SURFACE METALS INC.

(FORMERLY ACME LITHIUM INC.)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE PERIODS ENDED DECEMBER 31, 2025, AND 2024
(With Comparative AUDITED Figures as at SEPTEMBER 30, 2025)
(Expressed In Canadian dollars)

Notice of No Auditor Review of Interim Condensed Financial Statements

The accompanying unaudited interim condensed financial statements have been prepared by management and approved by the Audit Committee.

The Company’s independent auditors have not performed a review of these interim condensed financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditors.

February 25, 2026

SURFACE METALS INC. (FORMERLY ACME LITHIUM INC.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025, AND SEPTEMBER 30, 2025
(Expressed in Canadian dollars)

	Note	December 31, 2025	September 30, 2025
ASSETS			
Current assets			
Cash and cash equivalents		**$ 844,556**	$ 266,273
Amounts receivable	4	**25,354**	65,092
Due from related party	14	**7,425**	7,425
Prepaid expenses	5	**141,583**	46,961
Investments	6	**72,000**	-
Assets held for distribution	9	**-**	650,000
Total current assets		**1,090,918**	1,035,751
Non-current assets			
Prepaid expenses and deposits	5	**103,624**	104,566
Right-of-use asset	7	**71,800**	81,165
Property and equipment	8	**16,679**	18,011
Exploration and evaluation assets	9	**8,905,240**	8,961,218
Total non-current assets		**9,097,343**	9,164,960
Total assets		**$ 10,188,261**	$ 10,200,711
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	10	**$ 219,014**	$ 201,155
Current portion of lease liability	7	**44,377**	42,194
Total current liabilities		**263,391**	243,349
Non-current liabilities			
Non-current portion of lease liability	7	**49,188**	61,098
Total liabilities		**312,579**	304,447
Shareholders' equity			
Share capital	11	**18,308,856**	17,973,791
Reserves	12,13	**3,664,595**	3,623,598
Accumulated other comprehensive income		**258,713**	399,453
Deficit		**(12,356,482)**	(12,100,578)
Total shareholders' equity		**9,875,682**	9,896,264
Total liabilities and shareholders' equity		**$ 10,188,261**	$ 10,200,711

Nature and continuance of operations (Note 1)
Commitments (Note 20)
Subsequent events (Note 21)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON FEBRUARY 25, 2026 BY:

"Vivian Katsuris"
Vivian Katsuris, Director

"Ioannis Tsitos"
Ioannis Tsitos, Director

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

SURFACE METALS INC (FORMERLY ACME LITHIUM INC.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE PERIODS ENDED DECEMBER 31, 2025, AND 2024
(Expressed in Canadian dollars)

	Note	Three Months Ended December 31, 2025	Three Months Ended December 31,2024
Operating expenses			
Business development	19	$ 116,467	$ 5,890
Professional fees	19	88,019	88,863
General and administrative	19	85,263	60,489
Net loss before other income (expense)		(289,749)	(155,242)
Other income (expense)			
Rental income		9,750	-
Interest income		252	444
Unrealized gain on investment	6	27,000	-
Foreign exchange gain (loss)		(3,157)	2,568
Net loss for the period		$ (255,904)	$ (152,230)
Other comprehensive loss			
Foreign currency translation gain (loss)		(140,740)	536,756
Comprehensive loss for the period		$ (396,644)	$ 384,526
Weighted average number of shares – basic and diluted		44,332,433	25,324,245
Loss per share – basic and diluted		$ (0.01)	$ (0.01)

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

(Expressed in Canadian dollars)

	Share Capital					
	Number of shares #	**Amount** $	**Reserves** $	**Accumulated other comprehensive income** $	**Deficit** $	**Total** $
Balances, September 30, 2024	**25,324,245**	**16,999,145**	**3,295,606**	**146,127**	**(8,007,105)**	**12,433,773**
Loss and comprehensive loss for the period	-	-	-	536,756	(152,230)	384,526
Balances, December 31, 2024	**25,324,245**	**16,999,145**	**3,295,606**	**682,883**	**(8,159,335)**	**12,818,299**
Balances, September 30, 2025	**43,592,579**	**17,973,791**	**3,623,597**	**399,453**	**(12,100,578)**	**9,896,263**
Shares issued for:						
Mineral properties	166,666	40,000	-	-	-	40,000
Private placement	1,600,000	320,000	-	-	-	320,000
Finders' warrants	-	(14,435)	14,435	-	-	-
Share issuance costs	-	(10,500)	-	-	-	(10,500)
Fair value of options issued	-	-	26,563	-	-	26,563
Loss and comprehensive loss for the period	-	-	-	(140,740)	(255,904)	(396,644)
Balances, December 31, 2025	**45,359,245**	**18,308,856**	**3,664,595**	**258,713**	**(12,356,482)**	**9,875,682**

SURFACE METALS INC. (FORMERLY ACME LITHIUM INC.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED DECEMBER 31, 2025, AND 2024
(Expressed in Canadian dollars)

	December 31, 2025	December 31, 2024
OPERATING ACTIVITIES		
Loss before other comprehensive income	$ (255,904)	$ (152,230)
Items not involving cash:		
Depreciation	10,697	10,697
Interest on lease liability	4,505	6,079
Share-based compensation	26,563	-
Unrealized gain on investment	(27,000)	-
Changes in non-cash working capital items:		
Amounts receivable	(5,260)	1,333
Prepaid expenses	(93,680)	(24,769)
Accounts payable and accrued liabilities	17,857	45,914
Due to related parties	-	7,775
Assets held for distribution	650,000	-
Net cash provided (used) in operating activities	327,778	(105,201)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(44,865)	(14,533)
Net cash used in investing activities	(44,865)	(14,533)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	320,000	-
Share issuance costs	(10,500)	-
Lease liability payment	(14,232)	(13,979)
Proceeds from loan received from related party	60,000	-
Repayment of loan to related party	(60,000)	-
Net cash provided by financing activities	295,268	(13,979)
Change in cash and cash equivalents	578,181	(133,713)
Effect of foreign exchange rate in cash	102	(12,389)
Cash and cash equivalents, beginning of period	266,273	255,431
Cash and cash equivalents, end of period	$ 844,556	$ 109,329
Cash	$ 813,012	$ 78,620
Cash equivalents	$ 31,544	$ 30,709

Supplemental cash flow information (Note 18)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Surface Metals Inc. (the "Company") was incorporated under the provisions of the Business Corporations Act of British Columbia on January 31, 2017. On November 23, 2020, the Company changed its name from Hapuna Ventures Inc. to ACME Lithium Inc. and changed its principal business from technology to a mineral exploration company. On April 28, 2025, the Company changed its name from ACME Lithium Inc. to Surface Metals Inc. to include other metals in its portfolio in addition to lithium.

The Company's corporate office is located at 318 - 1199 W Pender St, Vancouver, British Columbia, Canada, V6E 2R1 and its registered and records office address is at 2900-733 Seymour Street, Vancouver, British Columbia, Canada V6B 0S6. The Company's common shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "SUR" and on the OTCQB Best Market ("OTCQXB") under the symbol "SURMF".

The Company is a mineral exploration company engaged in the acquisition, exploration and evaluation of natural resource properties located in the State of Nevada, USA. To date, no mineral development projects have been completed, and no commercial development or production has commenced.

As of December 31, 2025, the Company has not yet determined whether the properties are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

The Company is a reporting issuer in the Province of British Columbia, Alberta, and Ontario. All public filings for the Company can be found on the SEDARPLUS website www.sedarplus.ca.

During the year ended September 30, 2025, the Company consolidated the issued share capital on the basis of three (3) old common shares for one (1) new common share (the "Consolidation"). Outstanding stock options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these Financial Statements have been retroactively restated to reflect the Consolidation.

Going concern

These consolidated financial statements (the "financial statements") have been prepared on a going concern basis, assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. During the Three months ended December 31, 2025, the Company incurred a loss of $255,904 (December 31, 2024 - $152,230) and as at December 31, 2025, the Company had a deficit of $12,356,482 (September 30, 2025 – $12,100,578) and a working capital of $827,527 (September 30, 2025 – working capital of $792,402). The Company expects to incur further losses in the development of its business.

As the Company is in early-stage mineral exploration and it does not generate revenues, the continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating commitments as they come due. There are no assurances that the Company will be able to obtain additional financial resources and/or achieve positive cash flows or profitability. These circumstances comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. There have been continuous efforts from management to maintain the Company's working capital position.

2. BASIS OF PREPARATION

a) Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with the same accounting policies and methods of computation as compared with the most recent annual financial statements, being for the year ended September 30, 2025.

These financial statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on February 25, 2026.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, classified as financial instruments at fair value through profit or loss which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) Basis of Consolidation

These financial statements include the accounts of the Company and its wholly owned subsidiaries, ACME Lithium US Inc. ("ACME US") and Surface Metals US Inc. ("Surface US"). The financial statements of the Company's subsidiary has been consolidated from the date that control commenced. Control is achieved when the Company has the power to govern the financial operating policies of an entity to obtain the benefits from its activities. All intercompany balances and transactions and income and expenses have been eliminated upon consolidation.

The details of the Companies subsidiaries, ownership interest and functional currencies are as follows:

Subsidiary	Jurisdiction	Ownership		Functional Currency
		December 31, 2025	September 30, 2025	
ACME Lithium US Inc.	Nevada, USA	100%	100%	USD
Surface Metals US Inc.	Nevada, USA	100%	100%	USD

d) Presentation and Functional Currency

These financial statements are presented in Canadian dollars, which is the functional currency of the parent Company. The functional currency of ACME US is the US dollar ("USD").

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Revenues and expenses are translated at the exchange rates prevailing on the dates of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

For the purpose of presenting financial statements, the assets and liabilities of ACME US are translated into Canadian dollars at the spot rate at the date of the statement of financial position. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case exchange rates at the dates of the transactions are used. Exchange differences are recognized in other comprehensive income and reported as a currency translation adjustment in equity.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The following represent material accounting policy information relevant to users and understanding of these financial statements.

Critical accounting judgments, estimates and assumptions – The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Judgments

Going concern of operations – Management has made the determination that the Company will continue as a going concern for the following year.

Title to exploration assets – Although the Company has taken steps to verify title to its exploration properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

Estimates

Finders' warrants – Finders warrants are valued using the Black-Scholes Option Pricing Model with assumptions such as volatility, risk free rate, and expected dividend. These assumptions are made based on the conditions prevalent on the date of issuance.

Impairment of exploration and evaluation assets – The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available.

Management evaluated the carrying value of its exploration and evaluation assets and determined that no indicators of impairment existed as at December 31, 2025.

Deferred income taxes – The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry forwards. Changes in these assumptions could materially affect the recorded amounts and therefore do not necessarily provide certainty as to their recorded values.

Useful lives of property and equipment – Management exercises professional judgement when determining the useful life and residual values of property and equipment. Management estimates these inputs based on industry standards and previous experience assessing similar capital assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases – The application of IFRS 16 Leases requires the Company to make judgments and estimates that affect the measurement of right-of-use assets and liabilities. In determining the lease term, all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options) are considered. Assessing whether a contract includes a lease also requires judgment. Estimates are required to determine the incremental borrowing rate to measure liabilities where the interest rate in the lease is not readily available.

Collectability of accounts receivable – The Company assess the collectability of its accounts receivable, and measure expected credit losses on an amount equal to the losses expected 12 months from the reporting date by estimating changes in circumstances and credit risk.

Cash and cash equivalents – The Company considers deposits with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents. The Company places its cash and cash equivalents with major financial institutions in Canada.

Property and equipment – On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company.

Property and equipment are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

The Company utilizes the straight-line basis method of amortization. The amortization rates applicable to each category of property and equipment are as follows:

Machinery and equipment	straight-line basis	6 years
Furniture and fixtures	straight-line basis	7 years
Vehicle	straight-line basis	5 years
Computer	straight-line basis	5 years

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. The depreciation method, useful life and residual values are assessed annually. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of loss and comprehensive loss.

Impairment of non-financial assets – At each statement of financial position date, in accordance with IAS 36 "Impairment of Assets", the Company assesses whether there is any indication that any of those assets have suffered an impairment loss. If any indication exists, the Company estimates the asset's recoverable amount.

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the reporting period. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units, and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

An impairment loss for an individual asset or CGU shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognized and is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The recoverable amount is the greater of an assets or CGU 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 risks specific to the asset. For an asset that does not generate largely independent cash inflows, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Exploration and evaluation assets – Once the legal right to explore a property has been acquired, all expenditures related to acquisition, exploration, and evaluation of the properties ("E&E assets") (including option payments and annual fees to maintain the property in good standing) are capitalized and deferred by property until the project to which they relate is sold, abandoned, impaired, or placed into production. Costs not directly attributable to exploration and evaluation activities are expensed in the period in which they occur. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units of production method over estimated recoverable reserves.

Management assesses carrying values of properties for which events and circumstances may indicate possible impairment on an annual basis. Impairment of a property is generally considered to have occurred if (1) the period for which the entity has the right to explore the area has expired or is not expected to be renewed; (2) substantive expenditures on further exploration is neither budgeted nor planned; (3) exploration has not led to discovery of commercially viable quantities; or (4) the carrying amount is unlikely to be recovered in full from successful development or sale. When a project is deemed to no longer have commercially viable prospects to the Company, exploration, and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, more than estimated recoveries, are written down to profit or loss.

Any option payments received by the Company from third parties, or any proceeds received by the Company from the sale of royalties on its properties from third parties are credited to the capitalized cost of the E&E assets. If payments received exceed the capitalized cost of the E&E assets, the excess is recognized as income in the period received.

Restoration and environmental obligations – The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

As at December 31, 2025 and 2024, the Company did not have any decommissioning liabilities.

Share capital – The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates the value to the more easily measurable component based on fair value and then the residual value, if any, to the less measurable component. Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

Finders' warrants – Warrants issued to agents and brokers in connection with a financing are recorded at fair value using the Black-Scholes Option Pricing Model and charged to share issue costs associated with the offering with an offsetting credit to reserves in shareholders' equity.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Flow-through shares – Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the difference between the current market price of the Company's common shares and the issue price of the flow-through share and ii) share capital. Upon eligible exploration expenditures being incurred, the Company recognizes a deferred tax liability for tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years. Failure to expend such funds after the end of the first year as required under the Canadian income tax legislation will result in a Part XII.6 tax to the Company on flow-through proceeds renounced under the "Look-back" Rule. When applicable, this tax is accrued as flowthrough share tax expense until paid.

Share-based payments – The Company records all share-based payments at their fair value. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is charged to reserves. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

The share-based payments costs are charged to operations over the stock option vesting period. Agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to reserves.

Loss per share – The Company uses the treasury stock method in computing loss per share. Under this method, basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding using the treasury stock method, to reflect the potential dilution of securities that could result from the exercise of in-the- money stock options and warrants. Diluted loss per share excludes all dilutive potential equity instruments if their effect is anti-dilutive.

Non-current assets held for distribution - Non-current assets held for distribution are assets that are available for immediate distribution in its present condition subject only to terms that are usual and customary for distribution of such assets, its distribution is highly probable, and the distribution is expected to complete within one year.

Fair value of investments in securities not quoted in an active market

Where the fair values of financial instruments cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Changes in estimates and assumptions about these inputs could affect the reported fair value.

Fair value of investments in securities quoted in an active market

Where the fair values of the investment in equity instrument can be derived from active markets. The investment is measured at fair value with changes in fair value recognized in the statements of loss and comprehensive loss. Marketable securities are classified as fair value through profit or loss ("FVTPL").

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial instruments – The Company determines the classification of its financial instruments at initial recognition. The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial instruments are classified and measured at either:

i. Amortized cost;
ii. FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
iii. FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified. Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's cash and cash equivalents are carried at FVTPL and its amounts receivable, due from related party, accounts payable and accrued liabilities, due to related parties and lease liability are recorded at amortized cost.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

Assets carried at amortized cost. If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Derecognition of financial assets

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

Financial liability

The Company classifies a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. Otherwise, it is classified as non-current if the Company has the right to defer settlement for at least 12 months after the reporting date.

Further, when a liability includes counterparty conversion option that involves a transfer of the Company's own equity instruments, the conversion option is recognized as either equity or a liability separately from the host liability under IAS 32 Financial Instruments: Presentation.

Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Leases – At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company has recognized the right-of-use assets and lease liability for long-term leases that have a lease term of 5 years (Note 6). The lease payments associated with these leases are charged against the lease liability and right-of-use assets is amortized on straight line basis over the period of lease term.

New accounting standards and interpretations issued but not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is assessing the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

4. AMOUNTS RECEIVABLE

The amounts receivable for the three months ended December 31, 2025 and September 30, 2025, consist of the following:

	December 31, 2025	September 30, 2025
GST receivable	**$ 6,042**	$ 11,017
Rent receivable	**19,312**	54,075
	$ 25,354	$ 65,092

On April 1, 2023, the Company started renting out a portion of its office space to an arm's length party on a month-to-month basis, for a monthly fee of $3,412 (inclusive of GST) (September 30, 2025 - $3,412) that resulted in a receivable of $19,313 as at December 31, 2025 (September 30, 2025 - $54,075). During the period ended December 31, 2025, the Company received 900,000 common shares of Colossus Resources Corp ("Colossus") to settle $45,000 in the rent receivable (Note 6).

(Expressed in Canadian dollars)

5. PREPAID EXPENSES AND DEPOSITS

The Company's prepaid expenses and deposits for the periods ended December 31, 2025 and September 30, 2025, are composed of the following:

	December 31, 2025	September 30, 2025
Current Prepaid and Deposits:		
Advertising and promotions	$ **121,354**	$ 20,696
General office and admin expenses	**5,786**	5,780
Transfer agent and filing fees	**14,443**	20,485
	$ **141,583**	$ 46,961

	December 31, 2025	September 30, 2025
Non-Current Prepaid and Deposits:		
Other	$ **19,682**	$ 19,750
Reclamation Bond*	**83,942**	84,816
	$ **103,624**	$ 104,566

*Reclamation bond was paid for the Company's Nevada properties. The bond can be refunded upon the faithful performance of the conditions and stipulations as set forth in the bond, the plan of operations and the regulations of the State of Nevada.

6. INVESTMENTS

The Company's investments are as following:

	December 31, 2025	September 30, 2025
Investment in shares of Colossus	$ **72,000**	$ -
	$ **72,000**	$ -

During the period ended December 31, 2025, the Company received 900,000 common shares of Colossus to settle $45,000 in the rent receivable from Colossus. During the period ended December 31, 2025, the Company recognized an unrealized gain on revaluation of investment in shares totaling $27,000 (December 31, 2024 - $Nil).

The investment in Colossus Resources Corp. is classified as Level 1 in the fair value hierarchy as it is measured using quoted market prices in an active market.

7. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company has entered into a lease agreement for its office space for a 5-year term, expiring on November 30, 2027.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, using the effective interest method for the present value determination. As the incremental borrowing rate in the lease is 18%, the Company applied the same to calculate the present value of its lease payments. The incremental borrowing rate of 18% was determined based on the Company's estimated borrowing rate for a similar term and security in the absence of observable market borrowing rates.

Many leases include one or more options to renew. The Company assumes renewals in the determination of the lease term if the renewals are deemed to be reasonably assured at lease commencement date. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(Expressed in Canadian dollars)

7. RIGHT-OF-USE ASSET AND LEASE LIABILITY (continued)

The continuity of the right-of-use asset ("ROU asset") and lease liability for the periods ended December 31, 2025 and September 30, 2025, is as follows:

Right-of-use asset:		
Value of right-of-use asset as of September 30, 2024	$	**118,626**
Depreciation		(37,461)
Value of right-of-use asset as of September 30, 2025		**81,165**
Depreciation		(9,365)
Value of right-of-use asset as of December 31, 2025	**$**	**71,800**
Lease liability:		
Lease liability recognized as of September 30, 2024	$	**137,664**
Lease payments		(56,420)
Interest expense		22,048
Lease liability recognized as of September 30, 2025		**103,292**
Lease payments		(14,232)
Interest expense		4,505
Lease liability recognized as of December 31, 2025	**$**	**93,565**
Current portion	$	44,377
Long-term portion		49,188
	$	**93,565**

Following table reflects the undiscounted lease obligations payable during the three years subsequent to the period ended December 31, 2025:

	2026	2027	2028	Total
Office lease	$ 44,377	$ 58,441	$ 9,768	$ 112,586

As of December 31, 2025, the Company had a right-of-use asset of $71,800 (September 30, 2025 – $81,165) and a lease liability of $93,565 (September 30, 2025 – $103,292) recorded on the statement of financial position. During the three months ended December 31, 2025, the cash outflow for leases was $14,232 (December 31, 2024 - $13,979).

In connection with the lease, the Company has an outstanding rent deposit of $15,530 (September 30, 2025 – $15,530), which is included in prepaids (Note 5). During the three months ended December 31, 2025, the Company expensed $10,485 (December 31, 2024 – $10,501) in variable common area maintenance costs.

(Expressed in Canadian dollars)

8. PROPERTY AND EQUIPMENT

	Furniture and fixtures $	Computers $	Total $
Cost:			
Balance, September 30, 2024	31,331	4,264	35,595
Additions	-	-	-
Balance, December 31, 2025 and September 30, 2025	**31,331**	**4,264**	**35,595**
Accumulated depreciation:			
Balance, September 30, 2024	10,551	1,706	12,257
Depreciation	4,476	852	5,328
Balance, September 30, 2025	**15,027**	**2,557**	**17,584**
Depreciation	1,119	213	1,332
Balance, December 31, 2025	**16,146**	**2,770**	**18,916**
Net book value:			
September 30, 2025	16,304	1,707	18,011
December 31, 2025	**15,185**	**1,494**	**16,679**

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation expenditures for the period ended December 31, 2025, are as follows:

	Clayton Valley, Nevada $	Fish Lake Valley, Nevada $	Cimarron Property, Nevada $	Total $
Acquisition costs				
Balance, September 30, 2025	2,197,430	323,073	193,041	2,713,544
Additions – cash	-	-	35,655	35,655
Additions – common shares	-	-	40,000	40,000
Foreign currency translation	(35,414)	(5,207)	-	(40,621)
Balance, December 31, 2025	**2,162,016**	**317,866**	**268,696**	**2,748,578**
Exploration and evaluation costs				
Balance, September 30, 2025	5,888,313	330,575	28,786	6,247,674
Geological surveys	-	3,550	5,660	9,210
Foreign currency translation	(94,894)	(5,328)	-	(100,222)
Balance, December 31, 2025	**5,793,419**	**328,797**	**34,446**	**6,156,662**
Total, December 31, 2025	**7,955,435**	**646,663**	**303,142**	**8,905,240**

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

The Company's exploration and evaluation expenditures for the year ended September 30, 2025, are as follows:

	Clayton Valley, Nevada $	Fish Lake Valley, Nevada $	Euclid Lake Property, Manitoba $	Shatford Lake Property, Manitoba $	Birse Lake, Manitoba $	Cimarron Property, Nevada $	Total $
Acquisition costs							
Balance, September 30, 2024	1,995,725	313,066	36,000	84,000	20,000	-	2,448,791
Additions – cash	69,653	-	-	-	-	178,041	247,694
Additions – common shares	70,000	-	-	-	-	15,000	85,000
Foreign currency translation	62,052	10,007	-	-	-	-	72,059
Balance, September 30, 2025	**2,197,430**	**323,073**	**36,000**	**84,000**	**20,000**	**193,041**	**2,853,544**
Exploration and evaluation costs							
Balance, September 30, 2024	5,639,230	378,787	398,513	3,554,495	74,280	-	10,045,305
Recovery on mineral property	-	(94,451)	(24,324)	(85,135)	(40,541)	-	(244,451)
Adjusted Balance, September 30, 2024	5,639,230	284,336	374,189	3,469,360	33,739	-	9,800,854
Geological surveys	35,143	12,743	-	-	-	18,798	66,684
Claim maintenance fees	33,680	24,407	-	-	-	9,988	68,075
Foreign currency translation	180,260	9,089	-	-	-	-	189,349
Balance, September 30, 2025	**5,888,313**	**330,575**	**374,189**	**3,469,360**	**33,739**	**28,786**	**10,124,962**
Recovery on mineral property	**-**	**-**	(15,316)	(132,678)	(2,006)	-	(150,000)
Reclassification of assets held for distribution	**-**	**-**	(66,369)	(574,936)	(8,695)	-	(650,000)
Write-off of mineral properties	**-**	**-**	(328,504)	(2,845,746)	(43,038)	-	(3,217,288)
Total, September 30, 2025	**8,085,743**	**653,648**	**-**	**-**	**-**	**221,827**	**8,961,218**

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Clayton Valley, Nevada

On May 12, 2021, the Company entered into an assignment agreement with an arm's length party to acquire a 100% interest in 64 placer mining claims, comprising the CC, CCP and SX placer lithium claims (the "Project Claims"), located in Clayton Valley, Esmeralda County, Nevada. Under the terms of the agreement, the Company needs to undertake the following to exercise its option: pay cash payments of USD $278,500 (USD $278,500 paid ($387,978)), issue 1,750,000 common shares (1,750,000 aggregate issued), and incur a total of USD $2,750,000 in exploration and development expenditures (USD $2,750,000 incurred (USD $4,258,119)). The property is subject to a 3% gross overriding royalty (the "royalty"). The Company has the right to buy back one-half of the royalty for USD $1,500,000 for a period of 3 years following the commencement of commercial production.

The following are the terms of the agreement:

	Cash Payments	Common Shares	Exploration expenditures
	$ (in USD)	**#**	**$ (in USD)**
On the Approval Date March 2, 2021 (paid and issued)	78,500	250,000	-
On or before March 2, 2022 (paid, issued and incurred)	50,000	250,000	250,000
On or before March 2, 2023 (paid, issued and incurred)	50,000	250,000	500,000
On or before March 2, 2024 (paid, issued and incurred)	50,000	333,333	1,000,000
On or before March 2, 2025 (paid, issued and incurred)	50,000	666,667	1,000,000
Total	**278,500**	**1,750,000**	**2,750,000**

In connection with the option agreement entered with the arm's length party, the Company is required pay an advance royalty payment of USD $200,000 on the 5th anniversary of the effective date of the agreement (March 2, 2026), and continuing each annual anniversary date thereafter, until the property is in production. The cash advances will be credited against future royalty payments due.

On July 1, 2022, the Company assigned 100% rights, title, interest in Clayton Valley Property, Nevada and FLV Property, Nevada to its wholly owned subsidiary ACME Lithium US Inc. (ACME US") for a gross consideration of $1.

FLV Property (Fish Lake Valley, Nevada)

On November 9, 2020, the Company entered into a mineral property purchase and sale agreement (the "FLV agreement") with an arm's length party, whereby the Company acquired 81 lode mining claims located in Esmeralda County, Nevada, USA. Under the terms of the FLV agreement, the right, title, and interest in the FLV claims was purchased by paying consideration of $50,000 (paid) and by issuing 33,333 common shares (issued with a fair value of $3,000).

On October 9, 2021, the Company staked 63 new claims (FLV-2) by paying $34,982 (USD $28,047).

On March 15, 2023, the Company staked 63 new claims (FLV-3) by paying $38,820 (USD $28,713).

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

FLV Property (Fish Lake Valley, Nevada) (continued)

On February 6, 2023, ACME US entered into a Letter of Intent (the "LOI Agreement") with an arm's length party whereby they could acquire up to 100% of the FLV mining claims. The Company received $27,040 (USD $20,000) as part of the LOI Agreement. On March 20, 2023, the Company received a termination notice from the arm's length party with regards to the LOI Agreement.

On March 9, 2023, ACME US granted a gross overriding royalty of 0.5% on all products mined, produced or otherwise recovered from the FLV property to a third party in accordance with a Master Teaming Agreement entered into during the prior year.

On January 12, 2024, ACME US entered into a property option agreement (the "Option Agreement") with an arm's length third party (the "Optionee"), whereby, it has granted the sole and exclusive option to the Optionee to acquire all of the rights, title and interest in and to the FLV Property.

Under the Option Agreement, the Optionee was required to meet certain cash, share and expenditure requirements over a two-to-three-year period. As at September 30, 2024, ACME US had received an aggregate of $94,451 (USD $70,000) towards the Option Agreement, which was recorded as a recovery on the mineral property (2023 – $27,040). on December 13, 2024, the Option Agreement was terminated by the Optionee.

On August 31st, 2025, the FLV claim group was reduced to 81 core claims totalling 1694 acres.

As at December 31, 2025, the FLV claim group has a carrying value of $646,663 (September 30, 2025 – $653,648) which includes $328,797 (September 30, 2025 – $330,575) in exploration expenditures.

Cimarron Property, Nevada

On April 9, 2025, the Company entered into a mineral property purchase and sale agreement (the Cimarron agreement") with an arm's length party, whereby the Company has agreed to acquire a 90% interest in the 31 unpatented lode mining claims comprising of Cimarron project located in the San Antonio Mountains of Nye County, Nevada, USA.

The Company's commitments in relation to the Cimarron agreement are summarized below:

	Cash Payment	Common Shares
	$ (in USD)	#
On or before April 15, 2025 (paid)	89,000	-
On closing date of the agreement (April 9, 2025) (paid and issued)	35,000	166,667
Within six months of closing date (October 9, 2025) (paid and issued)	25,000	166,666
Total	**149,000**	**333,333**

As at December 31, 2025, the Cimarron claims has a carrying value of $303,142 (September 30, 2025 – $221,827)

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Shatford, Cat-Euclid Lake, and Birse Lake Properties

On September 9, 2021, the Company entered into a staking agreement to acquire mineral rights in Euclid and Shatford Lake areas of Southeast Manitoba. The Euclid group has six claim blocks and Shatford group has 21 claim blocks. These claims are royalty-free and not subject to any agreement. For the year ended September 30, 2022, initial staking, claim fees and geological surveys were incurred for two properties in Manitoba – the Euclid Lake and Shatford Lake properties.

During the year ended September 30, 2022, the Company entered a term sheet with an arm's length party for the purchase of royalties in the Cat-Euclid and Shatford Lake property. The Company received $833,526 (USD $650,000) in cash for the purchase of a 2% gross overriding revenue royalty. The proceeds from this transaction were recorded as a reduction to the exploration and evaluation assets. As the proceeds exceeded the capitalized cost of the exploration and evaluation assets of $149,174 as of April 5, 2022, the excess proceeds of $684,352 was recognized as a gain on sale of royalty in the statement of loss and comprehensive loss.

On September 6, 2022, the Company staked 10 claims located east of Shatford lake. These claims are royalty-free and not subject to any agreement.

On January 29, 2024, the Company entered a property option agreement ("Shatford Option Agreement") with an arm's length third party pursuant to which the Company will grant the third party the option to earn up to 90% undivided interest in its Manitoba lithium pegmatite project areas, located in southeastern Manitoba, Canada. Under the terms of the agreement, the third party needs to undertake the following to exercise this option: pay remaining cash payments of $500,000 and incur a total of $1,800,000 in exploration and development expenditures over a two-year period in accordance with the following schedule:

Date of Completion	**Cash Payments**	**Min. Exploration and Development Expenditures**	**Earn in**
	$	**$**	**%**
Initial payment (received)	20,000	-	-
Upon execution (received)	130,000	-	-
First year (January 29, 2025) (received, incurred)	150,000	600,000	51
Second year (January 29, 2026) (received, incurred)	500,000	1,200,000	90
Total	**800,000**	**1,800,000**	**90**

In December 2025, the third party earned the 90% interest. In addition, it elected to pay an additional $150,000 to buy-out the final 10% interest in the property. The fair value of the consideration received of $650,000, is less than the carrying value of the property of $3,867,288, as a result, during the year ended September 30, 2025 an impairment charge of $3,217,288 was recorded through the consolidated statement of loss and comprehensive loss. No Impairment indicators were identified during the three months period ended December 31, 2025.

(Expressed in Canadian dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

For the periods ended December 31, 2025 and September 30, 2025, the Company's accounts payable consist of the following:

	December 31, 2025	September 30, 2025
Exploration and evaluation	**$ 127,863**	$ 128,085
Accounting fees	**49,050**	39,050
Corporate development	**35,700**	21,000
Transfer agent and filing fees	**1,433**	3,367
Other expense	**4,968**	9,653
	$ 219,014	$ 201,155

11. SHARE CAPITAL

Authorized
The Company has authorized share capital of an unlimited number of common shares and preferred shares without par value. Common and/or preferred shares are entitled to receive dividends when they are declared by the Board of Directors.

Issued and Outstanding Common Shares
As of December 31, 2025, the Company has a total issued and outstanding common shares: 45,359,245 (September 30, 2025 – 43,592,575).'

During the Period ended December 31, 2025, the Company had the following capital transactions:

On November 27, 2025, the Company closed a non-brokered private placement financing (the "Offering") and received gross proceeds of $320,000 by issuing 1,600,000 units at $0.20 per unit. Each unit compromised of one common share and one-half of one transferable common share purchase warrants exercisable at a price of $0.40 for 2 years from the closing date of the Offering. The company has paid $10,500 as finder fee and issued 52,500 finder warrants valued at $14,435 exercisable on the same terms as the warrants forming part of the units.

On October 10, 2025, 166,666 shares with a fair value of $0.24 amounting to $40,000 were issued as per the mineral property purchase agreement of Cimarron property (Note 9).

During the year ended September 30, 2025, the Company had the following capital transactions:

On May 16, 2025, the Company closed a non-brokered private placement financing (the "Offering") and received gross proceeds of $958,925 by issuing 17,435,000 units at $0.055 per unit. Each unit compromised of one common share and one-half of one transferable common share purchase warrants exercisable at a price of $0.07 for 3 years from the closing date of the Offering. The company has paid $34,265 as finder fee and issued 623,000 finder warrants valued at $35,014 exercisable on the same terms as the warrants forming part of the units.

On April 10, 2025, 166,666 shares with a fair value of $0.09 amounting to $15,000 were issued as per the mineral property purchase agreement of Cimarron property (Note 9).

On March 3, 2025, 666,667 common shares with a fair value of $0.105 amounting to $70,000 were issued as per the mineral property acquisition agreement of Clayton Valley, Nevada (Note 9).

(Expressed in Canadian dollars)

12. STOCK OPTIONS

The Company has a stock option plan for directors, officers, employees, and consultants. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued and outstanding common shares at the time the options are granted. The number of shares reserved for issuance to any individual director, officer or consultant shall not exceed 5% of the issued and outstanding common shares. The number of incentive stock options granted to any one consultant, or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued shares of the Company. The exercise price of each option is determined by the Board.

During the Period ended December 31, 2025, the Company had the following capital transactions:

On November 7, 2025, the Company granted an aggregate of 250,000 incentive stock options to a third party consultant as per the Company's Stock Option Plan, with an exercise price of $0.255 per share for a period of two years from the date of grant. 250,000 options will be fully vested on March 7, 2026. The estimated fair value of the options was $53,126. The Company expensed the $26,563 amount as share-based compensation during the period ended December 31, 2025. The options were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate - 2.44%; expected life – 2 years; expected volatility – 252.64%; forfeiture rate – Nil and expected dividends – Nil.

The Company accepted voluntarily surrender request of 499,999 options issued on April 14, 2022 at $3.84 (post consolidation).

During the year ended September 30, 2025, the Company had the following capital transactions:

On May 27, 2025, the Company granted an aggregate of 2,250,000 incentive stock options to directors and officers as per the Company's Stock Option Plan, with an exercise price of $0.15 per share for a period of five years from the date of grant. 2,250,000 options were fully vested on grant date. The estimated fair value of the options was $292,978. The Company expensed the entire amount as share-based compensation during the year ended September 30, 2025. The options were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate - 2.85%; expected life – 5 years; expected volatility – 131.44%; forfeiture rate – Nil and expected dividends – Nil.

A summary of the movements of the stock options is presented below:

Period ended	**December 31, 2025**		September 30, 2025	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning	**3,358,334**	**$ 1.18**	1,183,334	$ 3.30
Granted	**250,000**	**0.02**	2,250,000	0.15
Expired or surrendered	**(499,999)**	**0.21**	(75,000)	3.90
Outstanding, end	**3,108,335**	**1.24**	3,358,334	1.18
Exercisable	**2,858,335**	**$ 1.24**	3,358,334	$ 1.18

(Expressed in Canadian dollars)

12. STOCK OPTIONS (continued)

The following table summarizes information regarding stock options outstanding as of December 31, 2025:

Date issued	Number of options outstanding	Exercise price	Expiration date
July 9, 2021	441,667	$ 2.40	July 9, 2026
April 14, 2022	166,668	3.84	April 14, 2027
May 27, 2025	2,250,000	0.15	May 27, 2030
November 7, 2025	250,000	0.255	November 7, 2027
Total options outstanding	**3,108,335**	$ 1.24	
Total options exercisable	**2,858,335**	$ 1.24	

The weighted average remaining life of the options is 3.48 years (September 30, 2025 – 3.53 years).

13. WARRANTS

A summary of changes in the Company's share purchase warrants outstanding for the periods ended December 31, 2025 and September 30, 2025 is as follows:

	December 31, 2025		September 30, 2025	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Outstanding, beginning	**14,585,666**	**$ 0.17**	7,045,061	$ 0.90
Granted	**852,500**	**0.04**	9,340,500	0.07
Expired	**(328,832)**	**0.17**	(1,799,895)	2.56
Outstanding, end of period	**15,109,334**	**$ 0.16**	14,585,666	$ 0.17

Finders' warrants

During the Period ended December 31, 2025, the Company had the following capital transactions:

On November 27, 2025, the Company granted 52,500 warrants to finders with an exercise price of $0.40 per share for two years following date of grant. The estimated fair value of the warrants was $14,435, recorded during the period ended December 31, 2025, in connection with the issuance of these warrants. The warrants were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate – 2.40%; expected life – 2 years; expected volatility – 252.53%; forfeiture rate – Nil and expected dividends – Nil.

During the year ended September 30, 2025, the Company had the following capital transactions:

On May 16, 2025, the Company granted 623,000 warrants to finders with an exercise price of $0.07 per share for three years following date of grant. The estimated fair value of the warrants was $35,014, recorded during the year ended September 30, 2025, in connection with the issuance of these warrants. The warrants were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate – 2.55%; expected life – 3 years; expected volatility – 146.34%; forfeiture rate – Nil and expected dividends – Nil.

(Expressed in Canadian dollars)

13. WARRANTS (continued)

The following table summarizes information regarding the warrants outstanding as of December 31, 2025:

Date issued	Number of warrants	Exercise price	Expiry date
February 29, 2024	4,916,334	0.30	February 28, 2027
May 16, 2025	9,340,500	0.07	May 16, 2028
November 27, 2025	852,500	0.40	November 27,2027
	15,109,334		

During the Period ended December 31, 2025, a total of 328,832 with exercise price between $0.45 and $0.90 expired unexercised.

During the year ended September 30, 2025, a total of 571,076 and 1,228,819 warrants with exercise price of $1.40 and $1.80 respectively expired unexercised.

The weighted average exercise price of warrants as of December 31, 2025, is $0.16, and the weighted average remaining life of the warrants is 1.95 years (September 30, 2025 – $0.17 and 2.16 years, respectively).

14. RELATED PARTY TRANSACTIONS

The Company has identified its directors and certain senior officers as its key personnel and the compensation costs for key personnel and companies related to them. Any transactions with the related parties in the normal course of operations are measured at the fair value amount of consideration established and agreed to by the related parties. Any amounts due to/receivable from related parties are unsecured, non-interest bearing and have no specific repayment terms.

As at December 31, 2025, the Company has $7,250 (September 30, 2025 - $7,250) receivable from the CEO and Directors related to the management fees and director fees.

During the periods ended December 31, 2025 and 2024, the Company entered the following transactions with related parties:

	December 31, 2025	December 31, 2024
Management fees	**$ 52,500**	$ 65,500
Directors' fees	**5,000**	5,000
Accounting fees	**10,500**	8,492
Total	**$ 68,000**	$78,992

(a) Management fees were paid or accrued to the following:

	December 31, 2025	December 31, 2024
Company controlled by the CEO	**$ 36,000**	$ 45,000
Company controlled by the CFO	**16,500**	20,500
Total	**$ 52,500**	$ 65,500

(b) Accounting fees of $10,500 were paid to a company controlled by the Company's CFO and Corporate Secretary (December 31, 2024 – $8,492).

(Expressed in Canadian dollars)

14. RELATED PARTY TRANSACTIONS (continued)

(c) Director fees were paid or accrued to the following:

	December 31, 2025	December 31, 2024
Director	**$ 2,500**	$ 2500
Company controlled by a Director	**2,500**	2,500
Total	**$ 5,000**	$ 5,000

On April 3, 2025, the Company entered an interest free loan agreement with the CEO, whereby the Company received $180,000 for the payment related to the acquisition of Cimarron property. The loan is repayable on earliest of the company closing a private placement of at least $500,000 or nine months following the date of the loan agreement. The Company has repaid the loan in full on May 22, 2025.

During the period ended December 31, 2025, the Company received an interest free loan with the CEO, whereby the Company received $60,000 for the working capital requirement. On December 2, 2025, the loan was repaid in full.

15. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares of $18,308,856. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, meet financial obligations, have sufficient capital to achieve and maintain profitable operations and to provide returns for shareholders and benefits for other stakeholders. As at December 31, 2025, the Company had a working capital surplus of $827,527 (September 30, 2025 – working capital surplus $792,402). Management expects to raise additional capital from the capital markets or from private placements of securities.

16. SEGMENT INFORMATION

The Company operates in one business segment, the exploration of mineral properties. The Company conducts its operations in Canada and the USA. Geographic information is as follows:

December 31, 2025	**Canada ($)**	**USA ($)**	**Total ($)**
Total assets	**1,301,378**	**8,886,883**	**10,188,261**
Loss for the period	**252,269**	**3,635**	**255,904**

September 30, 2025	Canada ($)	USA ($)	Total ($)
Total assets	1,165,922	9,034,789	10,200,711
Loss for the year	4,082,347	11,126	4,093,473

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company’s objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

General Objectives, Policies, and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Fair value of financial instruments

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

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's cash and cash equivalents are recorded as a level 1 financial asset. The fair value of the Company's financial instruments carried at amortized cost approximates their carrying value due to their short term to maturity. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

Risk Management

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar or other foreign currencies will affect the Company's operations and financial results. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered any foreign currency contracts to mitigate this risk.

(Expressed in Canadian dollars)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

		December 31, 2025	September 30, 2025
Cash and cash equivalents	USD$	32,703	2,162
Prepaid expense and deposit	USD$	71,112	28,069
Reclamation bond	USD$	63,144	63,126
Accounts payable and accrued liabilities	USD$	(63,324)	(62,461)

Based on the above net exposures and if all other variables remain constant, a 10% change in the value of the foreign currency against the Canadian dollar would result in an increase or decrease of $14,000 (September 30, 2025 – $4,000) in loss and comprehensive loss.

During the period ended December 31, 2025, the foreign currency translation loss of $140,740 (December 31, 2024 – $536,756 gain) recognized in other comprehensive income relates primarily to the translation of U.S. subsidiary net assets.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist of cash and cash equivalents. Most of the Company's cash and cash equivalents are maintained with a federally regulated financial institution with reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal as of December 31, 2025.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are uncertain, the liquidity risk increases.

The Company's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company will prepare annual capital expenditure budgets which will be regularly monitored and updated as necessary. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

As of December 31, 2025, the Company's liabilities that have contractual maturities are as follows:

	Total	2026	2027	2028
Accounts payable and accrued liabilities	**$219,014**	$219,014	$ -	$ -
Lease liability	**$112,586**	$ 44,337	$ 58,441	$ 9,768

(Expressed in Canadian dollars)

18. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash financing and operating transactions during the periods ended December 31, 2025 and 2024.

	December 31, 2025	December 31, 2024
	$	$
Shares issued for exploration and evaluations assets	**40,000**	85,000
Fair value of finders' warrants	**14,435**	35,014

There were no cash payments for income taxes during the periods ended December 31, 2025 and 2024. During the period ended December 31, 2025, the Company received $252 (December 31, 2024 – $444) in interest income.

During the period, the Company received 900,000 common shares of Colossus Resources Corp. to settle $45,000 of rent receivable. This transaction is excluded from the statement of cash flows.

19. BREAKDOWN OF OPERATING EXPENSES

	Notes	Three Months ended	
		December 31, 2025	December 31, 2024
Business development		**$**	$
Corporate development		**7,467**	890
Investor relations		**-**	5,000
Website and marketing		**109,000**	-
Total		**116,467**	5,890
General and administrative			
Depreciation	6,7	**10,697**	10,697
Insurance		**3,780**	2,420
Interest expense	6	**4,421**	6,079
Property investigation	8	**-**	1,657
Regulatory and filing fees		**16,262**	11,417
Rent		**10,485**	10,501
Office and general		**9,018**	17,718
Share based compensation		**26,563**	-
Travel		**4,037**	-
Total		**85,263**	60,489
Professional fees			
Accounting and audit fees	13	**20,500**	18,254
Director fees	13	**5,000**	5,000
Legal fees		**3,019**	109
Management fees	13	**52,500**	65,500
Total		**88,019**	88,863

20. COMMITMENTS

The Company has certain commitments related to key management compensation for $19,166 (September 30, 2025 – $19,166) per month with no specific expiry of terms (Note 14).

The Company has certain commitments in connection with its mineral properties (Note 9).

The Company is bound by management agreement with the CEO according to which, in the event of termination of the agreement, the Company will be liable for the remaining balance of fees and a lump sum equal to seven months on his standing management fees including GST, totaling $84,000 (September 30, 2025 – $84,000).

On December 1, 2022, the Company entered into a 5-year lease agreement for its office premises with annual fees of $54,567 beginning in December 2022, with a 1.8% increase each year during the 5-year term (Note 7).

As at December 31, 2025, the Company is committed to an advance royalty payment of USD $200,000 payable March 2, 2026.

21. SUBSEQUENT EVENTS

Subsequent to the Three Months ended December 31, 2025, the Company:

(i) entered into a Digital Marketing Agreement with an independent contractor to provide digital marketing services for a 6 month period commencing on February 16, 2026 with a value of USD$150,000.

(ii) The Company is required to make an advance royalty payment of USD $200,000 on March 2, 2026. Management intends to fund this obligation through existing working capital and/or additional financing, as required.