

**FORMATION METALS INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025**

**The effective date of this report is December 1, 2025**

**Management Discussion & Analysis:**

Management's discussion and analysis ("MD&A") provides a detailed analysis of the results and financial condition of Formation Metals Inc. (the "Company" or "Formation") for the six months ended September 30, 2025. The following management discussion and analysis, prepared as of December 1, 2025, should be read together with the unaudited interim financial statements for the six months ended September 30, 2025 with the related notes attached thereto and the audited financial statements for the year ended March 31, 2025 with the related notes attached thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A supplements but does not form part of the financial statements. Management is responsible for the preparation of the financial statements and the MD&A for the six months ended September 30, 2025. News releases and previous filings may be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**Description of Business:**

The Company was incorporated on March 1, 2022 under the laws of British Columbia. For the year ended March 31, 2024. The Company's head office address is #1245 – 200 Granville Street, Vancouver, BC V6C 1S4, Canada. The registered and records office address is 400 – 1681 Chestnut Street, Vancouver BC, V7Y 1G5, Canada.

The Company is listed for trading on the Canadian Securities Exchange ("CSE") under the symbol FOMO, the OTCQB Venture Market ("OTCQB") under the symbol FOMTF, and in Germany under the symbol VF1. The Company's principal business activities include the acquisition and exploration of mineral property assets. Its portfolio includes Nicobat, a Nickel-Copper-Cobalt property in Ontario ("Nicobat"), and the N2 Gold project in Quebec ("N2").

On March 10, 2022, the Company entered into an Arrangement Agreement (the "Arrangement") with Usha Resources Ltd. ("USHA") to transfer the Nicobat property ("Nicobat") to the Company whereby USHA shareholders will be issued one (1) share of the Company with respect to every five (5) shares of USHA owned on the share distribution record date (the "Share Distribution Record Date"), which was determined by USHA's Board of Directors to be April 12, 2023. Pursuant to the arrangement agreement and on the payable date of April 20, 2023, USHA completed the transfer of the Nicobat property and distributed 9,480,474 common shares of the Company to the USHA shareholders on a pro rata basis.

**Forward Looking Statements:**

This Management Discussion and Analysis contains certain forward-looking statements and information relating to Formation that is based on the beliefs of the Company, or management, as well as assumptions made by and information currently available to the Company or management. When used in this document, the words "anticipate", "believe", "estimate", "expect", "implied", "intend" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company regarding future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted with the inflationary pressures, rising interest rates, the global financial climate and the conflicts in Ukraine and the Middle East affecting current economic

**FORMATION METALS INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025**

conditions and increasing economic uncertainty. Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, implied, expected or intended. In each instance, forward-looking information should be considered in the light of the accompanying meaningful cautionary statements herein. Formation cautions that forward-looking statements involve risk and uncertainty.

**Overall Performance**

The Company does not generate revenues from operations. The Company's net loss for the six months ended September 30, 2025 was \$1,890,700 (September 30, 2024: \$29,197).

Working capital as at September 30, 2025, was \$4,952,343 (September 30, 2024: \$657,930), and comprised cash of \$3,239,772 (September 30, 2024: \$688,083), receivables of \$267,146 (September 30, 2024: \$7,814), and accounts payable and accrued liabilities of \$212,668 (September 30, 2024: \$37,967).

During the six months ended September 30, 2025, the Company issued 62,242,279 common shares as stated below:

- i) 2,685,000 restricted share units were converted.
- ii) 2,776,000 warrants were exercised at a price of \$0.20 per share.
- iii) 425,000 warrants were exercised at a price of \$0.30 per share.
- iv) 50,000 stock options were exercised at a price of \$0.21 per share.
- v) 6,178,286 common shares issued pursuant to flow-through private placement at a price of \$0.35 per share.
- vi) 2,652,519 common shares issued pursuant to flow-through private placement at a price of \$0.435 per share.
- vii) 2,185,000 common shares issued pursuant to flow-through private placement at a price of \$0.50 per share.

During the six months ended September 30, 2025, the Company completed a private placement of 6,178,286 flow-through shares at \$0.35 per share for gross proceeds of \$2,162,400. The Company calculates the tax effect of the premium related to the issuance of flow-through shares by reviewing the value of the corresponding common shares and warrants issued. As a result, no premium was recognized as a flow-through premium liability upon issuance.

The Company closed a Charity Flow-Through private placement raising gross proceeds of \$1,092,500 through the issuance of 2,185,000 charity flow-through units at \$0.50 per unit under the listed issuer financing exemption as per Part 5A of National Instrument 45-106 – Prospectus Exemptions to qualified investors in Canada. Each unit consisted of one flow-through common share (each a "CFT Share") and one transferable common share purchase warrant (each a "CFT Warrant"), with each CFT Warrant entitling the holder to purchase one additional common share at an exercise price of \$0.60 per Warrant Share for a period of two (2) years from the date of closing of the private placement. The Company granted 56,700 finder's warrants to arm's length parties, in accordance with applicable securities laws and the policies of the Canadian Securities Exchange. The Finder's Warrants are non-transferable and exercisable at \$0.60 per Share until the

**FORMATION METALS INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025**

Expiry Date. As a result of the issuance, the company recorded a flow-through premium liability of \$316,825.

The Company closed a Charity Flow-Through private placement raising gross proceeds of \$1,153,845 through the issuance of 2,652,519 charity flow-through units at \$0.435 per unit. Each unit consisted of one flow-through common share (each a “4MH FT Share”) and one transferable common share purchase warrant (each a “4MH Warrant”), with each 4MH Warrant entitling the holder to purchase one additional common share at an exercise price of \$0.60 per Warrant Share for a period of two (2) years from the date of closing of the private placement. As a result of the issuance, the Company recorded a flow-through premium liability of \$216,843.

As of September 30, 2025, the flow through premium liability outstanding relating to flow-through shares was \$529,816.

During the six months ended September 30, 2025 the Company paid \$169,092 as finders’ fees and granted 489,180 warrants as finders’ fees, exercisable at \$0.60 for a period of two years. 329,090 warrants were valued at \$37,022 using the Black-Scholes option pricing model, assuming a life expectancy of two years, a risk-free interest rate of 2.71%, a forfeiture and dividend rate of nil, and volatility of 84.83%. 157,080 warrants were valued at \$15,651 using the Black-Scholes option pricing model, assuming a life expectancy of two years, a risk-free interest rate of 2.71%, a forfeiture and dividend rate of nil, and volatility of 76.76%. 3,010 warrants were valued at \$288 using the Black-Scholes option pricing model, assuming a life expectancy of two years, a risk-free interest rate of 2.71%, a forfeiture and dividend rate of nil, and volatility of 73.55%.

As at September 30, 2025, there were 1,230,491 (March 31, 2025 – 1,476,648) shares in escrow.

**Summary of Exploration and Corporate Activities**

The Company incurred expenditures on the properties as follows:

|                                                |           | Nicobat,<br>Ontario | N2, Quebec        | Total             |
|------------------------------------------------|-----------|---------------------|-------------------|-------------------|
| <b>Acquisition Costs</b>                       |           |                     |                   |                   |
| Balance, March 31, 2024                        | \$        | 528,471             | \$ -              | \$ 528,471        |
| Issuance of common shares                      |           | -                   | 210,000           | 210,000           |
| Cash consideration                             |           | -                   | 50,000            | 50,000            |
| Balance, March 31, 2025 and September 30, 2025 | \$        | 528,471             | \$ 260,000        | \$ 788,471        |
| <b>Exploration Expenditures:</b>               |           |                     |                   |                   |
| Balance, March 31, 2024                        | \$        | 1,798               | \$ -              | \$ 1,798          |
| Field Expenses                                 |           | 20,000              | 22,500            | 42,500            |
| Title claim fees                               |           | 190                 | -                 | 190               |
| Balance, March 31, 2025                        | \$        | 21,988              | \$ 22,500         | \$ 44,488         |
| License costs                                  |           | 14                  | -                 | 14                |
| Claim management fees                          |           | -                   | 1,217             | 1,217             |
| Consulting fees                                |           | -                   | 45,000            | 45,000            |
| Balance, September 30, 2025                    | \$        | 22,002              | \$ 68,717         | \$ 90,719         |
| <b>Balance, March 31, 2025</b>                 | <b>\$</b> | <b>665,444</b>      | <b>\$ 282,500</b> | <b>\$ 832,959</b> |
| <b>Balance, September 30, 2025</b>             | <b>\$</b> | <b>550,473</b>      | <b>\$ 328,717</b> | <b>\$ 879,190</b> |

**FORMATION METALS INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025**

The Company made advances relating to exploration activities on the properties as follows:

**Exploration Advances:**

|                                                       |           |                |           |          |           |                |
|-------------------------------------------------------|-----------|----------------|-----------|----------|-----------|----------------|
| Balance, March 31, 2023 and March 31, 2024            | \$        | -              | \$        | -        | \$        | -              |
| Exploration advance                                   |           | 114,985        |           | -        |           | 114,985        |
| <b>Balance, March 31, 2025 and September 30, 2025</b> | <b>\$</b> | <b>114,985</b> | <b>\$</b> | <b>-</b> | <b>\$</b> | <b>114,985</b> |

***Nicobat Nickel Project***

The Company's first acquisition is an 85% interest in the Nicobat Nickel-Copper-Cobalt Project and was acquired through an Arrangement Agreement between USHA and the Company whereby USHA shareholders were to be issued one (1) share of the Company with respect to every five (5) shares of USHA owned on the share distribution record date, which was subsequently determined to be April 12, 2023, in exchange for the Nicobat property.

Pursuant to the arrangement agreement and on the payable date of April 20, 2023, USHA completed the transfer of the Property and distributed 9,480,474 common shares of the Company to the USHA shareholders on a pro rata basis. A 2% net smelter royalty (NSR) is held by Emerald Lake Development Corporation (the "Vendor") and Formation has the right to at any time acquire up to 1.5% of the vendor held 2% NSR royalty, free and clear of any liens, charges or encumbrances whatsoever, upon payment of \$CDN 2,000,000.

***N2 Gold Project***

The Company's second acquisition is an option to acquire 100% interest in the N2 property located in Northwestern Quebec. The Company can acquire a 100% interest in the property by paying an aggregate of \$550,000 in cash and issuing an aggregate of 4,000,000 common shares to Wallbridge Mining Company Limited ("Wallbridge") and completing \$5,000,000 of work expenditures on the N2 property as indicated in the table below:

|                 | Common shares    | Cash payment      | Work commitment     |
|-----------------|------------------|-------------------|---------------------|
| Signing         | 1,000,000        | \$ 50,000         | \$ -                |
| 1st Anniversary | 1,000,000        | 50,000            | 400,000             |
| 2nd Anniversary | 1,000,000        | 50,000            | 600,000             |
| 3rd Anniversary | -                | 100,000           | 1,200,000           |
| 4th Anniversary | -                | 100,000           | -                   |
| 5th Anniversary | -                | 100,000           | -                   |
| 6th Anniversary | 1,000,000        | 100,000           | 2,800,000           |
|                 | <b>4,000,000</b> | <b>\$ 550,000</b> | <b>\$ 5,000,000</b> |

In January 2025, the Company paid \$50,000 and issued 1,000,000 common shares to Wallbridge pursuant to the option agreement.

**FORMATION METALS INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025**

**Critical accounting policies and estimates**

The preparation of the interim financial statements in accordance with International Financial Reporting Standards 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. Actual results could differ from these estimates. A detailed description of these matters, as well as the significant accounting policies adopted by the Company are disclosed in the notes to the interim financial statements for the six months ended September 30, 2025.

**Financial Instruments**

IFRS 9 establishes three primary measurement categories for financial assets: fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) and amortized cost. The basis for classification depends on the entity’s business model and the contractual cash flow characteristics of the instrument.

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss (“FVTPL”), or fair value through other comprehensive income (loss) (“FVOCI”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified and measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be

**FORMATION METALS INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025**

measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 the Company has elected to measure them at FVTPL.

The Company classifies its financial instruments as follows:

| Asset or Liability                       | IFRS 9<br>Classification |
|------------------------------------------|--------------------------|
| Cash                                     | Amortized cost           |
| Receivables                              | Amortized cost           |
| Prepaid expenses                         | Amortized cost           |
| Accounts payable and accrued liabilities | Amortized cost           |

A fuller description of financial instruments is provided in Note 4 to the audited financial statements for the year March 31, 2025.

#### **Recent Accounting Pronouncements**

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee.

During the six months ended September 30, 2025, the Company was not required to, and has not adopted any new standards, interpretations, amendments, and improvements to existing standards which had a material impact on the Company's interim financial statements. The Company also does not expect the adoption of any currently announced new standards, interpretations, amendments, and improvements to existing standards to have a material impact on the Company's interim financial statements.

#### **Selected Annual Information**

The following table sets out certain audited consolidated financial information for the Company for each of the last three fiscal years.

| <b>Fiscal year ended March 31</b> | <b>2025</b>  | <b>2024</b> | <b>2023</b> |
|-----------------------------------|--------------|-------------|-------------|
| Loss and comprehensive loss       | \$ 3,133,327 | \$ 141,946  | \$ 119,108  |
| Exploration & evaluation assets   | 947,944      | 530,269     | -           |
| Total assets                      | 2,831,582    | 1,251,899   | 2,005       |
| Deficit                           | 3,394,381    | 261,054     | 119,108     |

#### **Summary of Quarterly Results & Results of Operations**

The table below provides, for each of the last eight quarterly periods, a summary of corporate losses and is derived from unaudited quarterly financial statements prepared by management. The Company's condensed interim financial statements are prepared in accordance with IFRS applicable to interim financial statements and are expressed in Canadian dollars.

**FORMATION METALS INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025**

|                                     | <b>Loss per<br/>quarter</b> | <b>Loss per<br/>share</b> | <b>Property costs</b> |
|-------------------------------------|-----------------------------|---------------------------|-----------------------|
| October 1, 2023 – December 31, 2023 | \$ 47,722                   | \$ -                      | \$ 1,264              |
| January 1, 2024 – March 31, 2024    | 4,128                       | -                         | 357                   |
| April 1, 2024 – June 30, 2024       | 15,105                      | -                         | -                     |
| July 1, 2024 – September 30, 2024   | 14,092                      | -                         | 21                    |
| October 1, 2024 – December 31, 2024 | 1,081,981                   | 0.04                      | -                     |
| January 1, 2025 – March 31, 2025    | 2,022,149                   | 0.05                      | 42,669                |
| April 1, 2025 – June 30, 2025       | 976,981                     | 0.02                      | 22,514                |
| July 1, 2025 – September 30, 2025   | 913,719                     | 0.02                      | 23,717                |

**Discussion of Operations for the six months ended September 30, 2025**

The Company had a net loss and comprehensive loss of \$1,890,700 for the period ended September 30, 2025 (2024 – \$29,197). The Company's significant operating expenses include the following:

- Consulting and management fees of \$202,008 (2024 – \$nil)
- Shareholder communications' and marketing expenses of \$815,733 (2024 – \$nil)
- Share-based payments of \$748,930 (2024 – \$nil)
- Rent and administration charges \$32,235 (2024 - \$nil)
- Regulatory and filing fees of \$31,333 (2024 – \$3,899)

The overall expenses during the period were significantly higher than the comparative period. The increase is mostly attributable to higher share-based compensation expense, consulting and management fees, rent and administration charges, regulatory and filing, office and miscellaneous and shareholder communications' expenses.

Consulting and management fees of \$202,008 (2024 – \$nil) relate to fees paid to consultants for the Company's business advisory, management, and corporate compliance services. These general consulting expenses cannot be directly attributed to any particular project and relate to the Company's activity; therefore, they have been expensed as general consulting. Consulting and management fees were higher than in the comparative period due to increase in corporate activity during the period.

Shareholder communications' expense of \$815,733 (2024 – \$nil) consist of payments for corporate development and payments to consultants for various marketing and promotional activities of the Company and its projects. The budget for shareholder communications and related expenses was higher than the comparative period due to increase in corporate activity during the period.

Share-based payments of \$748,930 (2024 – \$nil) relates to the vested fair value of the restricted share units issued to consultants of the Company pursuant to the Company's Share Option Plan.

Rent and administration expense of \$32,235 (2024 – \$nil) relate to rent and office expenses. The increase from the prior year reflects the increase in activity at the Company during the period.

Regulatory and filing fees of \$31,333 (2024 – \$nil) relates to the listing and filing fees during the period. The increase pertains to the increase in corporate activity during the period, including the warrants' incentive program and flow-through private placements.

**FORMATION METALS INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025**

During the six months ended September 30, 2025, the Company granted 1,300,000 restricted share units (RSUs) (2024 – nil) having a total fair market value of \$481,500 (2024 - \$nil) and recognized a share-based compensation of \$468,667 (2024 – \$nil) relating to RSUs vested during the period.

During the six months ended September 30, 2025, 2,685,000 (2024 – nil) of the outstanding RSUs were exercised. The corresponding amount of \$657,600 (2024 - \$nil) was transferred from reserves to share capital.

**Liquidity, Capital Resources and Capital Expenditures**

At September 30, 2025, the Company's working capital, defined as current assets less current liabilities, was \$4,952,343 (March 31, 2025: \$1,741,158).

Other sources of funds potentially available to the Company are through:

- Exercise of the non-flow through warrants to purchase up to 9,444,000 common shares at a price of \$0.20 per share expiring on November 3, 2025
- Exercise of the non-flow through warrants to purchase up to 5,620,000 common shares at a price of \$0.30 per share expiring on January 31, 2027.
- Exercise of the non-flow through warrants to purchase up to 4,701,286 common shares at a price of \$0.60 per share expiring on June 13, 2027.
- Exercise of the non-flow through warrants to purchase up to 5,343,138 common shares at a price of \$0.60 per share expiring on July 18, 2027.
- Exercise of the non-flow through warrants to purchase up to 928,381 common shares at a price of \$0.60 per share expiring on August 6, 2027.
- Exercise of the non-flow through warrants to purchase up to 43,000 common shares at a price of \$0.60 per share expiring on August 15, 2027.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional capital. The factors considered by management are disclosed in Note 1 of the financial statements. The successful completion of such financing is not guaranteed, and depends on a number of factors, including the general sentiment in the capital markets, the strength of commodities prices and the strength of the local and global economies.

**Off-balance sheet arrangements**

The Company has no off-balance sheet arrangements.

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

*Credit risk*

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and interest receivable. The Company limits its exposure to credit loss by placing its cash and savings accounts with major financial institutions.



**FORMATION METALS INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025**

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2025, the Company's cash and receivables exceeded its current liabilities. In order to meet future obligations as they become due, the Company may need to access funding from the issuance of equity securities, the exercise of stock options or through other sources. The Company's access to financing is uncertain and there is no assurance of continued access to equity funding.

*Market risk*

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

a) *Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

b) *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at September 30, 2025, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) *Price risk*

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's business and operations could be adversely affected by general workforces, economies and financial markets globally. Examples include but are not limited to the inflationary pressures, rising interest rates, the global financial climate and the conflicts in Ukraine and the Middle East are affecting current economic conditions and increasing economic uncertainty, which may impact the Company's operating performance, financial position and the Company's ability to raise funds at this time. While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

**FORMATION METALS INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025**

**Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the six months ended September 30, 2025, \$6,119 (2024 – \$7,091) was due to related parties included in accounts payable and accrued liabilities:

| Name of the Key management personnel | Company's Name       | Nature of Transaction                           | Six months ended June 30, 2025 | Six months ended June 30, 2024 |
|--------------------------------------|----------------------|-------------------------------------------------|--------------------------------|--------------------------------|
| Navin Varshney                       | Individual           | Reimbursement                                   | \$ 2,000                       | \$ 2,000                       |
| Deepak Varshney, CEO                 | 1473632 BC Ltd.      | Management fees, Consulting fees, Reimbursement | 50,637                         | 2,091                          |
| Khalid Naeem, CFO                    | Aterna Advisors Inc. | Accounting fees                                 | 13,757                         | 10,500                         |

During the six months ended September 30, 2025, \$3,515 (2024 – \$3,515) due from USHA was included in receivables.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

**Outstanding Share Data**

Authorized Capital

Unlimited common shares with no par value and unlimited preferred shares with no par value.

Issued and Outstanding Capital

62,242,279 common shares were issued and outstanding at September 30, 2025, and 28,480,474 as at September 30, 2024.

Stock Options, Restricted Share Units, and Warrants Outstanding

|                           | Number    | Exercise Price | Expiry Date      |
|---------------------------|-----------|----------------|------------------|
| Non-flow through warrants | 9,444,000 | \$ 0.20        | November 3, 2025 |
| Non-flow through warrants | 5,620,000 | 0.30           | January 31, 2027 |

**FORMATION METALS INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025**

|                           |           |      |                    |
|---------------------------|-----------|------|--------------------|
| Non-flow through warrants | 4,701,286 | 0.60 | June 13, 2027      |
| Agents' warrants          | 329,090   | 0.60 | June 13, 2027      |
| Non-flow through warrants | 5,343,138 | 0.60 | July 18, 2027      |
| Agents' warrants          | 157,080   | 0.60 | July 18, 2027      |
| Non-flow through warrants | 928,381   | 0.60 | August 6, 2027     |
| Non-flow through warrants | 43,000    | 0.60 | August 15, 2027    |
| Agents' warrants          | 3,010     | 0.60 | August 15, 2027    |
| Stock options             | 3,100,000 | 0.20 | November 8, 2026   |
| Stock options             | 800,000   | 0.23 | January 3, 2027    |
| Stock options             | 550,000   | 0.21 | February 5, 2027   |
| Stock options             | 1,700,000 | 0.35 | September 18, 2028 |
| Restricted Share Units    | 1,375,000 | -    | December 31, 2028  |
| Restricted Share Units    | 550,000   | -    | December 31, 2028  |
| Restricted Share Units    | 500,000   | -    | September 1, 2028  |

**Subsequent Events**

Subsequent to the six months ended September 30, 2025:

On October 15, 2025, the Company closed the first tranche of its private placement, raising \$8,262,389 in gross proceeds through the issuance of 17,312,891 LIFE Units at \$0.37 per unit and 4,528,341 flow-through units at \$0.41 per unit.

On October 31, 2025, the Company closed the second tranche of its private placement, raising an additional \$194,230.33 in gross proceeds through the issuance of 524,947 LIFE units.