		
Shares issued		6,000,000
Fair value per share	$	0.21
Share consideration paid	$	1,260,000
Total Consideration	**$**	**1,671,615**
Net assets of Edge		
Cash	$	3,994
Exploration and evaluation assets		1,679,970
Accounts payable		(12,349)
Net assets of Edge recognized on acquisition	**$**	**1,671,615**

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

South Woodie Woodie Manganese Project
The Project is located in the East Pilbara region of Western Australia, approximately 400 km southeast of Port Hedland. The Project comprises a contiguous group of nine granted exploration licenses and one retention license, collectively covering 525.5 km² within the Balfour Downs Sub-Basin.

Fluorite Ridge, Luna County, New Mexico
The Fluorite Ridge Prospect is located in Luna County in southwestern New Mexico, USA. In 2024, the Company staked 63 lode mining claims (1270 acres), covering multiple prospects and at least eight previously producing mines. Subsequently, the Company acquired an additional 18 lode mining claims (403 acres).

Summary of Expenditures
Below is a summary of the changes in the exploration and evaluation assets during the periods ended December 31, 2025 and 2024:

	South Woodie Woodie Manganese Property $	New Mexico Fluorspar Projects $	Total $
Balance, July 17, 2024	-	-	-
Additions:			
Acquisition costs	104,757	191,520	296,277
Consulting – Geological	92,774	86,035	178,809
Consulting – Other	41,752	-	41,752
Land management	10,888	-	10,888
Balance, December 31, 2024	**250,171**	**277,555**	**527,726**
Additions:			
Acquisition costs (Note 4)	1,840,716	-	1,840,716
Consulting – Geological	25,706	119,575	145,281
Consulting – Other	333,611	6,533	340,144
Land management	429,771	76,583	506,354
Foreign exchange	1,134	-	1,134
Balance, December 31, 2025	**2,881,109**	**480,246**	**3,361,355**

7. SHARE CAPITAL

(a) Authorized:

The Company has authorized an unlimited number of common shares without par value.

7. SHARE CAPITAL (continued)

(b) Issued and Outstanding as at December 31, 2025 – 41,433,479 (December 31, 2024 – 10,625,000) common shares.

For the period ended December 31, 2025, the Company had the following share capital transactions:

i. On January 31, 2025, 2,000,000 common shares of the Company were issued pursuant to the Option and Acquisition Agreement for the Project at $0.089 per share for a fair value of $178,000.

ii. On April 30, 2025, the Company closed a non-brokered private placement of 4,066,604 common shares of the Company at $0.134 per share for gross proceeds of $544,925. Related parties purchased 133,334 common shares under the offering. In addition, 10,000 common shares were issued to related parties for share issuance costs totaling $1,340, and 10,000 common shares were issued to a third party for services rendered. A further 1,066,667 common shares were issued as share issuance costs with a fair value of $142,933.

iii. On July 15, 2025, the Company closed a non-brokered private placement of 1,421,667 common shares of the Company at $0.131 per share for gross proceeds of $186,238. Related parties purchased 150,000 common shares under the offering. In addition, 500,000 common shares were issued to related parties for services provided totaling $65,500, 15,000 common shares with a fair value of $1,965 were issued to a related party as share issuance costs, and 15,000 common shares with a fair value of $1,965 were issued to a third party for services rendered. A further 150,000 common shares with a fair value of $19,650 were issued for non-cash consideration and capitalized as consulting costs relating to the South Woodie Woodie Manganese Project. The shares were issued at fair value based on the July 15, 2025 private placement price.

iv. On October 28, 2025, the Company closed a non-brokered private placement of 700,000 common shares of the Company at $0.15 per share for gross proceeds of $105,000. Related parties of the Company purchased all 700,000 common shares.

v. On November 20, 2025 the Company issued 6,000,000 common shares issued (issued with a fair value of $1,260,000) payable upon the listing of the Company which closed on December 19, 2025 (Note 5);

vi. On December 19, 2025 the Company completed a private placement of 10,960,468 subscription receipts at a price of $0.25 per Subscription Receipt for gross proceeds of $2,740,117. (Note 4)

vii. On December 19, 2025, The Company completed the Transaction (Note 4) and consolidation all share outstanding in Cavalry on the basis of 1.66 pre-consolidation shares for each post-consolidation share. Cavalry shares outstanding totaled 6,462,500 and were consolidated in exchange for 3,893,073 shares of the Company. The fair value of these shares was $817,545 (Note 4).

For the period ended December 31, 2024, the Company had the following share capital transactions:

i. On August 28, 2024, the Company closed a non-brokered private placement of 3,200,000 common shares of the Company for gross proceeds of $73,600 (US$54,635). Related parties of the Company purchased 2,800,000 of the shares issued as part of this private placement.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

ii. On December 31, 2024, the Company closed a non-brokered private placement of 5,320,024 common shares of the Company for gross proceeds of $452,202 (US$314,269). Related parties of the Company purchased 4,220,024 of the shares issued as part of this private placement.

iii. During the period ended December 31, 2024, the Company issued 1,379,976 common shares of the Company to settle an aggregate of $64,598 (US$44,894) of debt owed by the Company for services provided by a related party. The shares were issued at fair value which was based upon the August 28, 2024, private placement share price.

During the period ended December 31, 2024, the Company issued 725,000 common shares of the Company for services rendered totalling $47,675 (US$33,133). Related parties of the Company were issued with 300,000 of these common shares which related to services provided to the sum of $19,300 (US$13,413). The shares were issued at fair value which was based upon the August 28, 2024 and December 31, 2024 private placement share prices.

(c) Stock Options:

On December 19, 2025, the Company adopted Cavalry stock option plan, pursuant to which the board of directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to five years from the date the common shares are listed on the Exchange. The number of common shares reserved for issuance to any individual will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised the greater of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

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

	Number of options	Weighted average exercise price $
Outstanding, December 31, 2024 and on incorporation	-	-
Options outstanding from the Transaction (Note 4)	369,842	0.083
Outstanding, December 31, 2025	369,842	0.083

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Additional information regarding stock options outstanding as at December 31, 2025, was as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.083	369,842	1.34	0.083

(a) Warrants:

The following table summarizes the continuity of the Company's Warrants:

	Number of Agents' Warrants	Weighted average exercise price $
Outstanding, December 31, 2024 and incorporation	–	–
Agent Warrants outstanding from the Transaction (Note 4)	238,705	0.166
Warrants issued relating to the Concurrent Financing (Note 4)	5,480,474	0.35
Outstanding, December 31, 2025	5,719,179	0.34

As at December 31, 2025, the following Warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
238,705	0.166	May 4, 2027
5,480,474	0.35	December 19, 2027

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders equity, which was $4,751,223 at December 31, 2025 (2024 - $423,409).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of asserts or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

The Company is not subject to any external capital requirements and there were no changes in the Company's approach to managing capital.

9. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

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

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

As at December 31, 2025, the Company believes that the carrying amounts of accounts payable and accrued liabilities, loan payable and related party loans approximate their fair values because of their relatively short maturity dates or durations. Cash is measured at fair value based on Level 1 inputs of the fair value hierarchy.

b) Management of risks arising from financial instruments

Discussion of risks associated with financial assets and liabilities are detailed below:

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with federally regulated institutions with deposit. The credit risk related to cash is considered minimal.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by monitoring the Company's contractual obligations to anticipate any investing and financing activities. The Company's accounts payable and accrued liabilities are due within the 12 months.

As at December 31, 2025, the Company had a cash balance of $2,176,212 to settle current liabilities of $1,015,782.

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

i) Interest rate risk
Interest rate risk is the risk that he future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any borrowings that are subject to fluctuations in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with federally regulated institutions.

9. FINANCIAL INSTRUMENTS (continued)

ii) Currency risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. Amounts subject to currency risk are primarily cash offset by accounts payable and accrued liabilities denominated in foreign currencies. The Company primarily spends funds in US and Australian dollars. The Company is exposed to currency risk primarily on settlements of purchases that were denominated in currencies other than the US dollar and AUD dollar. In order to reduce the Company's exposure to currency risk, the Company periodically increases or decreases the amount of funds held in foreign currencies.

The Company presents the financial statements in Canadian dollar and is exposed to movements in the US dollar against the Australian dollar and Canadian dollar. Sensitivity analysis has been performed to indicate how the profit or loss would have been affected by changes in the US dollar and each of these currencies.

As at December 31, 2025, the Company had accounts payable and accrued liabilities of Australian dollars ("A$") 426,630 (2024 – A$3,927). A 10% strengthening in the Australian dollar relative to the US dollar would result in an increase of approximately $42,663 (2024 – $392) in the Company's comprehensive loss.

As at December 31, 2025, the Company had accounts payable and accrued liabilities of US$30,760 (2024 – US$20,000). A 10% strengthening in the US dollar relative to the CAD dollar would result in a decrease of approximately $3,076 (2024 - $2,000) in the Company's comprehensive loss.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The ability of the Company to develop its exploration and evaluation assets and the future profitability of the Company is directly related to the market price of precious metals and high-purity manganese product prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

10. LOAN PAYABLE

The Company received advances to fund working capital requirements. The loan is unsecured, non-interest bearing and has no fixed terms of repayment and is due on demand.

As at December 31, 2025, the total amount owing under the loan payable was $58,909 (2024 - $Nil).

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

During the year ended December 31, 2025 and 2024, directors and officers, including entities controlled by key management personnel, participated in private placements financings of the Company (Note 7).

During the year ended December 31, 2024, the Company issued common shares to certain related parties in settlement of amounts owing (Note 7). These transactions represent non-cash settlements of management fees and/or advances and have been recorded as share capital with a corresponding reduction in the related liability or expense.

During the year ended December 31, 2025, the Company paid or accrued management fees of $64,865 (2024 - $Nil) to a company controlled by the President and CEO of the Company.

During the year ended December 31, 2025, the President and CEO advanced funds to the Company. As at December 31, 2025, $44,274 (2024 - $36,873) was owing to the President and CEO. The balance is unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2025, the Company paid or accrued management fees of $38,500 (2024 - $Nil) to a company controlled by the CFO and corporate secretary of the Company. As at December 31, 2025, an amount of $5,500 (2024 - $Nil) included in accounts payable was due to this company. The balance is unsecured, non-interest bearing and due on demand.

The Company incurred the following charges to Directors and Officers, or to companies associated with these individuals, during the year ended December 31, 2025:

	2025	2024
	$	$
Consulting fees	103,365	55,115
Share-based compensation (Note 7)	65,500	19,300
	168,865	74,415

(Expressed in Canadian Dollars)

12. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows.

During the year ended December 31, 2025, the following transactions were excluded from the consolidated statement of cash flows:

- Capitalized costs of $1,438,000 for the fair value of common shares issued during the period ended December 31, 2025 (December 31, 2024 - $Nil).
- Share-based compensation of $19,650 is included in capitalized exploration and evaluation costs as of December 31, 2025 (December 31, 2024 - $28,375).
- Settlement of debt to a related party of $Nil as of December 31, 2025 (December 31, 2024 - $64,598).
- Capitalized exploration and evaluation costs of $342,563 included in accounts payable and accrued liabilities as of December 31, 2025 (December 31, 2024 - $19,875).
- Incurred share issuance costs of $61,133 included in accounts payable and accrued liabilities as of December 31, 2025 (December 31, 2024 - $Nil).

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	Year ended December 31, 2025	Period ended December 31, 2024
Statutory tax rate	27%	23%
	$	$
Loss before income taxes	1,590,153	148,730
Expected income tax expense at statutory rate	(429,341)	(34,200)
Tax effect of non-deductible expenses	249,594	5,200
Impact of acquisitions	(172,615)	-
Impact of share issuance costs incurred	(30,349)	-
Different foreign tax rate	1,267	-
Deferred tax asset not recognized	394,116	(36,236)
Income tax expense	12,672	7,236

The significant components of the Company's deferred tax assets as at December 31, 2025 and 2024 are as follows:

	2025	2024
	$	$
Carried forward non-capital losses	434,315	36,236
Financing and share issuance costs	34,097	-
Unrecognized deferred tax assets	(468,412)	(36,236)
Net deferred tax asset	-	-

(Expressed in Canadian Dollars)

13. INCOME TAXES (continued)

As at December 31, 2025, the Company has tax losses in the United States of approximately $771,000 and Canadian non-capital losses of approximately $838,000. Canadian non-capital losses may carried forward for 20 years and tax losses in the United States may be carried forward indefinitely. Deferred tax benefits, which may arise as a result of these losses have not been recognized in these consolidated financial statements.

14. SEGMENTED INFORMATION

During the period ended December 31, 2025, the Company had one reportable operating segment, being the acquisition and exploration of interests in mineral properties. The Company has operations located in two geographical segments – USA and Australia. Geographic information is as follows:

	Total non-current assets as at December 31, 2025	**Total non-current assets as at December 31, 2024**
	$	**$**
Australia	2,881,109	250,171
USA	480,246	277,555
Total non-current assets	3,361,355	527,726

15. SUBSEQUENT EVENTS

On January 27, 2026, a former Director of the Company exercised stock options to acquire 77,861 common shares at an exercise price of $0.083 per share for total proceeds of $6,229.

On February 9, 2026, the Company announced that it had received approval for its common shares to commence trading on the OTCQB Venture Market in the United States under the symbol “NRGFF”. Trading on the OTCQB began on the same date.

On March 1, 2026, the Company granted 600,000 deferred share units and 400,000 performance share units to certain directors and officers under its equity incentive plan. The awards are subject to vesting conditions and shareholder approval.

On March 1, 2026, the Company entered into debt settlement agreements with certain creditors and a former related party to settle outstanding amounts of $234,293 through the issuance of 937,175 common shares at a deemed price of $0.25 per share. Included in the settlement is the issuance of 100,000 common shares to a director of a of subsidiary of the Company, constituting a related party transaction. The transaction is subject to TSX Venture Exchange approval and subject to a statutory hold period.