

GEOMEGA Resources Inc.

Consolidated Financial Statements

For the years ended May 31, 2026 and 2025



Independent Auditor's Report

**Raymond Chabot
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To the Shareholders of
Geomega Resources Inc.

Opinion

We have audited the consolidated financial statements of Geomega Resources Inc. (hereafter "the Company"), which comprise the consolidated statements of financial position as at May 31, 2026 and 2025, and the consolidated statements of income (loss) and comprehensive income (loss), the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2026 and 2025, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (hereafter "IFRS Accounting Standards").

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 1 to the consolidated financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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.

Information other than the consolidated financial statements and the auditor's report thereon

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

Raymond Chabot Grant Thornton LLP¹

Montréal
September 25, 2026

¹ CPA auditor, public accountancy permit no. A127023

	Note	As at May 31, 2026 \$	As at May 31, 2025 \$
Assets			
Current assets			
Cash and cash equivalents	5	1,194,277	999,043
Accounts receivable	9	404,203	337,258
Tax credits and government grants receivable	10	1,769,311	1,483,442
Investments	6	24,181	22,000
Investments in listed companies	7	1,238,117	-
Prepaid expenses and other assets	11	485,897	305,529
Inventories		110,693	25,092
Current assets		5,226,679	3,172,364
Non-current assets			
Investment in an associate	8	-	252,857
Deposits on equipment		347,776	188,803
Property, plant and equipment	12	4,443,617	2,203,060
Right-of-use assets	13	1,714,524	1,863,140
Non-current assets		6,505,917	4,507,860
Total assets		11,732,596	7,680,224
Liabilities			
Current liabilities			
Trade and other payables		1,055,349	978,699
Deferred revenue		-	459,969
Deferred grants	15	-	623,435
Current portion of the lease obligations	16	43,842	30,146
Current portion of convertible debentures	14	28,134	40,455
Current liabilities		1,127,325	2,132,704
Non-current liabilities			
Lease obligations	16	2,148,496	2,192,339
Long-term debt	17	241,302	-
Convertible debentures	14	1,218,505	1,641,709
Non-current liabilities		3,608,303	3,834,048
Total liabilities		4,735,628	5,966,752
Equity			
Share capital	18	43,557,984	38,778,372
Reserves	19	1,172,396	1,167,347
Equity component of convertible debentures		186,938	268,795
Contributed surplus		5,044,368	5,020,368
Deficit		(42,964,718)	(43,521,410)
Total equity		6,996,968	1,713,472
Total liabilities and equity		11,732,596	7,680,224

Going concern (Note 1)

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

On behalf of the board

(s) Kiril Mugerman

Kiril Mugerman
Director

(s) Geneviève Ayotte

Geneviève Ayotte
Director

Consolidated Statements of Income (loss) and Comprehensive Income (loss)

For the years ended May 31, 2026 and 2025

(In Canadian dollars)

	Note	2026	2025
		\$	\$
Licensing		1,500,000	-
Technical support and development		918,998	230,208
Revenues		2,418,998	230,208
Operating expenses			
Exploration and evaluation expenses, net of tax credits	22	19,192	405,061
Research and development expenses, net of tax credits	23	2,868,819	1,954,163
Salaries, employee benefits and share-based compensation	21	686,120	722,050
Technology royalties		375,000	-
Professional fees		308,604	307,765
Travel, conference and investor relations		182,951	80,262
Administration		134,281	86,355
Filing fees		66,628	62,477
Rent		121,550	131,351
Depreciation of property, plant and equipment		117,691	2,175
Depreciation of right-of-use assets		148,616	148,615
Insurance, taxes and permits		50,518	44,955
Government grants on operating expenses		(2,598,601)	(1,179,378)
Operating loss		(62,371)	(2,535,643)
Other income (expenses)			
Investment income		23,916	32,382
Finance costs		(608,209)	(337,778)
Gain (loss) on foreign exchange		137	(35,609)
Option income on exploration and evaluation properties	22.2	184,946	75,000
Other income		125,527	-
Gain on disposal of property, plant and equipment		86	-
Gain in fair value variation of investments in listed companies		49,803	288,583
Share of gain (loss) of associate	8	1,047	(176,400)
Recovery of an investment in an associate		-	7,828
Gain on loss of significant influence in an associate	8	841,810	-
		619,063	(145,994)
Income (loss) before taxes		556,692	(2,681,636)
Deferred tax recovery	25	-	96,912
Net and comprehensive income (loss)		556,692	(2,584,724)
Basic earnings per share		0.004	(0.018)
Diluted earnings per share	24	0.003	(0.018)
Weighted average number of shares outstanding - basic		156,785,954	143,401,521
Weighted average number of shares outstanding - diluted	24	162,477,541	-

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

GEOMEGA RESOURCES INC.
Consolidated Statements of Changes in Equity

For the years ended May 31, 2026 and 2025

(In Canadian dollars)



	Note	Number of shares outstanding	Share Capital	Reserves	Equity Component of Convertible Debentures	Contributed Surplus	Deficit	Total Equity
			\$	\$	\$	\$	\$	\$
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		-	-	-	-	-	556,692	556,692
Conversion of convertible debentures		5,257,260	651,604	-	(81,857)	-	-	569,747
Shares issued in settlement of debenture interest		562,009	186,811	-	-	-	-	186,811
Warrants exercised		15,703,760	3,359,834	-	-	-	-	3,359,834
Stock options exercised		1,721,798	505,233	(344,358)	-	-	-	160,875
Stock options expired		-	-	(24,000)	-	24,000	-	-
Deferred Share Units settled		482,000	76,130	(76,130)	-	-	-	-
Share-based compensation	19.2	-	-	449,537	-	-	-	449,537
Balance at May 31, 2026		167,128,348	43,557,984	1,172,396	186,938	5,044,368	(42,964,718)	6,996,968

	Note	Number of shares outstanding	Share Capital	Reserves	Equity Component of Convertible Debentures	Contributed Surplus	Deficit	Total Equity
			\$	\$	\$	\$	\$	\$
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		-	-	-	-	-	(2,584,724)	(2,584,724)
Stock options expired		-	-	(245,273)	-	245,273	-	-
Share-based compensation		-	-	421,915	-	-	-	421,915
Issuance of convertible debentures		-	-	-	268,795	-	-	268,795
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

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

GEOMEGA RESOURCES INC.
Consolidated Statements of Cash Flows
For the years ended May 31, 2026 and 2025
(In Canadian dollars)



	Note	2026 \$	2025 \$
Operating activities			
Net income (loss)		556,692	(2,584,724)
Adjustments for:			
Share-based compensation		449,537	421,915
Reallocation of grants from property, plant and equipment		(743,266)	-
Unrealized loss on foreign exchange rate		270	-
Accrued interests on short-term investments		(1,011)	-
Depreciation of property, plant and equipment		407,793	196,914
Impairment of deposits on property, plant and equipment		-	15,093
Impairment of property, plant & equipment		45,033	71,379
Depreciation of right-of-use assets		148,616	148,615
Finance costs for the accretion of the convertible debentures		321,033	53,645
Finance costs for the accretion of the long-term debt		5,408	-
Finance costs for the accretion of the lease obligations		283,027	285,909
Share of loss (revenue) of an associate		(1,047)	176,400
Impairment of an investment in an associate		-	(7,828)
Gain on fair value variation of an investment in listed companies		(49,803)	(288,583)
Gain on loss of significant influence in an associate		(841,810)	-
Option income on exploration and evaluation properties		(92,870)	-
Deferred tax recovery		-	(96,912)
Changes in non-cash working capital items	28	(829,943)	(293,200)
Cash flows from operating activities		(342,341)	(1,901,377)
Investing activities			
Variation of short-term investments		(1,170)	-
Variation of deposits on acquisition of property, plant and equipment		(267,294)	75,703
Disposal of investment in a listed company		-	363,248
Acquisitions of property, plant and equipment		(3,486,584)	(3,490,679)
Variation of government grants for the purchase of property, plant and equipment		625,012	2,210,841
Cash flows from investing activities		(3,129,136)	(840,887)
Financing activities			
Increase in long-term debt		459,176	-
Proceeds from issuance of convertible debentures, net of fees		-	1,994,226
Exercise of stock options		160,875	-
Exercise of warrants		3,359,834	-
Repayments of lease obligations		(313,174)	(304,252)
Cash flows from financing activities		3,666,711	1,689,974
Net change in cash		195,234	(1,052,290)
Cash and cash equivalents – beginning		999,043	2,051,333
Cash and cash equivalents – ending		1,194,277	999,043

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 September 25, 2026.

The Financial Statements have been prepared on a going concern basis 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 year ended May 31, 2026, the Corporation recorded a net and comprehensive income of \$556,692 (net loss of \$2,584,724 for the year ended May 31, 2025) and accumulated a deficit of \$42,964,718 as of that date (\$43,521,410 as at May 31, 2025). As of May 31, 2026, the Corporation had a working capital of \$4,099,354 (\$1,039,660 as at May 31, 2025). In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its obligations and pay research and development and general and administration costs.

Management estimates that the working capital will not be sufficient to meet the Corporation's obligations and budgeted operating and research and development expenditures for the next 12 months. The Corporation will need to obtain additional financing to fund its operations and meet its obligations as they become due. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt upon the Corporation's ability to continue as a going concern.

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. Management is currently under negotiations with different parties for such financing to be concluded. 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. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in the financial statements.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

2. BASIS OF PRESENTATION

These Financial Statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS accounting standards") as issued by the *International Accounting Standards Board* ("IASB").

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Basis of measurement

These Financial Statements have been prepared on a historical cost basis. The Corporation has elected to present the statement of income (loss) and comprehensive income (loss) in a single statement.

3.2 Amendments and interpretations of existing standards that are not yet in force and that the Corporation has not adopted early

At the date these financial statements were authorized for issue, several new interpretations and amendments to existing standards had been published by the IASB but were not yet effective. The Corporation did not early adopt any of these standards or amendments to existing standards.

Management expects that all relevant pronouncements will be adopted in the first reporting period following their effective date. The new standards, amendments and interpretations that have not been adopted and have not been presented below are not expected to have a material impact on the Corporation's financial statements.

IFRS 18 - Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB published IFRS 18 "Presentation and Disclosure of Financial Statements" to improve the communication of financial performance. IFRS 18 replaces IAS 1 "Presentation of Financial Statements". It incorporates many of the requirements of IAS 1 without modification. This new accounting standard makes significant changes to the structure of a company's income statement, reinforces rigor and transparency in the presentation of management performance indicators (commonly referred to as "non-GAAP indicators"), and reduces the grouping of items into single figures. The main impacts of this new accounting standard are as follows:

- The introduction of a newly defined sub-total for "operating income" and the requirement to allocate all income and expenses to three new distinct categories based on the company's main activities (operating, investing and financing);
- Require the publication of information on management-defined performance measures (MPMs); and
- Add new principles for aggregating and disaggregating information.
- IFRS 18 applies to annual periods beginning on or after January 1, 2027. Earlier application is permitted. The extent of the impact of adopting this new IFRS standard has not yet been determined, and the Corporation has not yet determined whether early adoption will be considered.

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

In May 2024, the IASB issued *Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments* (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the settlement date and the introduction of an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date if specific conditions are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.
- Additional guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (ESG) concerns.

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

- Clarifications on what constitute non-recourse features and what are the characteristics of contractually linked instruments
- Additional disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income (OCI) and the introduction of disclosure of the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted. If an entity elects to apply these amendments for an earlier period, it is required to either:

- apply all the amendments at the same time and disclose that fact or
- apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

The amendments are required to be applied retrospectively, in accordance with IAS 8, with specific exceptions.

The Corporation does not anticipate that the amendments will have a material effect on the Corporation's financial statements.

3.3 Consolidation

The Financial Statements include the accounts of the Corporation and those of its subsidiary Innord, which is wholly owned by the Corporation. The Corporation controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All intra-group transactions, balances, income and expenses are eliminated during consolidation.

3.4 Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Corporation operates (the "functional currency"). The functional and presentation currency of the Corporation and Innord is the Canadian dollar.

3.5 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term liquid investments with original maturities of three months or less or cashable at any time without penalties.

3.6 Investment in an associate

Associate is an entity over which the Corporation has significant influence, but not control. The financial results of the Corporation's investment in its associate are included in the Corporation's results according to the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Corporation's share of comprehensive income or loss of the associate after the date of acquisition. The Corporation's share of profits or losses is recognized in the statement of (loss) income and its share of other comprehensive income or loss of an associate is included in other comprehensive (loss) income.

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

Unrealized gains on transactions between the Corporation and an associate are eliminated to the extent of the Corporation's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in an investment in an associate are recognized in the statement of (loss) income.

The Corporation assesses at each period-end whether there is any objective evidence that its investment in an associate is impaired. If impaired, the carrying value of the Corporation's share of the underlying assets of the associate is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value in use) and charged to the statement of (loss) income.

3.7 Exploration and evaluation expenses

Exploration and evaluation ("E&E") expenses include rights in mining properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

E&E expenses also include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Expenditures relating to E&E activities are expensed as incurred.

E&E include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for the Corporation's mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

The E&E expenses are recorded in the statement of income (loss) until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives the Board of Directors approval, at which time the mine project moves into the development phase.

The Corporation has taken steps to verify the validity of title to mineral properties on which it is conducting exploration activities and is acquiring interests in accordance with industry standards that apply to the current stage of E&E of such property. However, these procedures do not guarantee the Corporation's title, as property title may be subject to unregistered prior agreements, aboriginal claims or noncompliance with regulatory requirements.

3.8 Research and development costs

Research costs are expensed during the year in which the expenses are incurred. Development costs are capitalized when they meet the criteria for capitalization in accordance with IAS 38 "Intangible Assets".

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

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs are charged to the statement of income (loss) during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Office equipment	3 years
Leasehold improvements	10 years
Equipment related to E&E activities	3 years
Equipment related to R&D activities	2 to 10 years

Depreciation of property, plant and equipment, if related to exploration activities, is expensed consistently with the policy for E&E expenses. Depreciation of property and equipment, if related to research activities, is expensed consistently with the policy for R&D expenses. For those which are not related to E&E or R&D activities, depreciation expense is recognized directly in the statement of (loss) income.

Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and restated if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the statement of (loss) income.

3.10 Leases

The Corporation has entered into different lease agreements. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases with a term in excess of twelve months and for other than low-value assets are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Corporation.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in statement of income (loss).

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

3.11 Right-of-use assets

The Corporation recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any remeasurement of lease obligations. The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Corporation is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

3.12 Lease obligations

At the commencement date of the lease, the Corporation recognizes a lease obligation measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Corporation and payments of penalties for terminating a lease, if the lease term reflects the Corporation exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Corporation uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease obligation is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease obligation is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Corporation determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

3.13 Inventories

Inventories consist of raw materials, rare earth permanent magnets that will be recycled in the demonstration plant in order to extract the rare earths oxides to be sold. Inventories are valued at the lowest of the cost and net realizable value. The cost of raw material inventory is determined using the average cost method.

3.14 Tax credits and mining rights receivable

The Corporation is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the *Mining Tax Act*. These tax credits are recognized as a reduction of the E&E expenses incurred.

3.15 Investment tax credits

Investment tax credits are recognized when there is reasonable assurance that the Corporation has complied with, and will continue to comply with, all conditions necessary to obtain such assistance. The Corporation incurs research and development expenses that are eligible for investment tax credits. Refundable investment tax credits are based on management's estimates of amounts expected to be recovered and are subject to audit by tax authorities.

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

Investment tax credits are recognized as a reduction of the cost of the related assets or expenses in the year in which the expenditures are made when management deems that there is reasonable assurance that the conditions for government assistance or investment tax credits have been met.

3.16 Government grants

The Corporation receives financial assistance under government incentive programs for research and development. Government grants are recognized initially as government grants receivable at fair value when there is reasonable assurance that it will be received and the Corporation will comply with the conditions associated with the grant. Grants are recognized as a reduction of the related expenditures (in the statements of financial position or statements of income (loss) depending on the nature of the expenditures).

Grants are recognized in proportion to the total costs expected to the contract. Any payment received before the associated work is performed are recorded as deferred grants in the statement of financial position.

3.17 Impairment of non-financial assets

Property, plant and equipment and right-of-use asset are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been restated.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the statement of (loss) income. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

3.18 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss ("FVTPL"), which are measured initially at fair value.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are offset, and the net amount is reported in the statements of financial position when there is an unconditional and legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

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

a) Financial assets

Financial assets are initially measured at fair value. If the financial asset is not subsequently FVTPL, then the initial valuation includes transaction costs that are directly attributable to the acquisition or asset generation. At the time of initial recognition, the Corporation categorizes its financial instruments into the following categories, depending on the purposes for which the instruments were acquired: at amortized cost or at fair value.

At amortized cost:

Financial assets at amortized cost are non-derivative financial assets with specified or determinable payments that consist exclusively of capital and interest payments held under a business model whose purpose is to collect these amounts. Financial assets at amortized cost are initially recorded at the amount expected to receive less, when significant, a discount to bring them back to fair value. Subsequently, financial assets at amortized cost are assessed using the effective interest method, which is reduced by a provision for anticipated losses. Cash and cash equivalents, accounts receivable and investments are classified in this category.

At fair value through profit or loss:

Investments in equity are subsequently measured at fair value and changes are recognized in net loss. The category includes the investment in a listed company. This instrument is measured at fair value and changes in fair value are recognized in net loss. Fair value is determined on the basis of stock market prices. Investments in listed companies are classified in this category.

b) Financial liabilities

At amortized cost:

Trade and other payables, long-term debt and convertible debentures are initially recorded at the amount to be paid less, when significant, a discount to bring this amount back to fair value. Subsequently, they are assessed at the amortized cost using the effective interest method.

Compound financial instruments:

When the Corporation issues a financial instrument that contains both a liability and an equity component (e.g., convertible debentures), it is classified as a compound financial instrument under IAS 32. The liability component is initially measured at the fair value of a comparable instrument without a conversion feature, using a market interest rate. The equity component is determined as the residual amount, after deducting the fair value of the liability component from the total proceeds. Transaction costs are allocated to each component proportionally based on their initial carrying values.

The liability component is subsequently measured at amortized cost using the effective interest method, while the equity component is not remeasured.

c) Impairment of financial assets

At amortized cost:

The expected loss represents the difference between the amortized cost of financial assets and the present value of anticipated future cash flows, discounted to the instrument's initial effective interest rate. The book value of the asset is reduced by this amount either directly or indirectly through a value correction account. Provisions for anticipated losses are restated upwards or downwards in subsequent periods if the amount of the anticipated loss increases or decreases. The Corporation considers that there is no significant increase of credit risk for the financial instruments with low credit risk.

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

For trade receivables, the Corporation applies the simplified approach under IFRS 9 and recognizes lifetime expected credit losses. Trade receivables are considered past due when they are not settled within the contractual payment terms. Expected credit losses are assessed based on historical collection experience, the creditworthiness of counterparties, the aging of outstanding balances and reasonable and supportable forward-looking information. As at May 31, 2026, expected credit losses on trade receivables were not significant.

For financial assets other than trade receivables, the Corporation considers that there is no significant increase in credit risk for financial instruments with low credit risk.

3.19 Current taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of income (loss), except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized directly in equity. Mining taxes represent Canadian provincial taxes levied on mining operations and are classified as income taxes since such taxes are based on a percentage of mining profits.

The current income and mining tax charge is the expected tax payable or receivable on the taxable loss for the year, using the tax laws enacted or substantively enacted at the statement of financial position date in the jurisdictions where the Corporation operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

3.20 Deferred taxes

The Corporation uses the asset and liability method of accounting for income and mining taxes. Under this method, deferred income and mining tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income and mining tax assets and liabilities are measured using enacted or substantively enacted tax rates (and laws) that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income and mining tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income and mining tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income or mining taxes levied by the same taxation authority on the same taxable entity where there is an intention to settle the balances on a net basis.

Changes in deferred tax assets or liabilities are recognized as deferred income tax recovery in the statement of (loss) income, except where they relate to items that are recognized directly in equity, in which case the related deferred tax is also recognized in equity. As management intends to realize the carrying value of its assets and settle the carrying value of its liabilities through the sale of its E&E properties, the related deferred tax has been calculated accordingly.

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

3.21 Equity-settled share-based compensation

The Corporation offers an equity settled share-based compensation plan for its eligible directors, officers, employees and consultants. Each award is considered a separate award with its own vesting periods and fair value. Fair value is measured at the date of grant using the Black-Scholes option pricing model or the share market price where applicable.

All equity settled share-based compensation (except broker warrants) are ultimately recognized as an expense in the statement of (loss) income with a corresponding credit to reserves (within shareholders' equity on the consolidated statement of financial position). Equity settled share-based compensation to broker, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to broker warrants in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the instruments that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of instruments expected to vest differs from previous estimates. Any cumulative restatement prior to vesting is recognized in the current period.

Any consideration paid on exercise of share options is credited to share capital. The accumulated expenses resulting from stock options are transferred to share capital when the options are exercised.

Expenses recognized for forfeited awards are reversed. Where the terms of an equity settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified over the original vesting period. In addition, an expense is recognized for any modification which increases the total fair value of the share-based payment arrangement as measured at the date of the modification, over the remainder of the vesting period.

3.22 Revenue recognition

Revenues are derived from the following sources:

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

i) Technical support and development services

Technical support and development services revenues are recognized in the statement of income (loss) and comprehensive income (loss) 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.

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

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.

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.

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.

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.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ERRORS

The preparation of the Financial Statements in conformity with IFRS accounting standards requires the Corporation's management to make judgements, estimates and assumptions about future events that affect the amounts reported in the Financial Statements and related notes to the Financial Statements. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results may differ from those estimates.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ERRORS (CONT'D)

4.1 Going concern/liquidity risk

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.2 Significant influence in Associate

Determining whether the Corporation has significant influence over Auriginal Mining Corp. ("Auriginal") requires judgment and consideration of both the Corporation's ownership interest and other qualitative factors, including board representation, interchange of managerial personnel and transactions between the corporations.

During Fiscal 2026, management concluded that changes in these qualitative factors resulted in the Corporation ceasing to have significant influence over Auriginal. Accordingly, the Corporation discontinued the use of the equity method from the date significant influence was lost. Additional information regarding the accounting treatment and financial impact is presented in Notes 7 and 8.

4.3 Income taxes and recoverability of potential deferred tax assets

Periodically, the Corporation evaluates the likelihood of whether some portion of the deferred tax assets will not be realized. Once the evaluation is completed, if the Corporation believes that it is probable that some portion of the deferred tax assets will fail to be realized, the Corporation records only the remaining portion for which it is probable that there will be available future taxable profit against which the temporary differences can be utilized. Assessing the recoverability of deferred income tax assets requires management to make significant judgment. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. Significant judgment is required in determining the income tax recovery as there are transactions and calculations for which the ultimate tax determination is uncertain. Management intends to realize the carrying value of its assets and settle the carrying amount of its liabilities through the sale of its E&E properties, which is an important judgment.

4.4 Refundable credit on mining duties and refundable tax credit related to resources

The refundable credit for resources and refundable credit on mining duties (the "tax credits") for the current period and prior periods are measured at the amount the Corporation expects to recover from the tax authorities as at the closing date. However, uncertainties remain as to the interpretation of tax rules and the amount and timing of the recovery of such tax credits. To determine whether the expenses it incurs are eligible, the Corporation must exercise considerable judgment and interpretation, which makes the recovery of tax credits uncertain. Accordingly, there may be a significant difference between the recorded amount of tax credits receivable and the actual amount of tax credits received following the tax authorities' review of issues whose interpretation is uncertain.

Should such a difference arise, a restatement would have to be made to tax credits receivable and provisions may potentially need to be recognized for previous tax credits received by the Corporation. It may take considerable time for the tax administration to render its decisions on issues related to tax credits, and it can therefore take a long time to recover tax credits. Tax credits that the Corporation expects to recover within more than one year are classified as non-current assets. The amounts recognized in the Financial Statements are based on the Corporation's best estimates and according to its best judgment, as stated above.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ERRORS (CONT'D)

However, given the uncertainty inherent in obtaining the approval of the relevant tax authorities, the amount of tax credits that will actually be recovered or the amount to be repaid, as well as the timing of such recovery or repayment, could differ materially from the accounting estimates, which would affect the Corporation's financial position and cash flows.

4.5 Discount Rate on Convertible Debenture and Long-Term Debt

Determining the appropriate market discount rates used to initially measure certain financing arrangements requires management to exercise significant judgment.

The liability component of the convertible debentures was initially measured using a market interest rate of 19%, representing management's estimate of the rate that would have applied to a comparable unsecured non-convertible borrowing with similar terms, credit risk and market conditions.

During Fiscal 2026, the Corporation also received funds under an interest-free repayable government contribution. As the contribution does not bear interest, the related financial liability was initially measured at fair value using a market discount rate of 12%. This rate represents management's estimate of the rate the Corporation would have incurred on a borrowing with comparable repayment terms, security, credit risk and market conditions.

In determining these rates, management considered the Corporation's credit-risk profile, the terms and duration of the respective financing arrangements, available market data for comparable borrowings and observed borrowing rates for issuers with similar risk characteristics.

The selected discount rates affect the initial carrying amounts of the financial liabilities, the amount recognized in equity or as government assistance, as applicable, and the finance expense recognized over the terms of the arrangements using the effective interest method.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following investments:

As at May 31, 2026:

- As at May 31, 2026, the Corporation held 17,340 units of a High Interest Savings Fund with a fair value of \$867,173. The fund invests primarily in interest-bearing deposit accounts and short-term deposits with Canadian financial institutions. The investment earns a variable yield, with distributions paid monthly, has no fixed maturity or lock-up period and provides daily liquidity. Units are redeemable on demand and the proceeds are generally available within one business day.

As at May 31, 2025:

- Short term deposits totaling \$708,403 with rates from 2.25% to 2.3% and expiring dates ranging from April 07, 2026 to April 28, 2026. Interest and principal were cashable at any time without penalties.

6. INVESTMENTS

The investments as at May 31, 2026 and May 31, 2025 consists of guaranteed investment certificates that are non-cashable prior to maturity. The certificates total \$24,181 (\$22,000 as at May 31, 2025) in nominal value, bear interest at 2% (3% as at May 31, 2025) and expire on October 2, 2026 (October 2, 2025 as at May 31, 2025).

7. INVESTMENTS IN LISTED COMPANIES

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

During the year, the Corporation transferred its investment in Auriginal Mining Corp. (formerly Kintavar Exploration Inc.) from Investment in an associate to Investment in listed companies following the loss of significant influence over the investee in September 2025 (note 8).

On February 10, 2026, the Corporation received the final option payment related to its Pomme Property. This payment included consideration in the form of equity instruments, comprising 108,225 common shares of Metallium Ltd. (ASX: MTM), representing an aggregate value equivalent to AUD 100,000 (CAD 96,418) on the transaction date. Refer to Note 22.2 for more information on the transaction.

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

The investments are summarized as follows:

	Fiscal 2026	Fiscal 2025
	\$	\$
<u>Classified as current assets</u>		
Auriginal Mining Corp. - 16,857,143 common shares	1,180,000	-
Metallium Ltd. - 108,225 common shares	58,117	-
Investments in listed companies	1,238,117	-

8. 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 and 2026, the Corporation held 16,857,143 common shares, representing respectively 13.11% and 6.37% 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 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 Investments in listed companies (note 7) and resulting in a gain of \$841,810 following its remeasurement to fair value.

8. INVESTMENT IN AN ASSOCIATE (CONT'D)

	Fiscal 2026	Fiscal 2025
	\$	\$
Balance at beginning of period	252,857	421,429
Share of net and comprehensive income (loss)	1,047	(176,400)
Recovery/reversal of impairment	-	7,828
Transfer to Investments in listed companies	(253,904)	-
Balance at end of period	-	252,857

9. ACCOUNTS RECEIVABLE

	As at May 31, 2026	As at May 31, 2025
	\$	\$
Trade receivables	155,345	45,699
Sales taxes receivable	237,435	277,371
Interest receivable	-	1,967
Other accounts receivable	11,423	12,221
Accounts receivable	404,203	337,258

10. TAX CREDITS AND GOVERNMENT GRANTS RECEIVABLE

	As at May 31, 2026	As at May 31, 2025
	\$	\$
Refundable tax credits	101,403	6,582
Government grants	1,667,908	1,476,860
Tax credits and government grants receivable	1,769,311	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.

11. PREPAID EXPENSES AND OTHER ASSETS

	As at May 31, 2026	As at May 31, 2025
	\$	\$
Prepaid on operating expenses	144,918	118,502
Advance payment on inventories	340,979	187,027
Prepaid expenses and other assets	485,897	305,529

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Equipment ¹	Total
	\$	\$	\$
Fiscal 2026			
Opening net book value	935,080	1,267,980	2,203,060
Additions	945,604	2,638,744	3,584,348
Government grants	615,702 ²	(1,419,238)	(803,536)
Depreciation	(117,691)	(290,102)	(407,793)
Impairment	-	(132,462)	(132,462)
Closing net book value	2,378,695	2,064,922	4,443,617
As at May 31, 2026			
Cost	2,498,563	2,956,350	5,454,913
Accumulated depreciation	(119,868)	(891,428)	(1,011,296)
Closing net book value	2,378,695	2,064,922	4,443,617
	Leasehold Improvements	Equipment ¹	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

¹ The equipment category includes equipment used in E&E activities and R&D activities. Depreciation of property plant and equipment related to E&E properties is being recorded within E&E expenses while depreciation related to other R&D projects is recorded within R&D expenses. An amount of nil (\$8,348 in Fiscal 2025) was expensed as E&E expenses and \$290,102 (\$186,391 in Fiscal 2025) as R&D expenses during the year ended May 31, 2026.

² The positive government grant adjustment related to leasehold improvements results from a revision of prior-year estimates, which had been based on provisions. During the year, government assistance was reassessed based on amounts more closely aligned with submitted claims and claim reports, resulting in a reallocation of grants from leasehold improvements to equipment and research and development expenses.

13. RIGHT-OF-USE ASSETS

	Equipment	Industrial buildings	Total
	\$	\$	\$
Fiscal 2026			
Opening net book value	17,575	1,845,565	1,863,140
Depreciation	(5,700)	(142,916)	(148,616)
Closing net book value	11,875	1,702,649	1,714,524
As at May 31, 2026			
Cost	28,500	2,143,732	2,172,232
Accumulated depreciation	(16,625)	(441,083)	(457,708)
Closing net book value	11,875	1,702,649	1,714,524
	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

14. CONVERTIBLE DEBENTURES

	Fiscal 2026	Fiscal 2025
	\$	\$
Balance, opening	1,682,164	-
Additions	-	1,628,519
Accretion expense	321,033	53,645
Conversion	(569,747)	-
Interest payment	(186,811)	-
Balance, ending	1,246,639	1,682,164
Balance, current	(28,134)	(40,455)
Balance, non-current	1,218,505	1,641,709

In March 2025, the Corporation completed a private placement of unsecured convertible debentures (the "Debentures") for aggregate gross proceeds of \$2,022,762. The Debentures bear interest at a rate of 12% per annum, payable annually, and mature in March 2028, unless converted earlier in accordance with their terms. The Debentures are convertible into common shares of the Corporation at a price of \$0.12 per share at any time prior to maturity at the option of the holder.

The Debentures are unsecured and subordinated to all current and future senior indebtedness of the Corporation. The Corporation incurred transaction costs of \$28,535 in connection with the offering.

In accordance with IAS 32 and IFRS 9, the Debentures were evaluated as a compound financial instrument and bifurcated into:

- A liability component, representing the contractual obligation to pay interest and principal, and
- An equity component, representing the holder's conversion right.

14. CONVERTIBLE DEBENTURES

The liability component was initially measured at the fair value of a similar non-convertible debt instrument. The Corporation estimated a market discount rate of 19% for comparable unsecured non-convertible debt based on market conditions, credit risk profile, and similar financings by junior companies of similar size. Transaction costs of \$28,535 were allocated on a pro rata basis between the liability and equity components:

- \$23,339 deducted from the liability,
- \$5,196 deducted from equity.

As a result, the initial carrying amount of the liability was \$1,628,519, and the equity component was \$365,707.

A deferred tax recovery of \$96,912 was recognized (see note 25), reducing the equity component to \$268,795.

The liability component is subsequently measured at amortized cost using the effective interest method at a rate of 19%. Interest expense is recognized in profit or loss, while the carrying value of the liability increases over time to reach the face value of the Debentures at maturity. Annual coupon payments of \$242,731 are recognized as reductions of the liability.

During Fiscal 2026, 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.

15. DEFERRED GRANTS

	As at May 31, 2026	As at May 31, 2025
	\$	\$
Deferred grants attributable to the purchase of inventories	-	1,502
Deferred grants attributable to the purchase of property, plant and equipment	-	405,749
Deferred grants attributable to operations	-	216,184
Deferred grants	-	623,435

16. LEASE OBLIGATIONS

	Fiscal 2026	Fiscal 2025
	\$	\$
Balance, opening	2,222,485	2,240,828
Accretion expense	283,027	285,909
Repayments of lease obligations	(313,174)	(304,252)
Balance	2,192,338	2,222,485
Balance, current	(43,842)	(30,146)
Balance, non-current	2,148,496	2,192,339

17. LONG-TERM DEBT

During Fiscal 2026, the Corporation received \$459,176 under a repayable, non-interest-bearing government contribution agreement providing for total funding of up to \$750,000. The contribution is repayable in 60 monthly instalments commencing 36 months after project completion, which is expected no later than September 30, 2026. In the event of default, the outstanding balance may become immediately due.

Because the contribution is non-interest-bearing, the liability was initially recognized at fair value and is subsequently measured at amortized cost using the effective interest method. The difference between the cash proceeds received and the initial fair value of the liability, amounting to \$223,282, was recognized as a government grant related to assets and deducted from the carrying amount of the related leasehold improvements.

As of May 31, 2026, the carrying amount of the long-term debt was \$241,302 (May 31, 2025 – nil), all of which was classified as non-current.

18. SHARE CAPITAL

18.1 Authorized Share Capital

The Corporation's authorized share capital consists of an unlimited number of voting common shares.

18.2 Common Shares

Year Ended May 31, 2026

During Fiscal 2026, the Corporation issued an aggregate of 23,726,827 common shares in connection with the conversion of convertible debentures, the settlement of debenture interest, the exercise of warrants and stock options, and the settlement of DSUs. These transactions resulted in an aggregate increase in share capital of \$4,779,612, including cash proceeds of \$3,520,709.

Year Ended May 31, 2025

No shares were issued during Fiscal 2025.

19. RESERVES

19.1 Warrants

The Corporation's warrants were as follows:

	Fiscal 2026		Fiscal 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

19. RESERVES (CONT'D)

Warrants outstanding as at May 31, 2026 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
704,028	0.40	February 8, 2027 ¹
704,028		

¹ On February 6, 2026, the Corporation extended the expiry date of 704,028 outstanding warrants from February 8, 2026 to February 8, 2027. The warrants were originally classified as equity instruments and no amount was allocated to the warrants upon initial recognition. The extension did not modify the exercise price or the number of common shares issuable and did not result in a change in the classification of the warrants. Accordingly, no accounting impact was recognized in connection with the extension.

19.2 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.

B) Stock Options

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

	Fiscal 2026		Fiscal 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	(2,866,250)	0.21	-	-
Expired	(250,000)	0.165	(2,453,000)	0.18
Forfeited	(175,000)	0.10	(407,500)	0.13
Balance, end	5,218,750	0.24	6,660,000	0.20
Balance, end, exercisable	2,137,500	0.26	4,472,500	0.24

¹ During Fiscal 2026, 2,866,250 stock options were exercised through cash and cashless exercise transactions. As a result of the cashless exercises, a portion of the shares otherwise issuable upon exercise was withheld and used to satisfy the applicable exercise price. Accordingly, the exercise of 2,866,250 stock options resulted in the issuance of 1,721,798 common shares and cash proceeds of \$160,875.

19. RESERVES (CONT'D)

Options outstanding as of May 31, 2026 are as follows:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry date
		\$	
1,310,000	1,310,000	0.305	October 27, 2026
275,000	137,500	0.335	October 22, 2027
375,000	375,000	0.215	January 25, 2029
1,608,750	315,000	0.10	November 20, 2029
75,000	-	0.11	December 1, 2029
1,575,000	-	0.335	October 22, 2030
5,218,750	2,137,500		

On October 22, 2025, the Corporation granted 1,575,000 options to employees and 275,000 options to consultants at an exercise price of \$0.335 per option. Options granted to employees are exercisable for a period of five years, while options granted to consultants are exercisable for a period of two years.

- The fair value of the employee options was estimated using the Black-Scholes option pricing model, resulting in a fair value of \$0.21 per option, based on the following assumptions: a risk-free interest rate of 2.52%, expected volatility of 89.41%, no expected dividends and an expected life of 3.75 years. Employee options vest over a period of three years, with 25% vesting in each of the first two years and 50% vesting in the third year.
- The fair value of the consultant options was estimated using the Black-Scholes option pricing model, resulting in a fair value of \$0.18 per option, based on the following assumptions: a risk-free interest rate of 2.38%, expected volatility of 102.85%, no expected dividends and an expected life of 2 years. Consultant options vest over one year, with 25% vesting quarterly.

On December 1, 2024, the Corporation granted 100,000 Options to an employee at a price of \$0.11, valid for 5 years. The fair value of the options granted was estimated using the Black-Scholes model, resulting in a fair value of \$0.06 per option, based on the following assumptions: risk-free interest rate of 2.8751%, expected volatility of 78.52%, no dividend per share and expected duration of 3.75 years options. From the granting, Options vest in increments of 25% each of the first two years and 50% the last year.

On November 20, 2024, the Corporation granted 2,200,000 Options to employees at a price of \$0.10, valid for 5 years. The fair value of the options granted was estimated using the Black-Scholes model, resulting in a fair value of \$0.06 per option, based on the following assumptions: risk-free interest rate of 3.1471%, expected volatility of 79.39%, no dividend per share and expected duration of 3.75 years options. From the granting, Options vest in increments of 25% each of the first two years and 50% the last year.

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.

The total amount recorded as an expense in the consolidated statement of income (loss) and comprehensive income (loss) for the year ended May 31, 2026 is \$195,954 (\$63,070 for the year ended May 31, 2025).

19. RESERVES (CONT'D)

C) Restricted Share Units

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

	Fiscal 2026	Fiscal 2025
	Number of RSUs	Number of RSUs
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.

On November 20, 2024, the Corporation granted 1,200,000 RSUs to the management team for a total value of \$125,000. From the granting, the RSUs vest in increments of 50% every 12 months. The RSUs can be settled after 3 years.

The total amount recorded as an expense in the consolidated statement of income (loss) and comprehensive income (loss) for the year ended May 31, 2026 is \$145,227 (\$189,813 for the year ended May 31, 2025).

D) Deferred Share Units

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

	Fiscal 2026	Fiscal 2025
	Number of DSUs	Number of DSUs
Balance, opening	1,778,000	971,000
Issued	326,000	900,000
Settled	(482,000)	-
Forfeited	-	(93,000)
Balance, end	1,622,000	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.

On November 20, 2024, an aggregate of 900,000 DSUs were issued to the members of the Board of Directors with a total fair value of \$94,500. The DSUs vest in a single installment one year from the date of grant.

The total amount recorded as an expense in the consolidated statement of income (loss) and comprehensive income (loss) for the year ended May 31, 2026 is \$108,355 (\$169,032 for the year ended May 31, 2025).

20. CAPITAL MANAGEMENT

The Corporation's objective in managing capital is to safeguard its ability to continue its operations and fund its exploration and evaluation ("E&E") and research and development ("R&D") programs. The Corporation manages its capital structure and adjusts it in response to changes in economic conditions, liquidity requirements and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Corporation may issue equity securities, obtain debt or other repayable financing, secure government assistance, or acquire or dispose of mining rights and other assets.

For capital management purposes, the Corporation considers its capital to consist of shareholders' equity, convertible debentures and other repayable financing. Lease obligations are not included in the Corporation's internally managed capital measure. Government grants are also excluded from capital, except to the extent that the related assistance is structured as repayable financing.

During Fiscal 2026, the Corporation secured an interest-free repayable government contribution of up to \$750,000 and received proceeds of \$160,875 and \$3,359,834 from the exercise of stock options and warrants, respectively. During Fiscal 2025, the Corporation issued convertible debentures for gross proceeds of approximately \$2.02 million. The balances and changes in shareholders' equity are presented in the consolidated statements of changes in shareholders' equity, while the carrying amounts of the Corporation's convertible debentures and other repayable financing are disclosed in Notes 14 and 17, respectively.

The Corporation is not subject to externally imposed capital requirements, except when it completes a flow-through share financing, in which case the related proceeds must be used for eligible Canadian exploration expenditures in accordance with applicable income tax legislation.

21. REMUNERATION

	Fiscal 2026	Fiscal 2025
	\$	\$
Wages, salaries	2,048,332	1,576,165
Benefits	394,793	265,359
Share-based compensation	449,537	421,915
	2,892,662	2,264,768
Salaries and benefits and share-based payments recorded in E&E expenses	(9,553)	(252,902)
Salaries and benefits and share-based payments recorded in R&D expenses	(2,162,578)	(1,288,487)
Share-based payments recorded in travel, conferences and investor relations	(34,411)	-
Salaries, employee benefits and share-based compensation presented on the income statement	686,120	722,050

22. EXPLORATION AND EVALUATION EXPENSES

	Fiscal 2026	Fiscal 2025
	\$	\$
Acquisition and maintenance	5,340	924
Exploration		
Salaries and benefits	-	361
Share-based compensation	9,553	1,329
Geology	4,262	13,103
Supplies	604	-
General and administration	-	692
Taxes, permits and insurances	489	426
Total exploration	14,908	15,911
Evaluation		
Salaries and benefits	-	251,212
Professional fees	-	3,720
Materials and supplies	-	49,285
General and administration	-	82,656
Depreciation of property, plant and equipment	-	8,348
Total evaluation	-	395,221
Total gross E&E expenses	20,248	412,056
Tax credits	(1,056)	(6,995)
Net E&E expenses	19,192	405,061

22.1 Montviel Property

The Corporation owns 100% of the Montviel property, located approximately 100 km north of Lebel-sur-Quévillon and 45 km west of the Cree First Nation of Waswanipi. As at May 31, 2026, the Montviel property comprised 116 mining claims covering 6,445.3 hectares.

22.2 Pomme Property

On February 10, 2026, the Corporation completed the option agreement with Metallium Ltd. (ASX: MTM) ("MTM") in respect of the Pomme rare earth elements property, pursuant to which MTM earned a 100% interest in the property and legal title was transferred.

In connection with the completion of the option, the Corporation received the final milestone payment, which included a cash consideration of AUD 100,000 (CAD 93,800) and a consideration in the form of 108,225 common shares of MTM, representing an aggregate value equivalent to AUD 100,000 (CAD 96,418) at the date of receipt.

As no exploration and evaluation assets related to the Pomme property were capitalized on the statement of financial position, the proceeds received under the option agreement were recognized as income. During Fiscal 2026 the Corporation recognized an option income on exploration and evaluation properties of \$184,946 in the statement of income (loss) and comprehensive income (loss).

Pursuant to the agreement, the Corporation retained a 2% net smelter return ("NSR") royalty on the property. MTM has the right to repurchase 1% of the NSR royalty at any time for consideration of AUD 1,000,000.

23. RESEARCH AND DEVELOPMENT EXPENSES

	Fiscal 2026	Fiscal 2025
	\$	\$
Salaries and benefits	1,969,830	1,164,993
Share-based compensation	192,748	123,494
Professional fees	51,043	60,701
Materials and supplies	316,952	299,497
General and administration	164,287	177,665
Depreciation of property, plant and equipment	290,102	186,391
Impairment of deposits on equipment	-	15,093
Impairment of property, plant and equipment	45,033	71,379
Total R&D expenses	3,029,995	2,099,213
Tax credits	(161,176)	(145,050)
Net R&D expenses	2,868,819	1,954,163

24. EARNINGS PER SHARE

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year.

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Corporation's potential common shares consist of stock options, restricted share units and deferred share units (Note 19.2), warrants (Note 19.1) and the common shares issuable on conversion of the convertible debentures (Note 14).

For stock options, warrants, restricted share units and deferred share units, the treasury stock method is applied: the number of common shares that would be issued on exercise is compared with the number of common shares that could have been acquired at the average market price of the Corporation's common shares, and only the difference is added to the weighted average number of common shares outstanding. Instruments granted, exercised, forfeited or expired during the year are weighted for the portion of the year during which they were outstanding, and the comparison is made against the average market price for that portion of the year. The average market price of the Corporation's common shares for the year ended May 31, 2026 was \$0.293.

The convertible debentures (Note 14), which are convertible at \$0.12 per common share, were assessed using the if-converted method. Adding back the related interest expense of \$321,033 together with the 15,280,642 weighted average common shares that would be issued on conversion increases earnings per share; the conversion feature is therefore anti-dilutive and has been excluded from the calculation of diluted earnings per share for the year ended May 31, 2026.

For the year ended May 31, 2025, the Corporation reported a net loss and all potential common shares were anti-dilutive. Accordingly, diluted loss per share is equal to basic loss per share for that year.

24. EARNINGS PER SHARE (CONT'D)

The following table reconciles the numerators and denominators used in the calculation of basic and diluted earnings (loss) per share:

	Fiscal 2026	Fiscal 2025
	\$	\$
Numerator		
Net income (loss) attributable to common shareholders	556,692	(2,584,724)
Interest on convertible debentures (anti-dilutive – excluded)	-	-
Adjusted net income (loss) used to determine diluted income (loss) per share	556,692	(2,584,724)
Denominator		
Weighted average number of common shares outstanding – basic	156,785,954	143,401,521
Dilutive effect of stock options outstanding at year-end	1,093,916	-
Dilutive effect of stock options exercised during the year	251,907	-
Dilutive effect of warrants exercised during the year	378,778	-
Dilutive effect of restricted share units and deferred share units	3,966,986	-
Dilutive effect of convertible debentures (anti-dilutive – excluded)	-	-
Weighted average number of common shares outstanding – diluted	162,477,541	143,401,521
Basic earnings (loss) per share	0.004	(0.018)
Diluted earnings (loss) per share	0.003	(0.018)

The following potential common shares were excluded from the calculation of diluted earnings per share because their effect would have been anti-dilutive:

	Fiscal 2026	Fiscal 2025
Stock options (exercise prices of \$0.305 and \$0.335)	3,160,000	-
Warrants (exercise price of \$0.40)	704,028	-
Common shares issuable on conversion of convertible debentures	11,723,017	-
Total potential common shares excluded	15,587,045	-

25. INCOME TAXES

Income tax recovery differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26.50% (2025 – 26.50%) to income before taxes. The reasons for the differences are as follows:

	2026	2025
	\$	\$
Income (loss) before income taxes	556,692	(2,681,636)
Statutory tax rate	26.50%	26.50%
Expected income tax expense (recovery)	147,527	(710,634)
Non-deductible expenses and other	59,022	82,458
Change in deferred tax assets not recognized	(206,549)	531,264
Income tax expense	-	(96,912)
Current tax expense	-	-
Deferred tax expense	-	(96,912)
Income tax expense	-	(96,912)

The ability to realize the tax benefits is dependent upon a few factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, some deferred tax assets have not been recognized; these deferred tax assets not recognized amount to - \$8,942,545 (2025 - \$9,929,805).

The significant components of the deferred tax assets and (liabilities) of the Corporation are as follows:

	As at May 31, 2026	As at May 31, 2025
	\$	\$
Right of use assets	(454,349)	(493,732)
Lease obligations	454,349	493,732
Convertible debentures	(107,645)	(100,979)
Non-capital losses	107,645	100,979
	-	-

The Corporation has not recognized a deferred tax asset in respect of the following unrecognized deductible temporary differences:

	As at May 31, 2026	As at May 31, 2025
	\$	\$
Intangible assets	14,870	14,870
Investment in an associate	-	2,107,143
Marketable securities	1,214,753	-
Property, plant and equipment	1,768,776	1,071,770
Exploration expenses	11,415,824	11,592,317
Research and development expenditures	2,954,850	2,597,486
Lease obligations	477,815	359,345
Share issuance costs	17,121	26,953
Non-capital losses	14,654,887	16,365,288
Total	32,518,896	34,135,172

25. INCOME TAXES (CONT'D)

As at May 31, 2026, the Corporation has not recognized a deferred tax asset in respect of the following non-capital losses, which are available to reduce future year's taxable income and expire as follows:

	Federal	Provincial
	\$	\$
2032	971,489	971,489
2033	2,398,375	2,398,375
2034	1,483,287	1,483,287
2035	1,978,913	1,978,913
2036	1,250,612	1,250,612
2037	821,796	821,796
2038	512,820	578,817
2039	403,562	403,562
2040	560,477	560,477
2041	768,317	768,317
2042	596,270	596,270
2043	362,239	362,239
2044	1,219,556	1,218,855
2045	631,877	603,587
2046	695,297	695,297
	14,654,887	14,691,893

As at May 31, 2026, the Corporation has tax credits of \$545,005 (\$448,866 as at May 31, 2025) which are available to reduce future year's income taxes payable.

26. FINANCIAL INSTRUMENTS AND RISKS

Objectives and policies concerning financial risk management.

The Corporation is exposed to different financial risks resulting from its operating, investing and financing activities. The management of financial risks is done by the management of the Corporation. The Corporation does not enter into agreements for financial instruments, including financial derivatives, for speculation purposes.

26.1 Interest rate risk

When the Corporation has cash balances, the current policy is to invest excess cash in certificates of deposit or other low-risk short-term investments. The other financial assets and liabilities of the Corporation excluding the convertible debentures do not bear interest. The Corporation does not use financial derivatives to decrease its exposure to interest risk. A variation of plus or minus 1% change in the rates would not have a material impact on the assets and liabilities and net loss of the Corporation.

26.2 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. Management believes that it has sufficient funds to finance its operations and meet its obligations as they come due.

26. FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

As at May 31, 2026, the contractual maturities of the Corporation's financial liabilities were as follows:

May 31, 2026	Up to 1 year	1 to 5 years	More than 5 years	Total
	\$	\$	\$	\$
Trade and other payables, excluding salaries and vacations payable	863,360	-	-	863,360
Lease Obligations – Current contractual maturities ¹	322,363	304,577	-	626,940
Lease Obligations – Future renewal options ¹	-	1,062,364	2,765,092	3,827,456
Convertible debentures	168,811	1,575,573	-	1,744,384
Long-term debt	-	160,712	298,464	459,176
	1,354,534	3,103,226	3,063,556	7,521,316

May 31, 2025	Up to 1 year	1 to 5 years	More than 5 years	Total
	\$	\$	\$	\$
Trade and other payables, excluding salaries and vacations payable	834,359	-	-	834,359
Lease Obligations – Current contractual maturities ¹	313,174	599,928	-	913,102
Lease Obligations – Future renewal options ¹	-	734,287	3,120,181	3,854,468
Convertible debentures	242,731	2,508,225	-	2,750,956
	1,390,264	3,842,440	3,120,181	8,352,885

¹ The amount presented as a liability in the consolidated statement of financial position is based on an expected duration of 15 years for the Saint-Hubert lease (including two terms of 5 years renewals).

26.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Generally, the maximum credit risk is equivalent to the carrying value of financial assets exposed to credit risk, less any impairment.

Credit risk arises primarily from cash and cash equivalents, investments and accounts receivable. Cash and cash equivalents are held with Canadian financial institutions or invested in a high-interest savings fund whose underlying assets consist primarily of deposits with Canadian financial institutions. Accounts receivable are mainly due from government authorities and commercial counterparties.

The Corporation manages credit risk by dealing with creditworthy counterparties and monitoring outstanding balances. The maximum exposure to credit risk is represented by the carrying amount of these financial assets. As at May 31, 2026, no material expected credit losses were identified.

26.4 Foreign exchange risk

The Corporation is exposed to foreign exchange risk arising from currency volatility, primarily with respect to the US dollar. The Corporation holds balances in cash denominated in U.S. dollars and is therefore exposed to gains or losses on foreign exchange.

26. FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

As at May 31, 2026, the balance in U.S. dollars held by the Corporation was as follows:

	As at May 31, 2026	As at May 31, 2025
	\$	\$
Cash	71,634	3,915
Investments included in cash equivalents	5,822	-
Accounts receivable	28,692	31,470
Trade and other payables	(13,627)	-
Net exposure, in US dollars	92,521	35,470
Equivalent in Canadian dollars	127,642	47,532

Based on the balance as at May 31, 2026, a 5% fluctuation in the exchange rates on that date (with all other variables being constant) would have resulted in a variation of net earnings and equity of \$6,382 as at May 31, 2026 (\$2,377 as at May 31, 2025).

26.5 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, investments, accounts receivable, and trade and other payables approximate their fair values due to the short-term maturities of these financial instruments.

Investments in listed companies are measured at fair value through profit or loss. As at May 31, 2026, the Corporation held investments in Aurigal Mining Corp. and Metallium Ltd. with aggregate fair values of \$1,238,117. Their fair values were determined using quoted prices in active markets and were therefore classified within Level 1 of the fair value hierarchy.

The fair values of the convertible debentures and long-term debt are determined using discounted cash flow models based on market interest rates applicable to financial instruments with similar terms and risk characteristics. These fair value measurements are classified within Level 2 of the fair value hierarchy. As at May 31, 2026, the fair values of these financial liabilities were not materially different from their respective carrying amounts.

There were no transfers between levels of the fair value hierarchy during Fiscal 2026 or Fiscal 2025.

27 RELATED PARTY TRANSACTIONS

27.1 Transactions with Related Parties

In the normal course of business:

- A firm in which a director was a partner charged professional fees of \$120,568 during 2026 (\$24,842 in 2025).

Outside the normal course of business:

- Officers and directors of the Corporation exercised 1,030,860 stock options and warrants during 2026 for aggregate proceeds of \$37,750 (none during 2025).

27.2 Allowance for Termination or Change of Control

Certain employment agreements between key management and the Corporation contain termination and change-of-control provisions. If termination without cause or a change of control involving adverse changes to duties assigned to key management had occurred as at May 31, 2026, the amounts payable to the executive team would have totalled \$380,000 and \$1,160,000, respectively. In the case of termination for cause, no compensation would be payable.

28. ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED STATEMENT OF CASH FLOW
Change in non-cash working capital items

	Fiscal 2026	Fiscal 2025
	\$	\$
Accounts receivable	(66,945)	477,155
Tax credits and government grants receivable	(179,118)	186,666
Prepaid expenses and other assets	(180,368)	25,698
Inventories	(94,595)	(186)
Trade and other payables	368,739	(407,830)
Deferred grants – portion attributable to operating expenses	(216,185)	(817,375)
Deferred grants – portion attributable to inventories	(1,502)	-
Deferred revenues	(459,969)	242,672
	(829,943)	(293,200)

Non-Cash Transactions

	Fiscal 2026	Fiscal 2025
	\$	\$
Government grants receivable for the acquisition of inventories	(8,994)	3,147
Government grants receivable for deposits made on the purchase of property, plant and equipment	170,805	87,997
Government grants receivable for the purchase of property, plant and equipment	268,562	(536,832)
Property, plant and equipment acquired in accounts payables	292,089	(585,405)
Transfer of an investment in an associate to investment in listed companies	1,095,714	-
Shares issued to pay interests on convertible debenture	186,811	-

29. SUBSEQUENT EVENTS

On September 14, 2026, the Corporation entered into a secured loan agreement for a principal amount of \$1,350,000. The loan has a two-year term, bears interest at a rate of 10.5% per annum, with interest payable monthly, and matures on September 14, 2028. A portion of the principal will be repaid as certain refundable R&D tax credits are received, with the remaining balance due at maturity. An administrative fee of 2%, or \$27,000, was deducted at closing, resulting in net proceeds of \$1,323,000. The loan is secured by certain assets of the Corporation and Innord Inc., its wholly owned subsidiary, including refundable R&D tax credits.