

# **ARBOR METALS CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED OCTOBER 31, 2025 and 2024**

**(Expressed in Canadian Dollars)**

## Independent Auditor's Report

To the Shareholders of:  
**ARBOR METALS CORP.**

### Opinion

We have audited the consolidated financial statements of Arbor Metals Corp. and its subsidiaries (collectively "the Company"), which comprise the consolidated statement of financial position as at October 31, 2025, and the consolidated statements of changes in shareholders' equity, income (loss) and comprehensive income (loss), and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies .

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

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company as of October 31, 2025 has accumulated losses of \$5,148,546 since inception. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Matter

The consolidated financial statements for the year ended October 31, 2024, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on February 27, 2025.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a key audit matter to be communicated in our report..

### Evaluation of Assessment of Impairment Indicators of Exploration and Evaluation Assets

As described in Note 7, the carrying value of the Company's exploration and evaluation assets and related deferred costs is \$13,564,890 as at October 31, 2025. Management assesses at each reporting period-end whether there is an indication that an asset or group of assets is impaired. If such indicator exists, the asset's recoverable amount is estimated. Assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash generating unit or CGU). An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Management applies significant judgment in order to assess whether indicators of impairment exist. Impairment indicators include internal and external factors, such as (i) evidence indicating that the Company's right to explore the area has expired or will expire in the near future, (ii) management does not have any plans to continue exploration expenditures, (iii) lack of evidence to support technical feasibility or commercial viability, and (iv) facts and circumstances that suggest that the carrying amount exceeds recoverable amount.

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No impairment indicators were identified by management as at October 31, 2025.

### **Other Information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

*WDM*

*Chartered Professional Accountants*

Vancouver, B.C.  
February 17, 2026



**ARBOR METALS CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

	Note	October 31, 2025 \$	October 31, 2024 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash		457,409	2,358,253
Short-term investments	5	500,000	5,380,301
GST receivable	6	63,890	61,108
Other receivables	6	17,608	165,712
Prepaid expenses		3,833	-
<b>TOTAL CURRENT ASSETS</b>		<b>1,042,740</b>	<b>7,965,374</b>
<b>Non-current</b>			
Exploration and evaluation assets	7	13,564,890	3,636,210
<b>TOTAL ASSETS</b>		<b>14,607,630</b>	<b>11,601,584</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		158,857	114,813
<b>Non-current</b>			
Flow-through premium liability	8	-	502,466
<b>TOTAL LIABILITIES</b>		<b>158,857</b>	<b>617,279</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	16,635,912	14,177,611
Reserves	9	2,961,407	2,428,641
Deficit		(5,148,546)	(5,621,947)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>14,448,773</b>	<b>10,984,305</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,607,630</b>	<b>11,601,584</b>

Nature of business and going concern (Note 1)  
Subsequent events (Note 14)

Approved on behalf of the board of directors:

*"Alex Klenman"*

**Alex Klenman, Director**

*"Mark Ferguson"*

**Mark Ferguson, Director**

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

**ARBOR METALS CORP.**  
**CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEARS ENDED OCTOBER 31, 2025 AND 2024**

(Expressed in Canadian Dollars)

	Note	2025	2024
		\$	\$
<b>EXPENSES</b>			
Advisory fees		120,000	120,000
Corporate communications		950	167,570
Interest		-	31
Management fees	10	50,250	122,375
Office and administration		28,273	15,146
Professional fees	10	187,731	103,302
Share-based compensation	9,10	373,036	1,982,935
Transfer agent and filing fees		62,222	58,294
<b>TOTAL EXPENSES</b>		<b>(822,462)</b>	<b>(2,569,653)</b>
<b>Other items</b>			
Interest income		169,995	302,385
Gain on settlement of debt		-	107,662
Part XII.6 tax	8	(18,804)	(51,262)
Quebec special tax		(17,774)	-
Flow-through premium liability amortization	8	1,162,446	663,306
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<b>473,401</b>	<b>(1,547,562)</b>
<b>Basic earnings (loss) per share</b>		<b>0.01</b>	<b>(0.02)</b>
<b>Diluted earnings (loss) per share</b>		<b>0.01</b>	<b>(0.02)</b>
<b>Weighted average number of shares outstanding</b>		<b>81,879,588</b>	<b>67,658,210</b>
<b>Weighted average number of diluted shares outstanding</b>		<b>92,074,561</b>	<b>67,658,210</b>

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

**ARBOR METALS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED OCTOBER 31, 2025 and 2024**

(Expressed in Canadian Dollars)

	Note	2025 \$	2024 \$
<b>OPERATING ACTIVITIES</b>			
Net income (loss) for the year		473,401	(1,547,562)
Items not involving cash:			
Interest expense		-	31
Share-based compensation	9,10	373,036	1,982,935
Gain on settlement of debt		-	(107,662)
Flow-through premium liability amortization	8	(1,162,446)	(663,306)
		<b>(316,009)</b>	<b>(335,564)</b>
Changes in non-cash working capital:			
GST receivable		(2,782)	(50,422)
Other receivables		(146,540)	(165,712)
Prepaid expenses		(3,833)	6,073
Accounts payable and accrued liabilities		44,043	42,116
<b>Cash used in operating activities</b>		<b>(425,122)</b>	<b>(503,509)</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of Corvette Lake Lithium Corp.		-	267,016
Purchase of short-term investments		(4,800,000)	(5,380,301)
Redemption of short-term investments		9,974,946	-
Mineral property acquisition and exploration costs		(9,928,680)	(2,736,147)
<b>Cash used in investing activities</b>		<b>(4,753,734)</b>	<b>(7,849,432)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from private placements		3,473,880	6,261,049
Share issue costs		(195,869)	(310,890)
<b>Cash provided by financing activities</b>		<b>3,278,011</b>	<b>5,950,159</b>
<b>NET CHANGE IN CASH</b>		<b>(1,900,844)</b>	<b>(2,402,782)</b>
<b>CASH, BEGINNING OF THE YEAR</b>		<b>2,358,253</b>	<b>4,761,035</b>
<b>CASH, END OF THE YEAR</b>		<b>457,409</b>	<b>2,358,253</b>
<b>Supplemental disclosures with respect to cash flow:</b>			
		\$	\$
Shares issued for debt settlement		-	584,483
Shares issued for mineral property acquisition		-	885,000
Shares issued for finders' fee		85,848	222,858
Shares issued for brokers warrants		39,610	78,722
Part XII.6 tax and Quebec special tax		51,262	-
Interest paid		-	30

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

**ARBOR METALS CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

	Note	Number of Shares	Share Capital \$	Reserves \$	Deficit \$	Total \$
<b>Balances, November 1, 2023</b>		<b>63,579,549</b>	<b>7,505,305</b>	<b>350,984</b>	<b>(4,074,385)</b>	<b>3,781,904</b>
Shares issued to acquire mineral property	7	1,500,000	885,000	-	-	885,000
Share-based compensation	9	410,000	-	1,982,935	-	1,982,935
Shares issued in debt settlement		512,677	584,483	-	-	584,483
Shares issued in private placements	9	8,131,982	6,245,049	16,000	-	6,261,049
Flow-through premium liability	8	-	(652,614)	-	-	(652,614)
Shares issued for finders' fee	9	571,428	222,857	-	-	222,857
Brokers warrants issued	9	-	(78,722)	78,722	-	-
Share issue costs	9	-	(533,747)	-	-	(533,747)
Net (loss) for the year		-	-	-	(1,547,562)	(1,547,562)
<b>Balance, October 31, 2024</b>		<b>74,705,636</b>	<b>14,177,611</b>	<b>2,428,641</b>	<b>(5,621,947)</b>	<b>10,984,305</b>
Share-based compensation	9	-	-	373,036	-	373,036
Shares issued in private placements	9	10,536,000	3,353,760	120,120	-	3,473,880
Flow-through premium liability	8	-	(659,980)	-	-	(659,980)
Shares issued for finders' fee	9	306,600	85,848	-	-	85,848
Brokers warrants issued	9	-	(39,610)	39,610	-	-
Share issue costs	9	-	(281,717)	-	-	(281,717)
Net income for the year		-	-	-	473,401	473,401
<b>Balance, October 31, 2025</b>		<b>85,548,236</b>	<b>16,635,912</b>	<b>2,961,407</b>	<b>(5,148,546)</b>	<b>14,448,773</b>

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

**ARBOR METALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2025 AND 2024**

(Expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Arbor Metals Corp. (the "Company") was incorporated in the Province of British Columbia on May 19, 2011 and is in the business of identifying, acquiring and exploring mineral properties. The Company is currently in the exploration stage of developing its exploration and evaluation properties and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "ABR".

The address of the Company's registered office is 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

The Company does not generate sufficient cash flow from operations to adequately fund its activities and has therefore relied upon external financing for its operational expenses. As at October 31, 2025, the Company had an accumulated deficit of \$5,148,546 (2024 - \$5,621,947), which has been funded by the issuance of equity and debt. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate the existence of a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company intends to continue relying upon external financing to finance its future activities but there can be no assurance that such financing will be available on a timely basis and/or on terms acceptable to the Company. Although these financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's recoverability of assets, classification of assets and liabilities, and results of operations and the Company's ability to continue as a going concern.

The business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of operating revenue and has significant cash requirements to finance its administrative overhead expenses and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company's exploration and evaluation assets do not reflect current or future values.

The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

**ARBOR METALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2025 AND 2024**

(Expressed in Canadian dollars)

**2. BASIS OF PREPARATION**

The Company's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements were approved by the Board of Directors on February 17, 2026.

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently during the year ended October 31, 2025, unless otherwise indicated.

**a) Measurement basis**

These consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. All amounts are expressed in Canadian dollars unless otherwise stated.

**b) Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

<b>Name of Subsidiary</b>	<b>Place of Incorporation</b>	<b>Proportion of Ownership Interest</b>	<b>Principal Activity</b>
Arbor Metals USA Corp. ("Arbor USA")	U.S.A.	100%	Dormant
Corvette Lake Lithium Corp. ("CLL")	Canada	100%	Holding company
Kemlee Lake Lithium Corp. ("KLL")	Canada	100%	Holding company

A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. All intercompany balances and transactions have been eliminated upon consolidation.

**c) Cash**

Cash consists of cash on hand and deposits in banks.

**d) Exploration and evaluation assets**

All expenditures related to the acquisition of mineral properties, and to the exploration and evaluation of mineral properties, net of recoveries which are recorded when received, are capitalized on a property-by-property basis, net of recoveries which are recorded when received, until these mineral properties are placed into commercial production, sold or abandoned. If commercial production is achieved from a mineral property, the related mineral properties are tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to profit or loss in that period.

**ARBOR METALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2025 AND 2024**

(Expressed in Canadian dollars)

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**d) Exploration and evaluation assets (continued)**

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Option agreements typically call for the payment of cash, issue of shares and/or incurrence of exploration and evaluation costs over a period of time, often several years, entirely at the discretion of the optionee. The Company recognizes amounts payable under an option agreement when the amount is due and when the Company has no contractual rights to avoid making the payment. The Company recognizes amounts receivable under an option agreement only when the optionee has irrevocably committed to the transfer of economic resources to the Company, which often occurs only when the amount is received. Where a third party has been granted the option to acquire an interest in a property owned by the Company, the fair value of any proceeds received in respect of that property is applied to the exploration and evaluation assets cost which is capitalized on the Company's consolidated statements of financial position. Once the amount capitalized in respect of that property has been reduced to \$Nil, any further payments received are reported in the Company's profit or loss.

**e) Impairment**

At each reporting period, management reviews all assets for indicators of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

**f) Financial instruments**

Financial Assets

On initial recognition financial assets are classified as measured at:

- i. Amortized cost;
- ii. Fair value through other comprehensive income ("FVOCI"); and
- iii. Fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**ARBOR METALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2025 AND 2024**

(Expressed in Canadian dollars)

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**f) Financial instruments (continued)**

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest method.

The Company's other receivables are classified at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the consolidated statement of loss and comprehensive loss in the period in which it arises.

The Company's cash and short-term investments are classified at FVTPL.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

**ARBOR METALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2025 AND 2024**

(Expressed in Canadian dollars)

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**f) Financial instruments (continued)**

The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

**g) Restoration, rehabilitation, and environmental obligations**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss. The Company has no restoration, rehabilitation and environmental obligations as at October 31, 2025.

**h) Share capital**

Financial instruments issued by the Company are classified as equity to the extent that they do not meet the definition of a financial liability or asset. The Company's common shares, share purchase warrants and stock options are classified as equity instruments.

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the share issuance date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Incremental costs, directly attributable to the issue of new shares, warrants or options, are recorded in equity as a deduction, net of tax, from proceeds.

**i) 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, any premium on flow-through shares is separated on the flow-through shares into i) a flow-through share premium liability, equal to the excess of the issuance price of the flow-through shares over the current fair value of non-flow-through shares and ii) share capital. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. As expenses are incurred, the Company recognizes other income for the amount of tax reduction renounced to the shareholders and the flow-through premium liability is reduced accordingly.

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**j) Share-based payments**

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 the 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 fair value of the share-based payments is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to share capital with a corresponding increase in the share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related reserve amount is transferred to share capital.

**k) Earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted earnings per share is presented as the same as basic earnings per share.

**l) Income taxes**

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**m) New accounting standards issued but not yet effective**

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18"), which will replace IAS 1 Presentation of financial statements and includes requirements for all entities applying IFRS Accounting Standards for the presentation and disclosure of information in the financial statements. IFRS 18 will introduce new totals, subtotals, and categories for income and expenses in the statement of income, as well as requiring disclosure about management-defined performance measures and additional requirements regarding the aggregation and disaggregation of certain information. IFRS 18 will be effective on January 1, 2027, with earlier adoption permitted, and it must be adopted on a retrospective basis. The Company is currently evaluating the impact on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

**a) Critical accounting estimates**

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year if the estimates and assumptions made by management prove to be incorrect. The critical accounting estimates include, but are not limited to, the following:

Premium on Flow-Through Units

At the time of issue, the Company estimates the proportion of proceeds attributable to the flow-through share premium, the common share and the warrant, if applicable, with reference to closing market prices.

Share-based Payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**

**b) Critical accounting judgments**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Impairment of long-lived assets

The carrying value of mineral property acquisition costs is reviewed each reporting period to determine whether there is any indication of impairment. The determination of indications of impairment, and if identified then an impairment test, involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties, and the results of exploration and evaluation to date.

Determination of, and provision for, reclamation and remediation obligations

The Company assesses its provision for asset retirement obligations on an annual basis or when new material information becomes available. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated.

Going Concern

The preparation of these consolidated financial statements requires management to make judgments regarding the ability of the Company to continue as a going concern, as discussed in Note 1.

**5. SHORT-TERM INVESTMENTS**

Short-term investments represent GIC deposits with a Canadian financial institution that have original maturities of more than 30 days when purchased. As at October 31, 2025, the Company held short-term investments of \$500,000 (2024 - \$5,380,301).

**6. RECEIVABLES**

The receivables balance as at October 31, 2025 and October 31, 2024 is comprised of the following:

	<b>October 31, 2025</b>	October 31, 2024
	\$	\$
GST receivable	63,890	61,108
Interest income receivable	17,608	165,172
	<b>81,498</b>	226,280

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**7. EXPLORATION AND EVALUATION ASSETS**

A summary of the capitalized acquisition and exploration expenditures for the years ended October 31, 2025 and 2024 and are as follows:

	<b>Kemlee Lake</b>	<b>Ernest</b>	<b>Jarnet</b>	<b>Total</b>
<b>October 31, 2025</b>				
<b>Acquisition Costs</b>	\$	\$	\$	\$
<i>Balance, October 31, 2024</i>	885,000	-	547,083	1,432,083
Additions	-	220,000	5,000,000	5,220,000
<b>Balance, October 31, 2025</b>	885,000	220,000	5,547,083	6,652,083
<b>Exploration Costs</b>				
<i>Balance, October 31, 2024</i>	-	-	2,204,127	2,204,127
Additions	500,104	-	4,428,576	4,928,680
Disposal	-	-	(220,000)	(220,000)
<b>Balance, October 31, 2025</b>	500,104	-	6,412,703	6,912,807
<b>Balance, October 31, 2025</b>	1,385,104	220,000	11,959,786	13,564,890
<b>October 31, 2024</b>				
<b>Acquisition costs</b>	\$	\$	\$	\$
<i>Balance, October 31, 2023</i>	-	-	40,000	40,000
Additions	885,000	-	507,083	1,392,083
<b>Balance, October 31, 2024</b>	885,000	-	547,083	1,432,083
<b>Exploration Costs</b>				
<i>Balance, October 31, 2023</i>	-	-	242,079	242,079
Additions	-	-	1,962,048	1,962,048
<b>Balance, October 31, 2024</b>	-	-	2,204,127	2,204,127
<b>Balance, October 31, 2024</b>	885,000	-	2,751,210	3,636,210

**Kemlee Lake Lithium Project, Ontario, Canada**

On June 5, 2024, the Company completed the acquisition of all of the outstanding share capital of Kemlee Lake Lithium Corp. ("KLL") from an arm's length party by issuing 1,500,000 common shares with a fair value of \$885,000. No finders' fees or commissions were payable by the Company in connection with this acquisition. As a result of this transaction, the Company holds a 100% interest in mineral claims known as the Kemlee Lake Lithium Project ("Kemlee Lake").

For accounting purposes, the acquisition is considered to be an acquisition outside the scope of IFRS 3 Business Combinations since KLL, prior to the acquisition, did not constitute a business. The acquisition is accounted for in accordance with IFRS 2 *Share-Based Payment* whereby the Company issued shares to acquire the net assets of KLL.

The acquisition of KLL has been recorded as an asset acquisition for the purchase of exploration and evaluation assets with \$Nil costs of acquisition, as follows:

**Purchase Price:**

Common shares issued	\$ 885,000
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**Assets Acquired:**

Exploration and evaluation properties	\$ 885,000
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**7. EXPLORATION AND EVALUATION PROPERTIES (continued)**

**Corvette Lake and St. Pierre Lithium Projects, Quebec, Canada**

On February 26, 2024, the Company purchased 100% of the outstanding common shares of Corvette Lake Lithium Corp., ("CLL") by making a cash payment of \$712,500. CLL holds a 100% interest in the Corvette Lake and St. Pierre lithium projects and had cash of \$267,016 at the time of the acquisition. The Company's interest is subject to a 1% Net Smelter Royalty ("NSR") payable to the vendor, of which 1% may be purchased for \$1,000,000. Pursuant to the acquisition, CLL had transferred both claims to the Company.

Following the acquisition of CLL, a total of 50,000 performance-linked preferred shares of CLL remained outstanding which were not held by the Company. The performance-linked preferred shares carry no voting rights. In the event the results of mineral exploration conducted on the Corvette Lake and St. Pierre properties demonstrate the existence of lithium mineralization the holder has the right to redeem the shares at a price of \$100 per share.

Assay results received by the Company in April 2025 provided evidence of lithium mineralization and the holder of the preferred shares elected to redeem the preferred shares in full. On April 14, 2025, the Company satisfied the redemption price of \$100.00 per share.

For accounting purposes, the acquisition is considered to be an acquisition outside the scope of IFRS 3 Business Combinations since KLL, prior to the acquisition, did not constitute a business. The acquisition is accounted for as an asset acquisition to acquire the net assets of KLL with \$Nil costs of acquisition, as follows:

**Purchase Price:**

Cash paid	<u>\$ 5,712,500</u>
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**Assets Acquired:**

Cash	\$ 267,016
Exploration and evaluation properties	<u>5,445,484</u>
	<u>\$ 5,712,500</u>

On August 15, 2025, the Company agreed to exchange its 100% owned St. Pierre Lithium Projects for Ernest rare-earth element ("Ernest REE") project, which is owned by an arm's length party. The parties agreed to exchange the project without additional consideration. The Ernest REE is subject to a 2% royalty obligation on commercial production, and the original NSR on St. Pierre Lithium has been reverted back to the vendor.

**Purchase Price:**

St. Pierre Lithium Project	<u>\$ 220,000</u>
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**Assets Acquired:**

Ernest REE project	<u>\$ 220,000</u>
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**7. EXPLORATION AND EVALUATION PROPERTIES (continued)**

**Jarnet Lithium Project, Quebec, Canada**

On January 26, 2022, the Company signed a property option agreement to acquire a 100% interest in certain mineral claims, comprising 2,430 hectares in the James Bay region of Quebec. The terms of the Purchase Option Agreement are as follows:

- (a) cash consideration of \$20,000 on signing of the agreement (*paid*);
- (b) \$20,000 on or before January 26, 2023 (*paid*);
- (c) \$60,000 on or before January 26, 2024 (*paid*);
- (d) \$100,000 in exploration expenditures on or before January 26, 2023 (*incurred*);
- (e) \$100,000 in exploration expenditures on or before January 26, 2024 (*incurred*); and
- (f) \$100,000 in exploration expenditures on or before January 26, 2025 (*incurred*).

The Company's interest is subject to a 1% NSR payable to the vendor, which may be purchased for \$1,000,000.

As the Company has now completed all of the terms of the Purchase Option Agreement, it has acquired a 100% interest and title in the Jarnet Lithium Project claims.

**Consolidation of Jarnet Lithium Project and Corvette Lake Projects**

Upon completion of the Purchase Option Agreement for the Jarnet Lithium Project claims, the Company expanded its land position in the Jarnet and Corvette Lake areas. Both projects will be consolidated under the newly designed Jarnet Project. This consolidation simplifies the Company's asset structure, aligns with its long-term strategic objectives, and enhances the value of the project by eliminating future payment obligations related to the option agreements.

**8. FLOW-THROUGH PREMIUM LIABILITY**

On November 3, 2023, the Company issued 263,158 flow-through shares at a price of \$1.90 per flow-through share for gross proceeds of \$500,000. The flow-through shares were issued at a premium of \$0.65 per share. As a result, a flow-through premium liability of \$171,053 was recorded. As of October 31, 2025, \$171,053 (2024 - \$150,148) of this liability was amortized.

On October 31, 2024, the Company issued 4,377,824 flow-through shares at a purchase price of \$0.46 per flow-through share for gross proceeds of \$2,013,799. The flow-through shares were issued at a premium of \$0.11 per share. As a result, a flow-through premium liability of \$481,561 was recorded. As of October 31, 2025, \$481,561 (2024 - \$Nil) of this liability was amortized.

On November 8, 2024, the Company issued 1,330,000 flow-through shares at a purchase price of \$0.46 per flow-through share for gross proceeds of \$611,800. The flow-through shares were issued at a premium of \$0.09 per share. As a result, a flow-through premium liability of \$119,700 was recorded. As of October 31, 2025, \$119,700 of this liability was amortized.

On December 11, 2024, the Company issued 1,316,000 National flow-through units at a purchase price of \$0.38 per flow-through share for gross proceeds of \$500,080. Each unit consisted of one flow-through common share and half share purchase warrant. The Company allocated \$0.28 per flow-through common shares based on the market price of the Company's common shares on the date of issuance. The fair value of the warrants was estimated at \$0.04 per warrants. The remaining amount was allocated to the flow through premium liability, resulting in the recognition of a liability of \$105,280. During the year ended October 31, 2025, the Company fulfilled its related flow-through expenditure obligations and, accordingly, recognized \$105,280 as income through the amortization of the flow-through premium liability.

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**8. FLOW-THROUGH PREMIUM LIABILITY (continued)**

On December 11, 2024, the Company issued 4,350,000 Quebec and Super flow-through units at a purchase price of \$0.40 per flow-through share for gross proceeds of \$1,740,000. Each unit consisted of one flow-through common share and half share purchase warrant. The Company allocated \$0.28 per flow-through common shares based on the market price of the Company's common shares on the date of issuance. The fair value of the warrants was estimated at \$0.04 per warrant. The remaining amount was allocated to the flow through premium liability, resulting in the recognition of a liability of \$435,000. During the year ended October 31, 2025, the Company fulfilled its related flow-through expenditure obligations and, accordingly, recognized \$435,000 as income through the amortization of the flow-through premium liability.

The following table is a continuity of the flow-through share funding and expenditures along with the corresponding impact on the flow-through share premium liability:

	<b>Flow-through funding and Expenditure requirements</b>	<b>Flow-through Premium liability</b>
	\$	\$
<b>Balance, October 31, 2023</b>	1,500,000	513,158
Flow-through funds raised and premium recorded as liability	2,513,799	652,614
Flow-through expenditures incurred and reduction of liability	(1,938,892)	(663,306)
<b>Balance, October 31, 2024</b>	2,074,907	502,466
Flow-through funds raised and premium recorded as liability	2,851,880	659,980
Flow-through expenditures incurred and reduction of liability	(4,926,787)	(1,162,446)
<b>Balance, October 31, 2025</b>	-	-

The reduction in the flow-through share premium liability is recorded in other income upon incurring flow-through eligible expenditures. The Company has fully incurred all required flow-through eligible expenditures by December 31, 2025 (2024 – \$2,074,907)

For the year ended October 31, 2025, flow-through premium amortization of \$1,162,446 (2024 – \$663,306) was recognized as other income relating to the flow-through shares issued. The Company incurred Part XII.6 tax and Quebec special tax on the flow-through shares issued in November and December 2024 of \$36,578 (2024 – \$51,262).

**9. SHARE CAPITAL AND RESERVES**

**Authorized**

Unlimited common shares without par value

**Issued**

Shares issued and outstanding at October 31, 2025 are 85,548,236 (October 31, 2024 – 74,705,636).

Year ended October 31, 2025

On October 22, 2025, the Company completed a private placement by issuing 3,000,000 non flow-through (“NFT”) units at \$0.15 per unit for gross proceeds of \$450,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable at a price of \$0.25 until October 22, 2028. All proceeds were allocated to common shares with \$Nil value allocated to warrants using the residual method.

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**9. SHARE CAPITAL AND RESERVES (continued)**

**Issued (continued)**

Finders', legal and filing fees incurred in connection with the private placement amounted to \$42,415 in cash; and 180,000 in broker warrants valued at \$17,587.

On December 11, 2024, the Company completed a private placement by issuing 340,000 NFT units at \$0.30 per NFT unit, 1,316,000 National flow-through ("FT") units at \$0.38 per FT unit, and 4,350,000 Quebec and Super FT units at \$0.40 for total gross proceeds of \$2,342,080. Each NFT unit consists of one common share and one-half share purchase warrant. Each National and Quebec FT unit consists of one flow-through share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.55 until December 11, 2025. The NFT unit warrants have been valued at \$6,800. The National FT unit warrants have been valued at \$26,320 and the Quebec and Super FT unit warrants have been valued at \$87,000 based on the estimated cost. As a result, a flow-through premium liability of \$435,000 was recorded in connection with the Quebec and Super FT and a flow-through premium liability of \$105,280 was recorded in connection with the National FT based on the residual method.

Finders', legal and filing fees incurred in connection with the private placement amounted to \$118,126 in cash; 306,600 in broker shares valued at \$85,848; and 483,000 in broker warrants valued at \$15,932.

On November 8, 2024, the Company completed a private placement by issuing 200,000 NFT units at \$0.35 per NFT unit and 1,330,000 FT units at \$0.46 per FT unit for total gross proceeds of \$681,800. Each NFT unit consists of one common share and one share purchase warrant. Each FT unit consists of one flow-through share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.60 until November 8, 2025. All proceeds were allocated to common shares with \$Nil value allocated to warrants using the residual method. The FT shares were issued at a premium of \$0.09. As a result, a flow-through premium liability of \$119,700 was recorded.

Finders', legal and filing fees incurred in connection with the private placement amounted to \$35,328 in cash; and 91,800 in broker warrants valued at \$6,091.

The Company determined the fair value of the broker warrants using the Black-Scholes option pricing model and made the following assumptions:

Expected stock price volatility	78% to 89%
Risk-free interest rate	2.39% to 3.08%
Dividend yield	0%
Expected life of warrants	1 to 3 years
Stock price on date of grant	\$0.19 to \$0.37
Forfeiture rate	0%

Year ended October 31, 2024

On October 31, 2024, the Company completed a private placement by issuing 685,000 NFT units at \$0.35 per unit and 4,377,824 FT units at \$0.46 per flow-through unit for total gross proceeds of \$2,253,549. Each NFT unit consists of one common share and one share purchase warrant. Each FT unit consists of one flow-through share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.60 until October 31, 2025. All proceeds were allocated to common shares with \$Nil value allocated to warrants using the residual method. The flow-through shares were issued at a premium of \$0.11 per FT unit. As a result, a flow through premium liability of \$478,500 was recorded.

On June 5, 2024, the Company issued 1,500,000 common shares with a fair value of \$885,000 to acquire the Kemlee Lake Project (note 7). No finders' fees or commissions were payable by the Company in connection with this acquisition.

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**9. SHARE CAPITAL AND RESERVES (continued)**

**Issued (continued)**

On November 23, 2023, the Company completed a private placement by issuing 400,000 units at \$1.25 per unit for gross proceeds of \$500,000. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$2.00 until November 23, 2024. The unit warrants have been valued at \$16,000 using the residual method.

On November 17, 2023, the Company completed a private placement by issuing 800,000 units at \$1.25 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$2.00 until November 17, 2024. All proceeds were allocated to common shares with \$Nil value allocated to warrants using the residual method.

On November 10, 2023, the Company completed a private placement by issuing 800,000 units at \$1.25 per unit gross proceeds of \$1,000,000. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$2.00 until November 10, 2024. All proceeds were allocated to common shares with \$Nil value allocated to warrants using the residual method.

On November 3, 2023, the Company completed a private placement by issuing 806,000 units at \$1.25 per unit and 263,158 flow-through common shares at \$1.90 per flow-through share for total gross proceeds of \$1,507,500. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$2.00 until November 3, 2024. All proceeds were allocated to common shares with \$Nil value allocated to warrants using the residual method. The flow-through shares were issued at a premium of \$0.65 per flow-through share. As a result, a flow-through premium liability of \$171,053 was recorded.

Finders', legal and filing fees incurred in connection with the October 2024 and November 2023 private placements amounted to \$310,890 in cash; 571,428 in broker shares valued at \$222,858; and 612,571 in broker warrants valued at \$78,721. The Company determined the fair value of the broker warrants using the Black-Scholes option pricing model and made the following assumptions:

Expected stock price volatility	71% to 84%
Risk-free interest rate	3.09% to 4.57%
Dividend yield	0%
Expected life of options	1 year
Stock price on date of grant	\$0.39 to \$1.54
Forfeiture rate	0%

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**9. SHARE CAPITAL AND RESERVES (continued)**

**Warrants**

Share purchase warrants activity for years ended October 31, 2025 and October 31, 2024 is as follows:

	Year ended October 31, 2025		Year ended October 31, 2024	
	Number of Share Purchase Warrants	Weighted average exercise price	Number of Share Purchase Warrants	Weighted average exercise price
Balance, beginning of the year	4,276,912	1.06	1,410,000	2.00
Expired	(4,276,912)	1.22	(1,410,000)	2.00
Issued	6,868,000	0.43	4,276,912	1.06
Balance, end of the year	6,868,000	0.43	4,276,912	1.06

Share purchase warrants outstanding as at October 31, 2025 are as follows:

Number of Share Purchase Warrants	Weighted Average Exercise Price	Expiry date	Remaining Life (years)
865,000	\$ 0.60	November 8, 2025	0.02
3,003,000	0.55	December 11, 2025	0.11
3,000,000	0.25	October 22, 2028	2.98
<b>6,868,000</b>	<b>\$ 0.43</b>		<b>1.17</b>

Brokers warrants activity for years ended October 31, 2025 and October 31, 2024 is as follows:

	Year ended October 31, 2025		Year ended October 31, 2024	
	Number of Broker Warrants	Weighted average exercise price	Number of Broker Warrants	Weighted average exercise price
Balance, beginning of the year	612,571	1.01	169,168	2.00
Expired	(612,571)	1.01	(169,168)	2.00
Issued	754,800	0.48	612,571	1.01
Balance, end of the year	754,800	0.48	612,571	1.01

Brokers warrants outstanding as at October 31, 2025 are as follows:

Number of Broker Warrants	Weighted Average Exercise Price	Expiry date	Remaining Life (years)
91,800	0.60	November 8, 2025	0.02
483,000	0.55	December 11, 2025	0.11
180,000	0.25	October 22, 2028	2.98
<b>754,800</b>	<b>\$ 0.48</b>		<b>0.78</b>

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**9. SHARE CAPITAL AND RESERVES (continued)**

**Share-based Payments**

Pursuant to a stock option plan (the "Plan") for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 30 days following the date the optionee ceases to be a director, officer, employee or consultant of the Company for reasons other than death, one year after the death of an optionee or on the final anniversary of the date the option was granted which concludes the option term. Options granted under the Plan may not exceed ten years and vest at the discretion of the board of directors and shall not be exercisable at less than the price determined by policy or policies of the stock exchange(s) on which the Company's common shares are then listed. Notwithstanding the foregoing, options issued to consultants performing investor relations activities vest over 12 months with no more than 25% of the options vesting in any three-month period. Occasionally, the Company issues stock options to agents which do not fall under the Plan.

**Stock Options**

During the year ended October 31, 2025, no stock options were granted.

On January 12, 2024, the Company granted 3,200,000 share purchase options to consultants. The options are exercisable at a price of \$0.90 per share for a period of one year, have an expiry date of January 12, 2025, and vest immediately.

On January 29, 2024, the Company granted 1,250,000 share purchase options to directors. The options are exercisable at a price of \$1.00 per share for a period of one year, have an expiry date of January 29, 2025, and vest immediately.

The following table summarizes activity related to stock options for the year ended October 31, 2025 and 2024:

	Year ended October 31, 2025		Year ended October 31, 2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of the year	4,450,000	0.93	-	-
Expired	(4,450,000)	(0.93)	-	-
Granted	-	-	4,450,000	0.93
Balance, end of the year	-	-	4,450,000	0.93

During the year ended October 31, 2025, the Company recorded share-based compensation of \$Nil (2024 - \$1,393,409) related to the issuance of share purchase options. The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	2025	2024
Expected stock price volatility	-	77% to 94%
Risk-free interest rate	-	3.98% to 4.20%
Dividend yield	-	0%
Expected life of options	-	1 year
Stock price on date of grant	-	\$0.90 to \$1.01
Forfeiture rate	-	0%

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**9. SHARE CAPITAL AND RESERVES (continued)**

**Restricted Share Units**

On May 23, 2025, the Company granted 3,000,000 restricted share units (“RSUs”) to certain consultants to the Company. The RSUs were granted in accordance with the omnibus incentive plan adopted by the Company and will vest and convert into common shares of the Company on May 23, 2026. Each unit represents an entitlement to one common share of the Company. The weighted average fair value of the RSUs granted was \$0.22 per RSU initially at the closing price of the common shares of the Company on the date of the grant.

On June 2, 2025, the Company granted 1,100,000 RSUs to certain directors and officers to the Company. The RSUs were granted in accordance with the omnibus incentive plan adopted by the Company and will vest and convert into common shares of the Company on June 2, 2026. Each unit represents an entitlement to one common share of the Company. The weighted average fair value of the RSUs granted was \$0.22 per RSU initially at the closing price of the common shares of the Company on the date of the grant.

On August 7, 2025, a former Chief Financial Officer resigned from the Company. In accordance with the terms of the RSU plan, all unvested RSUs were forfeited upon resignation, and the related share-based compensation expense previously recognized has been reversed.

Forfeitures are adjusted in the year when forfeitures occur.

As at October 31, 2025, 1,695,616 RSU has vested resulting to recognition of share-based compensation of \$373,036 for the year ended October 31, 2025 (2024 - \$589,526). The expense recognized pertaining to RSUs was determined based on the following assumptions:

	<b>FY 2025</b>	<b>FY 2024</b>
Vesting period of RSU	1 year	1 year
Stock price on date of grant	\$0.22	\$1.47
Forfeiture rate	0%	0%

**10. RELATED PARTY TRANSACTIONS**

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

During the years ended October 31, 2025 and 2024, total remuneration was paid to key management personnel is noted below:

	<b>2025</b>	<b>2024</b>
	\$	\$
Management fees	50,250	122,375
Professional fees	2,500	-
Share based compensation (Note 9)	81,912	713,418
Total	<u>134,662</u>	<u>835,793</u>

*\*The former CFO, Mr. Ko, ceased to be a related party upon his resignation and his fees are included up to the resignation date.*

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**11. FINANCIAL INSTRUMENTS**

As at October 31, 2025, the Company's financial instruments consist of cash, short-term investments, other receivables and accounts payable.

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 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As at October 31, 2025, cash, short-term investments, accounts payable and other receivables are assessed to be Level 1 instruments.

The Company is exposed to varying degrees of a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and short-term investments are held at a large Canadian financial institution and therefore are not subject to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. As at October 31, 2025, the Company had working capital of \$883,883. This included cash of \$457,409, short-term investments of \$500,000, a GST receivable balance of \$63,890, other receivables of \$17,608 and prepaid expenses of \$3,833. Accounts payable have contractual maturities of approximately 30 to 90 days or are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financing.

Interest Rate Risk

Interest rate risk consists of two components:

- i. To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- ii. To the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate risk.

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**12. CAPITAL MANAGEMENT**

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash and cash equivalents to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating costs over a reasonable future period. The Company accesses capital markets as necessary and may also raise additional funds where advantageous circumstances arise.

The Company currently has no externally imposed capital requirements. There was no change to the Company's approach to capital management during the period.

**13. INCOME TAXES**

The income tax provision differs from the amount computed by applying the statutory rates to loss before income taxes. These differences result from the following:

	<b>2025</b>	<b>2024</b>
Statutory rate	27%	27%
Expected income tax	\$ 127,818	\$ 418,000
Non-deductible expenses and other	(258,765)	(177,000)
Change in unrecognized deferred tax asset	130,947	(241,000)
Deferred income tax expense	\$ -	\$ -

Unrecognized deferred tax asset is comprised of the following tax affected temporary differences:

	<b>2025</b>	<b>2024</b>
Non-capital losses carried forward	\$ 784,000	\$ 790,000
Capital losses carried forward	43,000	43,000
Mineral properties	45,700	105,000
Share issue costs	202,000	179,000
Unrecognized deferred tax asset	\$ 1,074,700	\$ 1,117,000

The Company has approximately \$2,905,559 in non-capital losses for tax purposes which may be used to reduce income taxes of future years and have an expiry date range of 2032 to 2044. The Company also has approximately \$317,000 in capital losses that can be carried forward indefinitely until used.

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**14. SUBSEQUENT EVENTS**

Subsequent to October 31, 2025, the Company had the following transactions:

- The Company has closed a non-brokered private placement and has issued 5 million units at a price of \$0.20 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share, issued as a flow-through share within the meaning of the Income Tax Act (Canada) and one-half of one share purchase warrant. Each warrant is exercisable at a price of \$0.25 until November 19, 2028. The company anticipates the proceeds from the offering being directed towards the continued exploration and development of the Jarnet Lithium Project and Ernest REE Project. In connection for introducing the investor to the offering, the company has issued 500,000 shares and 250,000 non-transferrable share purchase warrants to an arms-length party. The finders' warrants are exercisable on the same terms of the warrants.
- The Company has also closed a non-brokered private placement and has issued 3 million common shares at a price of \$0.17 per share for gross proceeds of \$510,000. Each share was issued as a flow-through share within the meaning of the Income Tax Act (Canada). The company anticipates the proceeds of the offering being directed towards the continued exploration and development of the Jarnet Lithium Project and Ernest REE Project. In connection for introducing the investor to the offering, the company has issued 300,000 finders' shares to an arms-length party. All securities issued in connection with the offering are subject to restrictions on resale until May 1, 2026, in accordance with applicable securities laws.
- 574,800 broker warrants and 3,868,000 share purchase warrants with an exercise price ranging from \$0.55 to \$0.60 expired unexercised.