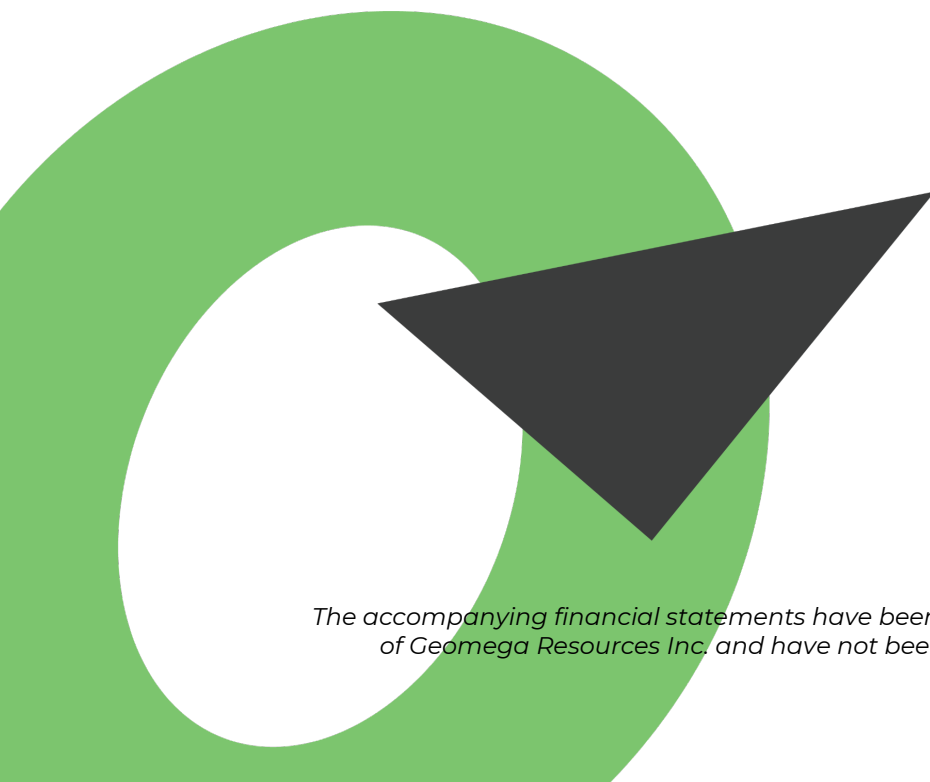


GEOMEGA Resources Inc.

Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended November 30, 2025



The accompanying financial statements have been prepared by the management of Geomega Resources Inc. and have not been reviewed by the auditors

	Note	As at November 30, 2025 (Unaudited) \$	As at May 31, 2025 (Audited) \$
Assets			
Current assets			
Cash and cash equivalents	4	2,655,458	999,043
Accounts receivable	8	673,911	337,258
Tax credits and government grants receivable	9	2,235,178	1,483,442
Investments	5	23,170	22,000
Investment in a listed company	6	1,264,286	-
Prepaid expenses and others		489,218	305,529
Inventories		29,456	25,092
Current assets		7,370,677	3,172,364
Non-current assets			
Investment in an associate	7	-	252,857
Deposits on equipment		73,807	188,803
Property, plant and equipment	10	2,487,468	2,203,060
Right-of-use assets	11	1,788,832	1,863,140
Non-current assets		4,350,107	4,507,860
Total assets		11,720,784	7,680,224
Liabilities			
Current liabilities			
Trade and other payables		1,022,799	978,699
Deferred revenue		206,814	459,969
Deferred grants	13	59,417	623,435
Current portion of the lease liabilities	14	36,765	30,146
Current portion of convertible debentures	12	236,611	40,455
Current liabilities		1,562,406	2,132,704
Non-current liabilities			
Lease obligations	14	2,171,471	2,192,339
Convertible debentures	12	1,570,583	1,641,709
Non-current liabilities		3,742,054	3,834,048
Total liabilities		5,304,460	5,966,752
Equity			
Share capital		42,482,598	38,778,372
Reserves	15	1,148,150	1,167,347
Equity component of convertible debentures		262,018	268,795
Contributed surplus		5,044,368	5,020,368
Deficit		(42,520,810)	(43,521,410)
Total equity		6,416,324	1,713,472
Total liabilities and equity		11,720,784	7,680,224

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

		Three months ended November 30,		Six months ended November 30,	
	Note	2025	2024	2025	2024
		\$	\$	\$	\$
Licensing		1,452,000	-	1,452,000	-
Technical support and development		326,211	59,670	569,568	201,335
Revenues		1,778,211	59,670	2,021,568	201,335
Operating expenses					
Exploration and evaluation expenses, net of tax credits		3,746	162,769	7,222	251,839
Research and development expenses, net of tax credits	16	540,049	356,524	1,226,147	894,220
Salaries, employee benefits and share-based compensation		188,053	180,751	325,199	366,133
Technology royalties		363,000	-	363,000	-
Professional fees		92,868	54,034	203,508	161,420
Travel, conference and investor relations		72,325	23,089	94,467	48,781
Administration		27,432	43,288	50,341	92,576
Filing fees		28,664	17,447	44,921	31,241
Rent		30,409	18,012	60,411	54,656
Depreciation of property, plant and equipment		13,274	-	26,047	-
Depreciation of right-of-use assets		37,155	37,155	74,308	74,311
Insurance, taxes and permits		11,805	21,084	23,802	42,278
Government grants on operating expenses		(386,616)	(328,439)	(754,350)	(874,053)
Operating profit (loss)		756,047	(526,044)	276,545	(942,066)
Other income (expenses)					
Investment income		3,753	10,041	6,511	26,902
Finance costs		(157,838)	(71,112)	(312,366)	(142,220)
Gain (loss) on foreign exchange		(2,175)	(13,954)	5,135	(14,015)
Option income on exploration and evaluation properties		13,261	-	13,261	-
Gain on disposal of property, plant and equipment		86	-	86	-
Gain in fair value variation of investments in a listed company		168,571	48,813	168,571	98,713
Share of gain (loss) of associate		-	(11,179)	1,047	(32,539)
Impairment of an investment in an associate		-	(73,107)	-	(220,318)
Gain on loss of significant influence in an associate	7	841,810	-	841,810	-
		867,468	(110,498)	724,055	(283,477)
Profit (loss) before taxes		1,623,516	(636,542)	1,000,600	(1,225,543)
Income taxes		-	-	-	-
Net and comprehensive income (loss)		1,623,516	(636,542)	1,000,600	(1,225,543)
Basic earnings per share		0.011	(0.004)	0.007	(0.009)
Diluted earnings per share	17	0.009	(0.004)	0.005	(0.009)
Weighted average number shares outstanding - basic		153,500,763	143,401,521	149,506,186	143,401,521
Weighted average number of shares outstanding - diluted	17	185,843,407	143,401,521	184,499,334	143,401,521

The accompanying notes are an integral part of these consolidated Financial Statements.

GEOMEGA RESOURCES INC.
Consolidated Statements of Changes in Equity

(Unaudited, in Canadian dollars)



		Number of shares outstanding	Share Capital	Reserves	Equity Component of Convertible Debentures	Contributed Surplus	Deficit	Total Equity
	Note							
			\$	\$	\$	\$	\$	\$
Balance at May 31, 2025		143,401,521	38,778,372	1,167,347	268,795	5,020,368	(43,521,410)	1,713,472
Net and comprehensive income		-	-	-	-	-	1,000,600	1,000,600
Conversion of convertible debentures		434,371	52,842	-	(6,777)	-	-	46,065
Warrants exercised		15,703,760	3,359,834	-	-	-	-	3,359,834
Options exercised		1,368,355	291,550	(187,550)	-	-	-	104,000
Options expired		-	-	(24,000)	-	24,000	-	-
Share-based compensation		-	-	192,353	-	-	-	192,353
Balance at November 30, 2025		160,908,007	42,482,598	1,148,150	262,018	5,044,368	(42,520,810)	6,416,324

		Number of shares outstanding	Share Capital	Reserves	Contributed Surplus	Deficit	Total Equity
	Note						
			\$	\$	\$	\$	\$
Balance at May 31, 2024		143,401,521	38,778,372	990,705	4,775,095	(40,936,686)	3,607,486
Net and comprehensive loss		-	-	-	-	(1,225,543)	(1,225,543)
Options expired		-	-	(141,176)	141,176	-	-
Share-based compensation		-	-	203,018	-	-	203,018
Balance at November 30, 2024		143,401,521	38,778,372	1,052,547	4,916,271	(42,162,229)	2,584,961

The accompanying notes are an integral part of these consolidated Financial Statements.

GEOMEGA RESOURCES INC.
Consolidated Statements of Cash Flow
(Unaudited, in Canadian dollars)



		Six months ended	
		November 30,	
	Note	2025	2024
		\$	\$
Operating activities			
Net and comprehensive income (loss)		1,000,600	(1,225,543)
Adjustments for:			
Share-based compensation		192,353	203,018
Unrealized loss on foreign exchange rate		-	(566)
Depreciation of property, plant and equipment		192,828	105,911
Impairment of deposits on property, plant and equipment		-	1,252
Depreciation of right-of-use assets		74,308	74,308
Finance costs for the accretion of the convertible debentures		171,095	-
Share of (revenue) loss of an associate		(1,047)	32,539
Impairment of an investment in an associate		-	220,318
Unrealized gain on variation of value of an investment in a listed company		(168,572)	(98,713)
Gain on loss of significant influence in an associate		(841,810)	-
Changes in non-cash working capital items	18	(1,211,580)	432,438
Cash flows from operating activities		(591,825)	(255,038)
Investing activities			
Acquisition of short-term investments		(1,170)	-
Variation of deposits on acquisition of property, plant and equipment		221,380	(599,754)
Acquisitions of property, plant and equipment		(1,655,965)	(361,259)
Variation of government grants for the purchase of property, plant and equipment	12	234,410	33,780
Cash flows from investing activities		(1,201,345)	(927,233)
Financing activities			
Exercise of stock options		104,000	-
Exercise warrants		3,359,834	-
Repayments of lease liabilities		(14,249)	(8,546)
Cash flows from financing activities		3,449,585	(8,546)
Net change in cash		1,656,415	(1,190,817)
Cash and cash equivalents – beginning		999,043	2,051,333
Cash and cash equivalents – ending		2,655,458	860,516

The accompanying notes are an integral part of these consolidated Financial Statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Geomega Resources Inc. (the "Corporation") is incorporated under the *Canada Business Corporations Act* and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. Through its private and wholly owned subsidiary Innord, the Corporation is developing innovative technologies for extraction and separation of rare earth elements and other critical and strategic metals from its mining properties and other mining and industrial waste, in an environmentally sustainable way. The Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under symbol GMA. The address of the Corporation's registered office and principal place of business is 75, de Mortagne Boulevard, Boucherville, Quebec, Canada, J4B 6Y4. These consolidated Financial Statements (the "Financial Statements") were approved by the Corporation's Board of Directors on January 29, 2026.

The Financial Statements have been prepared in accordance with valid accounting principles in a context of going concern which provides that the Corporation will be able to realize its assets and pay its debts in the normal course of its activities. In assessing the validity of the going concern principle, management considers all available data regarding the future, which represents at least, but is not limited to, the twelve months following the end of the reporting period. For the six months ended November 30, 2025, the Corporation recorded a net and comprehensive gain of \$1,000,600 and accumulated a deficit of \$42,520,810 as of that date. As of November 30, 2025, the Corporation had a working capital of \$5,808,271.

Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity or debt financing. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES**2.1 Declaration of conformity**

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("International Financial Reporting Standards" or "IFRS") as published by the International Accounting Standards ("IAS") and which are applicable for the preparation of interim consolidated financial statements, in particular International Accounting Standard 34 ("International Accounting Standard 34" or "IAS 34") - Interim financial information. The Financial Statements therefore do not include all the information and notes required under IFRS for the purposes of annual financial statements.

2.2 Basis of Presentation

The Financial Statements should be read in conjunction with the audited annual financial statements for the year ended May 31, 2025, which have been prepared in accordance with IFRS. The accounting conventions and the calculation and presentation methods used in the preparation of the Financial Statements comply with the conventions and methods used for the previous financial year ended May 31, 2025, except for the following:

Loss of significant influence

When the Corporation loses significant influence over an associate, the equity method of accounting is discontinued as of the date significant influence is lost. Any retained interest in the former associate is remeasured at fair value at that date, and the difference between the fair value of the retained interest and the carrying amount of the investment is recognized in profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)Investments in listed companies

Investments in equity instruments that are listed on a public equity market and over which the Corporation does not have significant influence are accounted for as financial assets.

Such investments are measured at fair value through profit or loss. Fair value is determined using quoted market prices on an active market at the reporting date. Subsequent changes in fair value are recognized in profit or loss.

Revenue recognition

Revenues are derived from the following sources:

- (i) research and development services performed for third parties,
- (ii) technology licensing arrangements, and
- (iii) option income from the optioning of mineral properties.

i) Research and development services

Research and development services revenues are recognized in the statement of income and comprehensive income over time, as the related services are performed, all contractual obligations are satisfied, and the corresponding consideration is received or there is reasonable assurance of collection.

Revenues are measured at the fair value of the consideration received or receivable. Revenue is recognized in proportion to the progress toward completion of the related performance obligations. Progress is generally measured by comparing actual labour hours incurred to date with the total estimated labour hours required to complete the research project, as this method provides the most faithful depiction of the transfer of services to the customer.

When no clearly defined milestones exist to measure progress, the hours-to-hours method is applied. In the early stages of certain contracts, when the Corporation is unable to reliably estimate the outcome of the project but expects to recover its costs, revenue is recognized to the extent of costs incurred until such time as a reliable estimate can be made.

Amounts received from customers prior to the performance of services are recorded as contract liabilities (deferred revenues), while amounts recognized as revenue in excess of amounts invoiced are recorded as contract assets (accounts receivable) in the statement of financial position.

ii) Technology licensing revenue

The Corporation also generates revenue from licensing proprietary technology and related intellectual property. Technology licensing arrangements may include the transfer of technical know-how, access to technical documentation and databases, and the right to use the licensed technology for specified purposes.

Technology licensing revenue is recognized at a point in time when control of the license is transferred to the customer, which generally occurs when the customer obtains access to the licensed intellectual property and can direct its use and obtain substantially all of the remaining benefits from it. Such licenses are assessed as right-to-use licenses, as the intellectual property is functional at the time of transfer and the Corporation is not required to undertake activities that significantly affect the licensed intellectual property after transfer.

Amounts recognized as revenue in excess of amounts invoiced are recorded as contract assets (accounts receivable) in the statement of financial position.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

When a contract includes both a license and technical services, the transaction price is allocated to each performance obligation based on their relative standalone selling prices, and revenue is recognized in accordance with the satisfaction of each performance obligation.

iii) Option income

Option income is recognized when received or when there is reasonable assurance of collection. Shares received under option agreements are measured at fair value at the date of receipt. Fair value is determined using quoted market prices when the shares are traded on an active market. When no active market exists, fair value is determined using appropriate valuation techniques, including the Black-Scholes option pricing model, adjusted for discounts related to lack of marketability and applicable regulatory restrictions.

Technology royalties

The Corporation is required to pay technology royalties to a third party based on a percentage of certain technology licensing revenues. Such royalties are recognized as operating expenses in the same period as the related licensing revenues are recognized.

Earnings per share

Earnings per share are calculated in accordance with IAS 33.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ERRORS

In preparing the Financial Statements, the main judgments made by management in applying the Corporation's accounting policies and the main sources of estimation uncertainty were the same as those that applied to the annual financial statements for the fiscal year ended May 31, 2025.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held as November 30, 2025 include the following investments:

- Guaranteed investment certificates totalling \$2,250,000, bearing interest at rates of 1.80% and 2.00% and maturing on November 4, 2026 and November 12, 2026. Interest and principal may be cashed at any time without penalty.

5. INVESTMENTS

The investment as at November 30, 2025 consist of guaranteed investment certificates that are non-cashable prior to maturity. The certificates totalize \$23,170 in nominal value, bear interest at 3% and expire on October 2, 2026.

6. INVESTMENT IN A LISTED COMPANY

The Corporation holds marketable securities that are listed on a public equity market.

During the period, the Corporation transferred its investment in Auriginal Mining Corp. (formerly Kintavar Exploration Inc.) from Investment in an associate to Investment in a listed company following the loss of significant influence over the investee in September 2025 (note 7).

6. INVESTMENT IN A LISTED COMPANY (CONT'D)

The fair value of the investment is determined based on quoted market prices on an active market (Level 1 fair value measurement).

The investment is summarized as follows:

	As at November 30, 2025	As at May 31, 2025
	\$	\$
<u>Classified as current asset</u>		
Auriginal Mining Corp. - 16,857,143 common shares	1,264,286	-
Investment in a listed company	1,264,286	-

7. INVESTMENT IN AN ASSOCIATE

Auriginal Mining Corp. (formerly Kintavar Exploration Inc.) was previously the Corporation's only associate. Auriginal is incorporated in Canada, where its exploration and evaluation activities on mineral-bearing properties are conducted.

As at May 31, 2025, the Corporation held 16,857,143 common shares, representing 13.11% of the issued and outstanding shares and voting rights of Auriginal.

Up to September 2025, the Corporation had significant influence over Auriginal and accounted for its investment accordingly.

Loss of significant influence

In September 2025, Auriginal completed a transaction that resulted in:

- a change of control;
- a significant issuance of new shares; and
- the appointment of new management and a reconstituted board of directors.

Following this transaction, the Corporation's ownership interest decreased to approximately 7.6%, and the Corporation no longer had the ability to participate in Auriginal's financial and operating policy decisions. Accordingly, the Corporation determined that it lost significant influence over Auriginal as of September 15, 2025.

As a result, the investment ceased to qualify as an associate and was transferred to Investment in a listed company during the period (note 6).

	Six months ended November 30, 2025	Year ended May 31, 2025
	\$	\$
Balance at beginning of period	252,857	421,429
Share of net and comprehensive loss	1,047	(176,400)
Impairment to fair market value	-	7,828
Transfer to Investment in a listed company	(253,904)	-
Balance at end of period	-	252,857

8. ACCOUNTS RECEIVABLE

	As at November 30, 2025	As at May 31, 2025
	\$	\$
Trade receivables	129,967	45,699
Sales taxes receivable	29,055	277,371
Interest receivables	2,668	1,967
Other accounts receivable	12,221	12,221
Contract Assets	500,000	-
Accounts receivable	673,911	337,258

9. TAX CREDITS AND GOVERNMENT GRANTS RECEIVABLE

	As at November 30, 2025	As at May 31, 2025
	\$	\$
Refundable tax credits	301,263	6,582
Government grants	1,933,915	1,476,860
Tax credits and government grants receivable	2,235,178	1,483,442

Refundable tax credits are related to eligible mining exploration expenses incurred in the province of Quebec and the refundable portion of the research and development (SR&ED) and Quebec Investment & Innovation (C3i) tax credits.

The government grants are related to expenditures on research and development incurred by the corporation and its subsidiary.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Equipment ¹	Total
	\$	\$	\$
Six months ended November 30, 2025			
Opening net book value	935,080	1,267,980	2,203,060
Additions	546,202	1,109,763	1,655,965
Government grants	(385,037)	(793,692)	(1,178,729)
Depreciation	(26,047)	(166,781)	(192,828)
Closing net book value	1,070,198	1,417,270	2,487,468
As at November 30, 2025			
Cost	1,098,419	2,185,377	3,283,796
Accumulated depreciation	(28,221)	(768,107)	(796,328)
Closing net book value	1,070,198	1,417,270	2,487,468

¹ The equipment category includes equipment used R&D activities. Depreciation of property plant and equipment related to R&D projects is recorded within R&D expenses. An amount of \$166,781 was recorded as R&D expenses during the six months ended November 30, 2025.

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold Improvements	Equipment	Total
	\$	\$	\$
Fiscal 2025			
Opening net book value	84,134	669,540	753,674
Additions	2,093,401	1,982,683	4,076,084
Government grants	(1,237,039)	(851,825)	(2,088,864)
Depreciation	(5,416)	(461,039)	(466,455)
Impairment	-	(71,379)	(71,379)
Closing net book value	935,080	1,267,980	2,203,060
As at May 31, 2025			
Cost	937,254	1,869,306	2,806,560
Accumulated depreciation	(2,174)	(601,326)	(603,500)
Closing net book value	935,080	1,267,980	2,203,060

11. RIGHT-OF-USE ASSETS

	Equipment	Industrial buildings	Total
	\$	\$	\$
Six months ended November 30, 2025			
Opening net book value	17,575	1,845,565	1,863,140
Depreciation	(2,850)	(71,458)	(74,308)
Closing net book value	14,725	1,774,107	1,788,832
As at November 30, 2025			
Cost	28,500	2,143,732	2,172,232
Accumulated depreciation	(13,775)	(369,625)	(383,400)
Closing net book value	14,725	1,774,107	1,788,832

	Equipment	Industrial buildings	Total
	\$	\$	\$
Fiscal 2025			
Opening net book value	23,275	1,988,480	2,011,755
Depreciation	(5,700)	(142,915)	(148,615)
Closing net book value	17,575	1,845,565	1,863,140
As at May 31, 2025			
Cost	28,500	2,143,732	2,172,232
Accumulated depreciation	(10,925)	(298,167)	(309,092)
Closing net book value	17,575	1,845,565	1,863,140

12. CONVERTIBLE DEBENTURES

	As at November 30, 2025	As at May 31, 2025
	\$	\$
Balance, opening	1,682,164	-
Addition	-	1,628,519
Accretion expense	171,095	53,645
Conversion	(46,065)	-
Balance, ending	1,807,194	1,682,164
Balance, current	(236,611)	(40,455)
Balance, non-current	1,570,583	1,641,709

During the period, a portion of the convertible debentures, including amounts accrued through accretion under the effective interest method, was converted into common shares of the Corporation. Upon conversion, the carrying amount of the liability component corresponding to the portion converted was derecognized and credited to share capital, together with the related proportionate amount of the equity component. No gain or loss was recognized in profit or loss as a result of the conversion.

13. DEFERRED GRANTS

	As at November 30, 2025	As at May 31, 2025
	\$	\$
Deferred grants attributable to the purchase of inventories	164	1,502
Deferred grants attributable to the purchase of property, plant and equipment	38,742	405,749
Deferred grants attributable to operations	20,511	216,184
Deferred grants	59,417	623,435

14. LEASE OBLIGATIONS

	Six months ended November 30, 2025	Year ended May 31, 2025
	\$	\$
Balance, opening	2,222,485	2,240,828
Repayments of lease liabilities	(14,249)	(18,343)
Balance	2,208,236	2,222,485
Balance, current	(36,765)	(30,146)
Balance, non-current	2,171,471	2,192,339

15. RESERVES
15.1 Warrants

The Corporation's warrants were as follows:

	Six months ended November 30, 2025		Year ended May 31, 2025	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, opening	16,517,788	0.22	16,517,788	0.22
Exercised	(15,703,760)	0.21	-	-
Expired	(110,000)	0.25	-	-
Balance, end	704,028	0.40	16,517,788	0.22

Warrants outstanding as at November 30, 2025 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
704,028	0.40	February 8, 2026
704,028		

15.2 Share-based Compensation
A) Omnibus Incentive Plan.

On October 25, 2023, the Corporation adopted an omnibus equity incentive plan (the "Omnibus Plan") to replace the previous stock option plan. The Omnibus Plan permits the grant of stock options ("Options"), restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs") (collectively, the "Awards") to eligible directors, officers, employees and consultants of the Corporation and its subsidiaries. Awards granted under the Omnibus Plan are generally settled in common shares of the Corporation, unless otherwise determined by the Board of Directors.

On September 12, 2025, the Board of Directors approved amendments to the Omnibus Plan to provide that the aggregate number of common shares reserved for issuance pursuant to all Awards granted under the Omnibus Plan shall not exceed 10% of the Corporation's issued and outstanding common shares from time to time. As a result of this amendment, the Omnibus Plan is now a rolling plan in respect of all Awards. The amended Omnibus Plan was subsequently ratified by shareholders at the annual general meeting held on October 22, 2025.

15. RESERVES (CONT'D)
B) Stock Options

A summary of the Corporation's Options outstanding is as follows:

	Six months ended November 30, 2025		Year ended May 31, 2025	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		\$		\$
Balance, opening	6,660,000	0.20	7,220,500	0.22
Issued	1,850,000	0.335	2,300,000	0.10
Exercised	(1,925,000)	0.17	-	-
Expired	(250,000)	0.165	(2,453,000)	0.18
Forfeited	(175,000)	0.10	(407,500)	0.13
Balance, end	6,160,000	0.24	6,660,000	0.20
Balance, end, exercisable	2,822,500	0.27	4,472,500	0.24

Options outstanding as of November 30, 2025 are as follows:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry date
		\$	
800,000	800,000	0.34	January 27, 2026
1,310,000	1,310,000	0.305	October 27, 2026
375,000	281,250	0.215	January 25, 2029
1,725,000	431,250	0.10	November 20, 2029
100,000	-	0.11	December 1, 2029
1,850,000	-	0.335	October 22, 2030
6,160,000	2,822,500		

On October 22, 2025, the Corporation granted 1,575,000 Options to employees and 275,000 Options to consultants at a price of \$0.335. Options granted to employees are valid for 5 years while options granted to consultants are valid for 2 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 2.5247%, expected volatility of 89.41%, no dividend per share and expected duration of 3.75 years options. Employee Options vest over a period of 3 years in increments of 25% in the first two years and 50% in the last year. Consultant Options vest over a period of one year in increments of 25% per quarter

The expected life was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the Options.

15. RESERVES (CONT'D)
C) Restricted Share Units

A summary of the Corporation's RSUs outstanding under the Omnibus Plan is as follows:

	Six months ended November 30, 2025	Year ended May 31, 2025
Balance, opening	2,316,000	1,302,000
Issued	300,000	1,200,000
Forfeited	-	(186,000)
Balance, end	2,616,000	2,316,000

On October 22, 2025, the Corporation granted 300,000 RSUs to the management team for a total value of \$100,500. From the granting, the RSUs vest in increments of 50% every 12 months. The RSUs can be settled after 3 years.

D) Deferred Share Units

A summary of the Corporation's DSUs outstanding under the Omnibus Plan is as follows:

	Six months ended November 30, 2025	Year ended May 31, 2025
Balance, opening	1,778,000	971,000
Issued	326,000	900,000
Forfeited	-	(93,000)
Balance, end	2,104,000	1,778,000

On October 22, 2025, an aggregate of 326,000 DSUs were issued to the members of the Board of Directors with a total fair value of \$109,210. The DSUs vest in a single installment one year from the date of grant.

16. RESEARCH AND DEVELOPMENT EXPENSES

	Three months ended November 30,		Six months ended November 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Salaries and benefits	490,215	246,564	939,231	472,009
Share-based compensation	41,907	24,483	68,209	50,743
Professional fees	14,921	10,410	32,538	34,136
Material and furniture	59,103	179,795	121,984	198,038
General and administration	45,634	7,332	67,422	53,446
Depreciation of property, plant and equipment	51,688	53,402	166,781	106,541
Impairment of property, plant and equipment	(4,496)	-	(11,095)	1,252
Total R&D expenses	698,972	521,987	1,385,070	916,164
Tax credits	(158,923)	(165,463)	(158,923)	(21,944)
Net R&D expenses	540,049	356,524	1,226,147	894,220

17. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net gain attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to reflect the potential dilution from outstanding stock options, warrants, restricted share units, deferred share units and the conversion feature of the Corporation's convertible debentures.

For the three and six-month periods ended November 30, 2025, diluted earnings per share include the dilutive effect of these instruments, as the Corporation reported a net gain.

18. ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED STATEMENT OF CASH FLOW

Change in non-cash working capital items

	Six months ended November 30,	
	2025	2024
	\$	\$
Accounts receivable	(584,969)	643,661
Tax credits and government grants receivable	(30,514)	(531,655)
Prepaid and other expenses	(183,689)	34,960
Inventories	(7,680)	87
Trade and other payables	44,100	226,935
Deferred grants – portion attributable to operating expenses	(195,673)	176,422
Deferred revenues	(253,155)	(117,972)
	(1,211,580)	432,438

18. ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)
Non-Cash Transactions

		Six months ended November 30, 2024
	2025	
	\$	\$
Government grants receivable for the acquisition of inventories	1 978	-
Government grants receivable for deposits made on the purchase of property, plant and equipment	(106,384)	368,084
Government grants receivable for the purchase of property, plant and equipment	577,312	495,977
Property, plant and equipment acquired in accounts payables	-	224,001
Amortisation of deferred grant against the purchase of property, plant and equipment	-	69,824
Transfer of an investment in an associate to an investment in a listed company	1,095,714	-

19. SUBSEQUENT EVENTS

Subsequent to November 30, 2025 and until January 29, 2026, 768,750 stock options of the Corporation were exercised, and 3,565,846 shares were issued from the conversion of convertible debentures.

Also subsequent to November 30, 2025, the Corporation received confirmation of a \$750,000 interest-free repayable contribution from Canada Economic Development for Quebec Regions (CED) under the Regional Economic Growth through Innovation program. The contribution is intended to support the construction and equipping of an integrated research, development and piloting facility at the Corporation's Saint-Hubert site. The contribution will be used primarily for the acquisition of laboratory and piloting equipment and related infrastructure. Repayment is expected to commence 36 months following project completion, anticipated in fiscal 2026, and will be made in 60 equal monthly instalments. No amounts were received nor recognized in the financial statements as at the reporting date.