SKYCAP INVESTMENT HOLDINGS INC.
(FORMERLY LI-METAL CORP.)
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2026 AND 2025
(EXPRESSED IN CANADIAN DOLLARS)

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements of Skycap Investment Holdings Inc. (formerly Li-Metal Corp.) (the "Corporation" or the "Company") are the responsibility of management and the Board of Directors.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in compliance with all applicable International Financial Reporting Standards.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "Brad Morris"

Chief Executive Officer

(signed) "Richard Halka"

Chief Financial Officer

Toronto, Canada
July 29, 2026

Skycap Investment Holdings Inc.
(Formerly Li-Metal Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	As at March 31, 2026	As at March 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents	**$ 5,556,700**	$ 13,421,525
Sales tax and other receivables	**28,449**	432,382
Note receivable (note 7)	**403,181**	361,911
Prepaid expenses	**21,778**	130,881
Total current assets	**6,010,108**	14,346,699
Non-current assets		
Restricted cash (note 8)	**50,000**	50,000
Property and equipment (note 9)	**111,512**	951,558
Advance to investment (note 11)	**5,812,563**	-
Right-of-use assets (note 13)	**-**	26,391
Total assets	**$ 11,984,183**	$ 15,374,648
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 242,472**	$ 621,884
Lease liability (note 18)	**-**	49,881
Total liabilities	**242,472**	671,765
Equity		
Share capital (note 19)	**45,442,102**	44,707,984
Warrants (note 20)	**4,285,927**	4,285,927
Contributed surplus	**6,832,579**	6,982,608
Accumulated other comprehensive loss	**(241,404)**	(262,516)
Deficit	**(44,577,493)**	(41,011,120)
Total equity	**11,741,711**	14,702,883
Total equity and liabilities	**$ 11,984,183**	$ 15,374,648

Going concern (note 2)
Commitments and contingencies (note 28)
Subsequent events (note 30)

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

Approved on behalf of the Board:

(Signed) "Keshav Kochhar", Executive Chairman of the Board

(Signed) "David Delaney", Director

Skycap Investment Holdings Inc.
(Formerly Li-Metal Corp.)
Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
(Expressed in Canadian dollars)

Years ended March 31,	2026	2025
Revenue (note 16)	**$ 17,994**	$ 88,819
Operating expenses		
Research and development	**14,787**	782,051
Salaries and wages (note 17)	**1,730**	713,582
Share-based compensation (notes 17 and 23)	**584,089**	239,960
Professional and consulting fees	**1,660,564**	3,021,447
Investor relations and reporting issuer cost	**13,914**	139,112
Office and general	**315,076**	912,521
Interest and bank charges	**863**	3,044
Foreign exchange loss (gain)	**449,087**	(621,246)
Amortization of property and equipment (note 9)	**33,174**	451,343
Amortization of right-of-use assets (note 13)	**25,410**	150,807
Operating loss before the following items	**(3,080,700)**	(5,703,802)
Interest and other income	**354,026**	452,355
Gain on assignment of lease (note 18)	**-**	83,857
Accretion of lease liability (note 18)	**(1,354)**	(38,827)
Gain on disposition of property and equipment (notes 9 and 10)	**-**	14,444,529
Impairment of property and equipment (notes 9 and 10)	**(838,345)**	(1,836,493)
Net income (loss) for the year	**(3,566,373)**	7,401,619
Other comprehensive loss:		
Foreign currency translation adjustment	**21,112**	(69,715)
Total (loss) income and comprehensive (loss) income for the year	**$ (3,545,261)**	$ 7,331,904
Basic net (loss) income per share (note 25)	**$ (0.02)**	$ 0.05
Diluted income (loss) per share (note 25)	**$ (0.02)**	$ 0.04
Weighted average number of common shares outstanding - basic	**171,587,279**	164,057,460
Weighted average number of common shares outstanding - diluted	**171,587,279**	164,403,239

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

Skycap Investment Holdings Inc.
(Formerly Li-Metal Corp.)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Years ended March 31,	2026	2025
Operating activities		
Net (loss) income for the year	**$ (3,566,373)**	$ 7,401,619
Adjustments for:		
Amortization of property and equipment	**33,174**	451,343
Amortization of right-of-use assets (note 13)	**25,410**	150,807
Accretion of lease liability (note 18)	**1,354**	38,827
Share-based compensation (note 23)	**584,089**	239,960
Impairment of property and equipment	**838,345**	1,836,493
Gain on disposition of property and equipment	**-**	(14,444,529)
Gain on assignment of lease	**-**	(83,857)
Interest income accrued	**(51,825)**	(2,502)
Unrealized foreign exchange loss	**(92,522)**	27,480
Non-cash working capital items:		
Sales tax and other receivables	**(27,347)**	244,479
Prepaid expenses	**109,103**	(80,701)
Accounts payable and accrued liabilities	**(379,412)**	59,898
Net cash (used in) operating activities	**(2,526,004)**	(4,160,683)
Investing activities		
Proceeds from disposition of property and equipment	**410,925**	14,911,039
Proceeds from disposition of assets held for sale (note 10)	**-**	592,152
HST received on disposition of property and equipment	**-**	151,520
Repayment of lease liability (note 18)	**(49,384)**	(201,449)
Purchase of note receivable	**-**	(360,579)
Advance for investment	**(5,689,131)**	-
Net cash (used in) provided by investing activities	**(5,327,590)**	15,092,683
Financing activities		
Proceeds from issuance of common shares and warrants, net of transaction costs	**-**	946,050
Net cash provided by financing activities	**-**	946,050
Effect of foreign currency translation	**(11,231)**	(104,955)
Net change in cash and cash equivalents	**(7,864,825)**	11,773,095
Cash and cash equivalents, beginning of the year	**13,421,525**	1,648,430
Cash and cash equivalents, end of the year	**$ 5,556,700**	$ 13,421,525

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

Skycap Investment Holdings Inc.
(Formerly Li-Metal Corp.)
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of shares	Share capital	Warrant reserve	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
Balance, March 31, 2024	**159,328,828**	**$ 44,063,196**	**$ 3,983,565**	**$ 6,743,748**	**$ (192,801)**	**$ (48,412,739)**	**$ 6,184,969**
Shares and warrants issued in private placement, net of costs (note 20)	5,164,500	643,688	302,362	-	-	-	946,050
Shares issued in settlement of RSUs (note 22)	2,896	1,100	-	(1,100)	-	-	-
Share-based compensation (notes 23)	-	-	-	239,960	-	-	239,960
Net (loss) income and comprehensive (loss) income for the year	-	-	-	-	(69,715)	7,401,619	7,331,904
Balance, March 31, 2025	**164,496,224**	**44,707,984**	**4,285,927**	**6,982,608**	**(262,516)**	**(41,011,120)**	**14,702,883**
Shares issued in settlement of RSUs (note 22)	10,352,941	734,118	-	(734,118)	-	-	-
Share-based compensation (notes 23)	-	-	-	584,089	-	-	584,089
Net (loss) income and comprehensive (loss) income for the year	-	-	-	-	21,112	(3,566,373)	(3,545,261)
Balance, March 31, 2026	**174,849,165**	**$ 45,442,102**	**$ 4,285,927**	**$ 6,832,579**	**$ (241,404)**	**$ (44,577,493)**	**$ 11,741,711**

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

1. Nature of operations

Nature of operations

2555663 Ontario Limited ("Li-Metal" or the "Company") was incorporated under the Business Corporations Act (Ontario) on January 17, 2017. Li-Metal was a company that leverages its innovative anode technology to provide low-cost and environmentally-friendly solutions for next generation lithium batteries. On December 2, 2024, Li-Metal announced its intention to transition from a lithium anode development and production company to an investment company. On March 28, 2025, the Company announced that it has received shareholder and Canadian Securities Exchange (the "CSE") approval to transition its business classification from an industrial issuer to an investment issuer. In line with this strategic shift, the Company rebranded from “Li-Metal Corp.”, the current listed issuer, to Skycap Investment Holdings Inc., effective immediately, trading on the CSE under the symbol SKY.

The Company operates from Toronto, Canada and also through its wholly owned subsidiary: Li-Metal US Inc. incorporated in Albany NY, USA. The address of the registered office is 77 King Street West. TD North Tower Suite 700, Toronto, ON M5K 1G8.

2. Going concern

The Company is in the early stages of operation and at present, its operations do not generate positive cash flows. For the year ended March 31, 2026, the Company had a net loss of $3,566,373 (2025 - net income of $7,401,619) and had an accumulated deficit of $44,577,493 as at March 31, 2026 (March 31, 2025 - $41,011,120).

The Company’s ability to continue as a going concern is dependent on its capacity to obtain adequate financing on reasonable terms from lenders, shareholders and other investors in order to fund its ongoing operating requirements, pursue investment opportunities and execute its strategic objectives. Although the Company has been successful in raising funds in the past, the Company does not currently generate positive cash flows from operations, and there is no assurance that it will be able to successfully complete financings in the future. If sufficient financing is not available, the Company may be unable to meet its obligations as they become due or pursue its planned investment activities. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. After reviewing the Company’s current cash position and considering its ability to raise funds in the short term, the directors have adopted the going concern basis in preparing these financial statements.

The accompanying consolidated financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the Company be unable to continue its operations. Such adjustments could be material.

3. Basis of presentation and statement of compliance

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

The preparation of these consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and any adjustments that may be necessary would be reflected in the results of the year in which actual amounts are known.

3. Basis of presentation and statement of compliance (continued)

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on July 29, 2026.

4. Summary of material accounting policies

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and the Company's wholly-owned subsidiary, Li-Metal US Inc. All inter-company transactions and balances have been eliminated.

Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company. The functional currency of Li-Metal US Inc. is the US dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items using year-end exchange rate are recognized in the consolidated statement of loss/income statement. Non-monetary items, if any, measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

The results and financial position of Li-Metal US Inc. that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at the reporting date: and
- income and expenses are translated at the average exchange rates for the period.

Exchange differences are transferred directly to other comprehensive (income) loss and are included in a separate component of equity titled "Accumulated other comprehensive income or loss". These differences are recognized in profit or loss in the period in which the operation is disposed of. Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, and which is considered to form part of the net investment in the foreign operation, are recognized in the accumulated other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

4. Summary of material accounting policies (continued)

Property and equipment

Property and equipment are initially recorded at cost. Property and equipment are amortized on a declining basis with the following rates per annum:

Furniture and fixtures	20%
Equipment	20%
Computer hardware	30%
Leasehold improvement	Over lease term

Property and equipment acquired during the period are amortized at 50% of the annual rate. Gains and losses on disposals of property and equipment are included as part of other income on the statement of income (loss) and comprehensive income (loss).

Repairs and maintenance costs are expensed as incurred. However, expenditures on major maintenance rebuilds or overhauls are capitalized when it is probable that the expenditures will extend the productive capacity or useful life of an asset. Any remaining costs of previous overhauls relating to the same asset are derecognized. All other expenditures are expensed as incurred.

Impairment of long-lived assets

Long-lived assets, which comprise furniture and fixtures, equipment and computer hardware, are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is measured as the amount by which the carrying value of the long-lived asset exceeds its fair value. Fair value is determined as the higher of fair value less costs to sell and value in use for each item of property and equipment.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company’s designation of such instruments. The following summarizes the Company’s classifications and measurements of financial instruments:

Measurement	Classification
Financial assets	
Cash and cash equivalents	Assets at amortized cost
Other receivables	Assets at amortized cost
Note receivable	FVTPL
Advance to investment	FVTPL
Restricted cash	Assets at amortized cost
Financial liabilities	
Accounts payable	Liabilities at amortized cost

4. Summary of material accounting policies (continued)

Financial instruments (continued)

Financial assets at amortized cost
A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as Fair Value Through Profit and Loss ("FVTPL"). Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash and certain other assets are classified as and measured at amortized cost.

Financial liabilities
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in net earnings when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and accrued liabilities are classified as and measured at amortized cost either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value measurement
The determination of fair value of financial instruments requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of financial instruments at FVTPL based on the criteria below and reflects such changes in valuations in the consolidated statements of loss and comprehensive loss. The Company is also required to present its financial assets and liabilities reported at fair value into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value. The three levels are defined as follows:

Level 1 – financial instruments with quoted market price;
Level 2 – financial instruments which valuation technique is based on observable market inputs; and
Level 3 – financial instruments which valuation technique is based on non-observable market inputs.

Impairment of financial assets
A loss allowance for expected credit losses is recognized in profit or loss for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and Fair Value Through Other Comprehensive Income ("FVOCI"). The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investments in equity instruments.

The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

4. Summary of material accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets and liabilities
A financial asset is derecognized when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate.

A financial liability is derecognized when the associated obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in net earnings.

Income taxes

The Company does not have taxable profits and no current income tax is due.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the related asset or liability in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and increased or reduced to the extent that it is probable, or no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realized based on tax rates that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognized as an expense or income in the consolidated statements of loss and comprehensive loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting in a business combination.

4. Summary of material accounting policies (continued)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Share-based payments

Share-based payments are equity settled awards that are measured at fair value at the date of grant and recognized, over the vesting period based on the Company's estimate of awards that are expected to vest, along with a corresponding increase in equity. Compensation costs are presented separately in the statement of loss and comprehensive loss. The Company has a share option plan.

Stock options are equity-settled share-based compensation awards. The fair value of stock options at the grant date is estimated using the Black-Scholes option pricing model. Compensation expense is recognized over the stock option vesting period based on the number of units estimated to vest. Vesting periods range from immediate to five years. This expense is recognized as share-based compensation expense with a corresponding increase in contributed surplus. When options are exercised, the proceeds received by the Company, together with the amount in contributed surplus, are credited to common shares.

The restricted shares units ("RSU") are awarded to executives and are measured at fair value at the date of the grant determined using the Black-Scholes option pricing model. The fair value of the estimated number of RSUs awarded, that are expected to vest is recognized as share-based compensation expense over the vesting period of the RSUs with a corresponding amount recorded in contributed surplus until the respective shares are issued in settlement of the RSUs. The total amount is recognized as an expense. The corresponding credit for these costs is recognized in contributed surplus.

Interest in joint arrangement

The Company determines whether the joint arrangement entered into by the Company is a joint operation or a joint venture based upon the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Where the Company determines the joint arrangement represents a joint operation, the Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

4. Summary of material accounting policies (continued)

Government assistance

Repayable government assistance arrangements are recognized as a financial liability. The obligation to repay amounts under these agreements is recorded when the contribution is receivable and is estimated based on future projections. The initial measurement of the obligation to repay the government assistance is discounted using the prevailing market rates of interest at the time, for a similar instrument (similar as to currency, term, type of interest, guarantees or other factors) with a similar credit rating. The difference between government contributions and the discounted value of repayable government assistance is recognized as a reduction of expenses or as a reduction of capitalized expenditures. Subsequent re-measurement of these obligations is recognized in financial expenses (income) for the change in interest rate and as an additional loan if the terms are changed such that they are favourable to the Company.

Where the government debt arrangements are at a low or zero interest, the difference between the fair value of the loan on initial recognition measured using a market rate of interest and the proceeds is recognized as a government grant. The government grant is recognized into income or assets as the related expenditures are recognized.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

A lease liability is initially measured at the present value of the unpaid lease payments discounted using the interest rate implicit in the lease or if that rate cannot be reliably determined, the Company's incremental borrowing rate which is 10%. Subsequently, the Company measures a lease liability at amortized cost using the effective interest method. It is then remeasured to reflect revised in-substance fixed lease payments. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re- measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term.

4. Summary of material accounting policies (continued)

Revenue recognition

The core principle of IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The Company's revenue of sample products is recognized upon transfer of control of promised goods to the customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods.

Interest income

Interest income is earned from bank deposits and recorded on an accrual basis.

(Loss) income per share

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. In the Company’s case, diluted loss per share is the same as basic loss per share during the year ended March 31, 2026 as the Company recorded a net loss, and the exercise of any potentially dilutive instruments would be anti-dilutive. During the year ended March 31, 2025, the Company recorded a basic net income per share based on the the basic weighted average number of common shares outstanding and diluted net income per per share based on the the diluted weighted average number of common shares outstanding which incorporated the options that are in the money.

5. Significant judgments and sources of estimation uncertainty

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually 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. Actual results could differ from these estimates.

Critical Judgments in Applying Accounting Policies

Judgment is required in determining whether the respective costs are eligible for capitalization where applicable which may be based on assumptions about future events and circumstances. Estimates and assumptions made may change if new information becomes available.

5. Significant judgments and sources of estimation uncertainty (continued)

1. Stock-based compensation
   The determination of the fair value of stock-based compensation is derived based on assumptions input into the Black-Scholes option pricing model. The model requires that management make forecasts as to future events, including estimates of the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company’s share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. Stock-based compensation incorporates an expected forfeiture rate and is estimated based on historical forfeitures and expectations of future forfeitures and is adjusted if the actual forfeiture rate differs from the expected rate.

   The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm’s length transaction, given that there is no market for the options, and they are not transferable. It is management’s view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

2. Provisions and contingent liabilities
   Judgments are made as to whether a past event has led to a liability that should be recognized in the financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, past experience and the probability of a loss being realized. Several of these factors are sources of estimation uncertainty.

3. Functional currency
   In accordance with IAS 21 “*The Effects of Changes in Foreign Exchange Rates*”, management determined that the functional currency of Li-Metal US Inc is the United States Dollar. Management have also determined that funds loaned from the Company to Li-Metal US Inc. form part of the Company's net investment in a foreign operation.

4. Going concern risk assessment
   The assessment of the Company’s ability to continue as a going concern involves significant judgment. Refer to Note 2 of the consolidated financial statements for the year ended March 31, 2026.

6. Changes in accounting policies and standards

New standards and interpretations not yet adopted

Amendment to IAS 21: Lack of Exchangeability has been published by IASB to specify how to assess whether a currency is exchangeable or not and how to determine the exchange rate when it is not, which is effective as of January 1, 2025.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to asses the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

IFRS 18 – In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

(Expressed in Canadian dollars)

7. Note receivable

Balance, March 31, 2024	**$**	**-**
Addition		360,579
Interest income accrued		2,502
Impact of foreign exchange		(1,170)
Balance, March 31, 2025	**$**	**361,911**
Interest income accrued		51,825
Impact of foreign exchange		(10,555)
Balance, March 31, 2026	**$**	**403,181**

On March 14, 2025, the Company issued US$250,000 note receivable to a third-party (the "Borrower"). On March 14, 2025, the Company issued a US$250,000 note receivable to a third party (the "Borrower"). The note bore interest at 15% per annum and was originally repayable on March 14, 2026. On March 14, 2026, the parties entered into a First Amending Agreement extending the maturity date to March 14, 2027. The note continues to bear interest at 15% per annum, compounded monthly, until repaid or converted in full, subject to an interest rate of 15% per annum. During the year ended March 31, 2026, the Company accrued $51,825 interest income (2025 - $2,502).

The Company may, at any time before full repayment of this note receivable choose to convert any or all outstanding principal and accrued interest into equity of the Borrower. To do so, the Company must provide written notice specifying the amount to be converted (the “Conversion Amount”). Upon conversion, the Borrower shall issue equity to the Company, and the Conversion Amount will be considered fully paid. The Company's conversion price shall be set at a 50% discount to the Borrower’s valuation in a Liquidity Event (as defined below). A Liquidity Event includes:

1. A merger, acquisition, or sale of more than 50% of the Borrower’s voting equity.
2. A sale or disposal of all or most of the Borrower’s assets.
3. An initial public offering (IPO) or stock market listing.
4. An investment raising at least £1,000,000, excluding this Note.

The note receivable is classified as FVTPL and recorded at its fair value on initial recognition.

On March 14, 2026, the Company entered into a First Amending Agreement relating to the note receivable. Under the amendment, the maturity date of the note was extended by twelve months from March 14, 2026 to March 14, 2027. The note continues to bear interest at 15% per annum, compounded monthly, until repaid or converted in full. As security for the obligations under the note, the obligors granted the Company a first-ranking charge over and pledge of their equity interests in EVTEC Group Holdings Limited and certain other companies within the EVTEC group. The Company’s conversion rights remain in effect. The Company may elect, on or before a liquidity event, to convert all or a portion of the outstanding obligations into equity at a conversion price equal to a 50% discount to the applicable valuation established in the liquidity event.

8. Restricted cash

The Company has a corporate credit card with a major financial institution with a credit limit of $50,000. As at March 31, 2026, the financial institution holds $50,000 in a Guaranteed Investment Certificate (March 31, 2025 - $50,000) as collateral on the credit card amount as long as the credit card is alive. The restricted cash amount would change if there was any change in the credit limit on the card.

(Expressed in Canadian dollars)

9. Property and equipment

Cost	Computer hardware	Equipment	Furniture & fixtures	Leasehold improvement	Asset under construction (note 14)	Total
Balance, March 31, 2024	$ 16,005	$ 5,759,057	$ 32,327	$ 216,417	$ 684,711	$ 6,708,517
Disposition (note 12)	(16,005)	(1,582,383)	(32,327)	(71,767)	-	(1,702,482)
Impairment (notes 10 and 15)	-	(1,151,782)	-	-	(684,711)	(1,836,493)
Reclassification	-	(989,488)	-	-	-	(989,488)
Foreign exchange	-	20,509	-	8,818	-	29,327
Balance, March 31, 2025	-	2,055,913	-	153,468	-	2,209,381
Impairment (ii)	-	(761,274)	-	(148,803)	-	(910,077)
Foreign exchange	-	(10,850)	-	(4,665)	-	(15,515)
Balance, March 31, 2026	$ -	$ 1,283,789	$ -	$ -	$ -	$ 1,283,789

Accumulated depreciation	Computer hardware	Equipment	Furniture & fixtures	Leasehold improvement	Asset under construction (note 14)	Total
Balance, March 31, 2023	$ (8,923)	$(1,973,445)	$ (13,371)	$ (85,363)	$ -	$(2,081,102)
Amortization	(1,022)	(413,669)	(4,550)	(32,102)	-	(451,343)
Disposition (note 12)	9,945	802,987	17,921	43,091	-	873,944
Reclassification to asset held for sale	-	415,781	-	-	-	415,781
Foreign exchange	-	(10,943)	-	(4,160)	-	(15,103)
Balance, March 31, 2025	-	(1,179,289)	-	(78,534)	-	(1,257,823)
Amortization (i)	-	-	-	(33,174)	-	(33,174)
Impairment (ii)	-	-	-	109,606	-	109,606
Foreign exchange	-	7,012	-	2,102	-	9,114
Balance, March 31, 2026	$ -	$(1,172,277)	$ -	$ -	$ -	$(1,172,277)

Net book value	Computer hardware	Equipment	Furniture & fixtures	Leasehold improvement	Asset under construction (note 14)	Total
Balance, March 31, 2025	$ -	$ 876,624	$ -	$ 74,934	$ -	$ 951,558
Balance, March 31, 2026	$ -	$ 111,512	$ -	$ -	$ -	$ 111,512

(i) During the year ended March 31, 2026, the equipment has not been in use and no amortization was recorded.

(ii) Subsequent to March 31, 2026, the Company sold all of the equipment for $111,512 (US$80,000) and as a result, the Company recorded an impairment for the equipment of $761,274. The Company also impaired the leasehold improvement to $nil as the leasehold improvement has been abandoned and recorded an impairment of $39,197 in the consolidated statements of (loss) income and comprehensive (loss) income for the year ended March 31, 2026.

10. Asset held for sale

During the year ended March 31, 2025, the Company received a purchase order for sale of equipment with a net asset value of $1,663,122 for USD $425,000 (CDN$573,707 at the time of the receipt of the order). The Company recorded the impairment of the equipment to its fair value based on its sale price of $573,707, recorded an impairment of equipment charge of $1,151,782 and reclassified the equipment to asset held for sale. During the year ended March 31, 2025, the Company received the proceeds of USD $425,000 (CDN$592,152 at the time of the receipt of the proceeds), and recorded a gain on disposition of property and equipment of $18,445 in the consolidated statements of income (loss) and comprehensive income (loss).

The Company also recorded an impairment of asset for the asset under construction in the amount of $684,711. This adds up to a total of impairment of property and equipment of $1,836,493 on the statement of income (loss) and comprehensive income (loss) (note 9) for the year ended March 31, 2025.

11. Advance to Investments

On May 9, 2025, the Company made a Simple Agreement for Future Equity ("SAFE") investment in CLN Global Inc. ("Clean Metals"), a Canadian-based environmental services and critical materials company focused on the recovery of metals from hazardous waste streams, end-of-life vehicles, and industrial by-products for $5,812,563 (US$4,170,000). As at March 31, 2026, the shares of Clean Metals have not been issued to the Company yet.

The fair value was considered equal to the transaction price on initial recognition, and no observable changes in facts or circumstances occurred between that date and March 31, 2026 that would affect the fair value measurement, other than fluctuations in the CAD/USD exchange rate.

On April 13, 2026, the Company and CLN Global Inc. entered into an amending agreement relating to the SAFE originally issued on May 9, 2025 in respect of the Company's investment of US$4,170,000 (note 30).

The amendment provides that the SAFE will automatically convert upon completion of a financing undertaken principally to raise capital under which CLN Global Inc. issues shares at a fixed pre-money valuation of at least US$10,000,000 and receives gross cash proceeds of at least US$4,000,000, excluding the conversion of convertible instruments.

The amendment also specifically provides for conversion upon a qualified financing under which CLN Global Inc. issues shares at a fixed pre-money valuation of at least US$12,500,000 and receives gross proceeds of at least US$4,000,000, excluding the conversion of convertible instruments. Conversion in connection with such qualified financing is conditional upon the Company, acting reasonably, being satisfied that the financing has been duly completed. The Company is entitled to review supporting evidence, including executed financing documents, evidence of receipt of the minimum proceeds and an updated capitalization table.

Upon conversion, the Company will receive shares of the same class issued in the applicable financing. The number of shares issued will equal the SAFE purchase amount divided by the applicable conversion price.

The amendment also revised the definition of conversion price such that the applicable price is determined using the calculation that results in the greatest number of shares to the Company, based on the valuation cap, the financing price or, in the case of a liquidity event, the applicable liquidity event price adjusted by the contractual discount rate. All other material terms of the SAFE remain in effect.

(Expressed in Canadian dollars)

12. Strategic Sale of Lithium Metal Business

On August 2, 2024, the Company announced that it had completed the sale of certain assets constituting its lithium metal productions (the “Assets”) to Arcadium Lithium plc (“Arcadium” or the “Purchaser”). Pursuant to a definitive Asset Purchase Agreement dated August 2, 2024 (the “Agreement”), the Company sold the assets for aggregate cash consideration of $15,062,558 (US$11,000,000). The Assets include all of the Company’s lithium metal production technology, including all related patents, proprietary, know-how, and physical assets utilized in lithium metal production. The Company also recorded a cash holdback of $408,000 (US$300,000) from Arcadium. During the year ended March 31, 2026, the cash holdback was received in the full amount of $410,925 (US$300,000) with an foreign exchange loss of $20,355 for the year ended March 31, 2026.

The following is the summary of the consideration received and assets sold:

Consideration received	**Amount ($)**
Total proceeds	$ 15,319,039
Assets sold	
Prepaid expenses	$ 64,417
Equipment	779,396
Computer hardware	6,060
Furniture and fixture	14,406
Leasehold improvement	28,676
	$ 892,955
Gain on disposition	$ 14,426,084

13. Right-of-use assets

Balance, March 31, 2024	**$ 748,878**
Additions	-
Modification	(124,353)
Amortization	(150,807)
Disposition on assignment	(453,237)
Impact of foreign exchange	5,910
Balance, March 31, 2025	**26,391**
Amortization	(25,410)
Impact of foreign exchange	(981)
Balance, March 31, 2026	**$ -**

(Expressed in Canadian dollars)

14. Joint arrangements

Agreements with Mustang Vacuum Systems Inc. ("MVS")

On September 14, 2023, the Company signed a strategic collaboration agreement and a contract production agreement with MVS.

The initial payment of US$500,000 ($684,711) was recorded as assets under construction in property and equipment. The $684,711 has been written off and expensed in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended March 31, 2025 (note 10).

15. Government assistance

The government assistance is as follows:

Years ended March 31,		2026		2025
Government of Ontario grants	$	-	$	145,152
Scientific Research and Experimental Development ("SR&ED")		-		230,698
	$	-	$	375,850

Government assistance in each year is aggregated with research and development expense for the period.

Government of Ontario grants

On June 6, 2023, the Company was awarded up to $1,430,826 from the Government of Ontario to develop and commercialise its lithium metal production technology. The funding awarded to the Company consists of a $930,826 grant from the R&D Partnership Fund – Electric Vehicle, administered by the Ontario Vehicle Innovation Network (OVIN) and a $500,000 grant from the Critical Minerals Innovation Fund (CMIF), funded by the Ontario Ministry of Mines. There are no unfilled conditions nor other contingencies related to the government assistance received.

During the year ended March 31, 2026, the Company recognized $nil (2025 - $145,152) of government assistance related to the OVIN grant based on the proportion of expenses incurred by Company and the amount of funding expected to be funded under the Grant. As at March 31 2026, $nil (March 31, 2025 - $nil) of the government assistance was accrued in sales tax and other receivables.

SR&ED

During the year ended March 31, 2026, the Company earned and received $nil (2025 - $230,698) of government refund of SR&ED.

16. Revenue

During the year ended March 31, 2026, the Company recognized revenue of $17,994 (2025 - $88,819) representing income from subleasing facility of the Company in US..

(Expressed in Canadian dollars)

17. Related party balances and transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties) and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

Years ended March 31,	2026	2025
Director fees	**$ 244,703**	$ 309,864
Salaries and short-term employment	**1,008,332**	881,593
Share-based compensation	**584,089**	251,990
Total	**$ 1,837,124**	$ 1,443,447

18. Lease liability

Balance, March 31, 2024	**$ 865,776**
Modification	-
Accretion	38,827
Lease payments	(201,449)
Modification (i)	(124,353)
Disposition on assignment of lease (ii)	(537,094)
Impact of foreign exchange	8,174
Balance, March 31, 2025	**49,881**
Accretion	1,354
Lease payments	(49,384)
Impact of foreign exchange	(1,851)
Balance, March 31, 2026	**$ -**

(i) During the year ended March 31, 2025, the Company modified its lease in US and after the modification the Company is obligated to pay monthly rent of US$4,460 until end of November 2025.

(ii) During the year ended March 31, 2025, as part of the transaction described in note 12, the Company assigned the lease in Canada to a third party and derecognized the right-of-use asset and lease liability, resulting a gain on assignment of lease of $83,857.

(Expressed in Canadian dollars)

19. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At March 31, 2026, the issued share capital amounted to $45,442,102. The changes in issued share capital for the periods were as follows:

	Number of common shares	Amount
Balance, March 31, 2024	159,328,828	$ 44,063,196
Shares and warrants issued in private placement, net of costs (i)	5,164,500	643,688
Shares issued in settlement of RSUs (ii)	2,896	1,100
Balance, March 31, 2025	164,496,224	$ 44,707,984
Shares issued in settlement of RSUs (iii)	10,352,941	734,118
Balance, March 31, 2026	174,849,165	$ 45,442,102

(i) On May 1, 2024, the Company issued 5,164,500 units for US$750,000 (CDN $1,032,300) to Blue Horizon Advisors LLC ("Blue Horizon"); and (ii) entered into an advisory agreement (the "Advisory Agreement") with Blue Horizon pursuant to which Blue Horizon will provide strategic consulting services to the Company on elements of its business including, without limiting, corporate strategy and development, commercial activity and direct client engagement, partnership, management and rationalization of the Company's capital structure. Each unit issued pursuant to the financing consisted of one common share and one-half of a warrant, with each warrant exercisable at a price of $0.63 for one additional common share for a period of three years from closing. The fair value of the 2,582,250 warrants (note 20) was estimated to be $302,362 using the Black-Scholes valuation model on the following assumptions: volatility of 270% based on historical stock prices of the Company, risk-free rate of 4.18%, share price range of $0.09 and a expected life of 3 years. The Company incurred share issuance costs of $86,250 for a total value of $643,688.

The Advisory Agreement subsequently terminated on June 30, 2024.

(ii) On April 17, 2024, the Company issued 2,896 shares in settlement of 2,896 RSUs that vested.

(iii) On July 24, 2025, the Company issued 10,352,941 common shares in exchange for RSU units in the amount of $734,118 and brought the total issued and outstanding shares to 174,849,165, the outstanding RSU unit to 882,353 and share capital to $45,442,102.

(Expressed in Canadian dollars)

20. Warrants

	Number of warrants		Weighted average exercise price
Balance, March 31, 2024	21,000,000	$	0.627
Issued (note 19)	2,582,250		0.630
Balance, March 31, 2025 and March 31, 2026	23,582,250	$	0.630

As at March 31, 2026, the warrants outstanding are as follows:

Remaining Contractual Life (years)	Number of Warrants	Exercise Price ($)	Expiry Date
2.47	21,000,000	0.627	September 19, 2028
1.09	2,582,250	0.630	May 1, 2027
2.32	23,582,250	0.627	

21. Stock options

The Company's stock option plan is available to its directors, officers, employees and service providers. All issuances, including the vesting and exercise periods, are approved by the Board.

	Number of options		Weighted average exercise price
Balance, March 31, 2024	12,893,529		0.31
Forfeited	(7,971,763)		0.37
Balance, March 31, 2025	4,921,766	$	0.22
Expired	(2,841,766)		0.18
Balance, March 31, 2026	2,080,000	$	0.36

(Expressed in Canadian dollars)

21. Stock options (continued)

As at March 31, 2026, the stock options outstanding are as follows:

Remaining Contractual Life (years)	Exercisable Options	Number of Options	Exercise Price ($)	Expiry Date
0.50	1,980,000	1,980,000	0.31	October 1, 2026
0.97	100,000	100,000	1.43	March 21, 2027
0.53	2,080,000	2,080,000	0.36	

During the year ended March 31, 2026, the Company recognized a total share-based payments expense of $nil (2025 – $20,220).

The Company amortizes the estimated grant date fair value of stock options to expense over the vesting period (generally three years). The grant date fair value of outstanding stock options was determined using the Black-Scholes option pricing model and the following assumptions in the year of the grant: risk-free interest rate (based on Canadian government bond yields), expected volatility of the market price of the Company's shares (estimated based on industry average), and the expected option life (in years) (based on historical option holder behavior).

22. Restricted share units

	Number of RSUs
Balance, March 31, 2024	1,432,664
Settled	(2,896)
Granted	10,000,000
Forfeited	(194,474)
Balance, March 31, 2025	11,235,294
Settled	(10,352,941)
Balance, March 31, 2026	882,353

During the year ended March 31, 2025, the Company granted to certain officers and directors of the Company an aggregate of 10,000,000 RSUs with vesting over a three year period with one third vesting in each period in 12, 24 and 36 months starting from the date of the grant. All RSUs vested during the year ended March 31, 2026 in accordance with the terms of the RSU plan following the Company's change of business. As at March 31, 2026, 882,353 vested RSUs remained outstanding and the related common shares had not yet been issued.

During the year ended March 31, 2026, the Company recognized as share-based payment expense of $584,089 (2025 - $219,740).

On July 24, 2025, the Company issued 10,352,941 common shares in exchange for RSU units in the amount of $734,118 and brought the total issued and outstanding shares to 174,849,165, the outstanding RSU unit to 882,353 and share capital to $45,442,102.

(Expressed in Canadian dollars)

23. Share-based compensation

The share-based compensation is as follows:

Years ended March 31,	2026	2025
Stock options (note 21)	**$ -**	$ 20,220
RSUs (note 22)	**584,089**	219,740
	$ 584,089	$ 239,960

24. Financial instruments

Fair Value

The carrying amounts of cash and cash equivalents, sales tax and other receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments. The Company's advance to investment and note receivable are measured at fair value through profit or loss and are classified within Level 3 of the fair value hierarchy, as their fair values are based on significant unobservable inputs and there are no quoted market prices in active markets for these instruments.

The fair values of the advance to investment and note receivable were determined using valuation techniques that incorporate significant unobservable inputs. As at March 31, 2026, management determined that the carrying amounts of these instruments represented their best estimate of fair value. There were no transfers between levels of the fair value hierarchy during the year.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company estimates its maximum exposure to be the carrying value of cash and cash equivalents and receivables.

The Company manages credit risk by maintaining bank accounts with Schedule 1 Canadian banks and investing only in Guaranteed Investment certificates. The Company’s cash is not subject to any external limitations.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company has historically generated cash flow from its financing activities. The Company manages liquidity risk through the management of its capital structure and financial leverage. As at March 31, 2026, the Company's current liabilities comprise accounts payable, accrued liabilities and the current portion of lease liability. The Company will require additional funding to fund its ongoing operating requirements, pursue investment opportunities and execute its strategic objectives.

The following table shows the maturity date of the Company's financial liabilities as at March 31, 2026:

	Total	Less than 1 year	1 to 2 years	Beyond 2 years
Accounts payable and accrued liabilities	$ 242,472	$ 242,472	$ -	$ -

Please refer to note 18 for lease liability.

(Expressed in Canadian dollars)

24. Financial instruments (continued)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market factors. Market risk comprises three types of risk: price risk, interest rate risk and currency risk.

Price risk

Price risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate because of changes in market prices. The Company is not exposed to price risks.

Interest rate risk
Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that the cash and cash equivalents and term deposits, if any, maintained at financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Currency risk
Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company is exposed to currency risk through financial assets and liabilities denominated in currencies other than the Canadian dollar, the Company's presentation currency. The Company's financial instruments denominated in currencies that are not the Canadian dollar as at March 31, 2026 are as follows:

	US dollar	C$Equivalent
Cash and cash equivalents	$ 3,933,673	$ 5,483,147
Note receivables	289,247	403,181
Accounts payable and accrued liabilities	(3,876)	(5,403)

The Company's sensitivity analysis suggests that a 10% depreciation or appreciation of the foreign currencies against the Canadian dollar would have resulted in an approximate $588,000 decrease or increase in the Company's total comprehensive income or loss.

As at March 31, 2026, US dollar amounts have been translated at a rate of C$1.3939 per US dollar.

25. Net (loss) income per common share

The calculation of basic and diluted loss per share for the year ended March 31, 2026 was based on the loss attributable to common shares of $3,566,373 and the weighted average number of common shares outstanding of 171,587,279. The calculation does not include the impact of warrants of 23,582,250, stock options of 2,080,000 and RSUs of 882,353.

The calculation of basic income per share for the year ended March 31, 2025 was based on the income attributable to common shares of $7,401,619 and the weighted average number of common shares outstanding of 164,057,460.

The calculation of diluted income per share for the year ended March 31, 2025 was based on the income attributable to common shares of $7,401,619 and the weighted average number of common shares outstanding of 165,403,239.

(Expressed in Canadian dollars)

26. Segmented information

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Company's CEO. During the year ended March 31, 2026, the Company has one (March 31, 2025 - one) business operating segment and two (March 31, 2025 – two) geographical operating segments.

The Company's reportable segments are based on the geographic region for the Company's operations and include Canada and US.

As at March 31, 2026	US	Canada	Total
Current assets	$ 21,340	$ 5,988,768	$ 6,010,108
Restricted cash	-	50,000	50,000
Property and equipment	111,512	-	111,512
Investments	-	5,812,563	5,812,563
Right-of-use assets	-	-	-
Total assets	$ 132,852	$ 11,851,331	$ 11,984,183
Total liabilities	$ 5,403	$ 237,069	$ 242,472

As at March 31, 2025	US	Canada	Total
Current assets	$ 90,067	$ 14,256,632	$ 14,346,699
Restricted cash	-	50,000	50,000
Property and equipment	951,558	-	951,558
Right-of-use assets	-	26,391	26,391
Total assets	$ 1,041,625	$ 14,333,023	$ 15,374,648
Total liabilities	$ 4,421	$ 667,344	$ 671,765

Year ended March 31, 2026			
Net loss for the year	$ (288,565)	$ (3,277,808)	$ (3,566,373)

Year ended March 31, 2025			
Net (loss) income for the year	$ (887,094)	$ 8,288,713	$ 7,401,619

(Expressed in Canadian dollars)

27. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which comprises share capital, warrants, contributed surplus, accumulated other comprehensive loss and deficit, which at March 31, 2026, totaled $11,741,711 (March 31, 2025 - $14,702,883).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its operations and research and development activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended March 31, 2026.

28. Commitments and contingencies

Li-Metal US Inc. was engaged in litigation with its former CEO. On February 10, 2026, the parties signed a Settlement Agreement and Release of Claims. This resulted in a full and final settlement of all disputes between the parties as of the Effective Date, February 10, 2026. No damages are rewarded, and each party is responsible for their own legal expenses.

29. Income taxes

The Company's' provision for income tax differs from the amount computed by applying the combined Canadian federal and provincial income tax rates of 26.5% (2025 - 26.5%) to loss before income taxes as a result of the following:

Years ended March 31,	2026	2025
Income (loss) before income taxes	$ (3,566,373)	$ 7,401,619
	26.5%	26.5%
Expected income tax expense (recovery) at statutory rate:	(945,089)	1,961,429
Non-deductible expenses	-	1,325
Stock-based compensation	154,784	63,590
Benefit of deferred tax assets not recognized	790,305	(2,026,344)
Provision for income taxes	$ -	$ -

(Expressed in Canadian dollars)

29. Income taxes (continued)

The following table summarizes the Company's deferred tax assets and liabilities at March 31, 2026 and 2025:

	March 31, 2026	March 31, 2025
Deferred tax assets:		
Lease liability	$ -	$ 6,990
Deferred tax liability:		
Right of use assets	-	(6,990)
	$ -	$ -

The following temporary differences are not recognized in the consolidated financial statements:

	March 31, 2026	March 31, 2025
Deferred tax asset arising from loss carryforwards Canada	$ 30,457,284	$ 27,475,000
Deferred tax asset arising from loss carryforwards US	4,563,142	4,563,142
Deferred tax asset (liability) arising from property, plant and equipment	4,412,609	4,412,609
Lease liability	23,490	23,490
Total	$ 39,456,525	$ 36,474,241

As at March 31, 2026, the Company has non-capital losses in Canada of $30,457,284 (March 31, 2025 - $27,475,000), the benefit of which has not been fully recognized. Non-capital losses may be carried forward and applied against taxable income of future years. Losses begin to expire in 2029. As at March 31, 2026, the Company has non-capital losses in the United States of $4,563,142 (March 31, 2025 - $4,563,142), the benefit of which has not been fully recognized. Non-capital losses can be carried forward indefinitely.

30. Subsequent events

(i) On April 13, 2026, the Company and CLN Global Inc. entered into an amending agreement relating to the SAFE originally issued on May 9, 2025 in respect of the Company's investment of US$4,170,000.

The amendment provides that the SAFE will automatically convert upon completion of a financing undertaken principally to raise capital under which CLN Global Inc. issues shares at a fixed pre-money valuation of at least US$10,000,000 and receives gross cash proceeds of at least US$4,000,000, excluding the conversion of convertible instruments.

The amendment also specifically provides for conversion upon a qualified financing under which CLN Global Inc. issues shares at a fixed pre-money valuation of at least US$12,500,000 and receives gross proceeds of at least US$4,000,000, excluding the conversion of convertible instruments. Conversion in connection with such qualified financing is conditional upon the Company, acting reasonably, being satisfied that the financing has been duly completed. The Company is entitled to review supporting evidence, including executed financing documents, evidence of receipt of the minimum proceeds and an updated capitalization table.

Upon conversion, the Company will receive shares of the same class issued in the applicable financing. The number of shares issued will equal the SAFE purchase amount divided by the applicable conversion price.

The amendment also revised the definition of conversion price such that the applicable price is determined using the calculation that results in the greatest number of shares to the Company, based on the valuation cap, the financing price or, in the case of a liquidity event, the applicable liquidity event price adjusted by the contractual discount rate. All other material terms of the SAFE remain in effect.

(ii) On July 9, 2026, the Company entered into a definitive business combination agreement (the "Business Combination Agreement") with STRYK Brands Inc. ("STRYK"), pursuant to which the parties have agreed to complete a business combination involving a "three-cornered" amalgamation of STRYK with a wholly-owned subsidiary of Skycap, incorporated solely for the purposes of the transaction ("Subco") that will have the effect of Skycap acquiring all of the issued and outstanding common shares (the "STRYK Shares") and other securities of STRYK in exchange for securities of Skycap, and resulting in the reverse takeover of Skycap by STRYK (the "Proposed Transaction").