



CANADIAN PREMIUM SAND INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended

December 31, 2025

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the unaudited interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of unaudited interim condensed consolidated financial statements by an entity's auditor.



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 (Expressed in Canadian Dollars)
 (Unaudited)

As at	Note	December 31, 2025	September 30, 2025
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		743,399	1,523,812
Trade and other receivables		11,193	4,020
Prepaid expenses and deposits		159,742	162,274
Total current assets		914,334	1,690,106
Prepaid expenses and deposits		60,975	60,975
Right of use assets	5	129,529	142,482
Total assets		1,104,838	1,893,563
Liabilities and shareholders' (deficit) equity			
Current liabilities			
Accounts payable and accruals		982,262	1,093,805
Current portion of lease liabilities	6	49,231	46,175
Convertible debentures	7	-	3,801,457
Total current liabilities		1,031,493	4,941,437
Convertible debentures	7	3,878,113	-
Lease liabilities	6	92,212	106,330
Decommissioning provision	8	89,429	95,615
Total liabilities		5,091,247	5,143,382
Shareholders' (deficit) equity			
Capital stock	9	43,129,537	43,129,537
Share-based compensation reserve		3,784,084	3,747,384
Convertible debentures - equity component	7	259,400	257,437
Deficit		(51,159,430)	(50,384,177)
Total shareholders' (deficit) equity		(3,986,409)	(3,249,819)
Total liabilities and shareholders' (deficit) equity		1,104,838	1,893,563

Nature of Operations and Going Concern (Note 1)
 Commitments and Contingencies (Note 13)

Approved by the Board of Directors

“Brad Virbitsky”

 Director

“Todd Garman”

 Director



**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND
 COMPREHENSIVE LOSS**
 (Expressed in Canadian Dollars)
 (Unaudited)

Three months ended December 31,	Note	2025	2024
		\$	\$
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Selling, general and administrative	11	468,013	538,796
Exploration and evaluation	3	161,598	93,160
Glass plant	4	40,527	12,746
Share-based compensation	9	36,700	(22,290)
Net (gain) loss on modification of financial instruments	7	(43,540)	68,164
Foreign exchange (gain) loss		(9,958)	56,159
Loss from operations		(653,340)	(746,735)
Net finance costs		121,913	101,848
Loss before income taxes		(775,253)	(848,583)
Income tax (recovery) expense		-	-
Net loss and comprehensive loss		(775,253)	(848,583)
Net loss per share – basic and diluted		(0.01)	(0.01)
Weighted average number of shares outstanding - basic and diluted		92,627,156	84,692,543

The accompanying notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements



**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN (DEFICIT)
EQUITY**
 (Expressed in Canadian Dollars)
 (Unaudited)

	Capital stock		Share purchase warrants	Share-based compensation reserve	Convertible debentures	Deficit	Total
	Number of shares	Amount					
		\$	\$	\$	\$	\$	\$
Balance at October 1, 2024	83,420,752	39,101,735	1,475,385	3,491,232	144,794	(48,138,486)	(3,925,340)
Share-based compensation	-	-	-	(22,290)	-	-	(22,290)
Common shares issued	9,206,404	4,027,802	-	-	-	-	4,027,802
Warrants exercised	-	-	(345,240)	-	-	-	(345,240)
Warrants expired	-	-	(1,130,145)	-	-	1,130,145	-
Loss on modification of convertible debentures	-	-	-	-	112,643	-	112,643
Net loss	-	-	-	-	-	(848,583)	(848,583)
Balance at December 31, 2024	92,627,156	43,129,537	-	3,468,942	257,437	(47,856,924)	(1,001,008)
Balance at October 1, 2025	92,627,156	43,129,537	-	3,747,384	257,437	(50,384,177)	(3,249,819)
Share-based compensation	-	-	-	36,700	-	-	36,700
Common shares issued	-	-	-	-	-	-	-
Warrants exercised	-	-	-	-	-	-	-
Warrants expired	-	-	-	-	-	-	-
Loss on modification of convertible debentures	-	-	-	-	1,963	-	1,963
Net loss	-	-	-	-	-	(775,253)	(775,253)
Balance at December 31, 2025	92,627,156	43,129,537	-	3,784,084	259,400	(51,159,430)	(3,986,409)

The accompanying notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Expressed in Canadian Dollars)
 (Unaudited)

Three months ended December 31,	Note	2025	2024
OPERATING ACTIVITIES		\$	\$
Net loss		(775,253)	(848,583)
Adjusted for the following:			
Depreciation	11	12,953	11,924
Share-based compensation	9	36,700	(22,290)
Net (gain) loss on modification of financial instruments	7	(43,540)	68,164
Interest and accretion		127,323	110,042
Unrealized foreign exchange (gain) loss		(13,728)	53,923
Decommissioning	3,4	(7,039)	(6,062)
Net changes in non-cash working capital		(102,456)	(31,096)
Net cash used in operating activities		(765,040)	(663,978)
INVESTING ACTIVITIES			
Net cash used in investing activities		-	-
FINANCING ACTIVITIES			
Proceeds from warrants exercised	9	-	3,682,562
Payment of lease	6	(15,373)	(15,225)
Net cash flow (used) from financing activities		(15,373)	3,667,337
(Decrease) increase in cash and cash equivalents		(780,413)	3,003,359
Cash and cash equivalents at beginning of period		1,523,812	736,746
Cash and cash equivalents at end of period		743,399	3,740,105
Supplemental disclosure of cash flow information:			
		\$	\$
Cash interest received		5,410	8,194

The accompanying notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements



1. NATURE OF OPERATIONS AND GOING CONCERN

(a) General

Canadian Premium Sand Inc. (the "Company") was formed under the Business Corporations Act (Ontario) on September 21, 2005 by articles of incorporation and continued under the Canada Business Corporations Act in 2019. The Company is a "Venture Issuer" as defined in National Instrument 51-102 and trades under the trading symbol "CPS". The Company's head and principal office is located at Suite 2000, 715 – 5th Avenue S.W., Calgary, Alberta T2P 2X6.

The Company has 41 contiguous quarry leases at the Wanipigow reserves ("Wanipigow Sand Quarry") located approximately 160 kilometers north of Winnipeg, Manitoba. These leases grant the Company exclusive rights to quarry silica sand, intended for industrial applications and feedstock for premium glass manufacturing.

(b) Going concern

These unaudited interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), including International Accounting Standard 34 (IAS 34), Interim Financial Reporting, on the basis of accounting principles applicable to a going concern, which assume the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

As at December 31, 2025 the Company had a deficit of \$51,159,430 (September 30, 2025 of \$50,384,177), cash and cash equivalents of \$743,399 (September 30, 2025 of \$1,523,812), current liabilities of \$1,031,493 (September 30, 2025 of \$4,941,437) and commitments associated with participation agreements, the acquisition of quarry leases, and an office lease for the twelve-month period to December 31, 2026 of \$176,500. For further details see Commitments and Contingencies (Note 13).

The Company's continued existence is dependent upon the preservation of its interest in the Company's quarry leases, and the successful pursuit of additional financing to fund its planned projects and future operations.

In December 2025, the Company reached an agreement with the holders of its outstanding convertible debentures to extend the maturity date to February 26, 2027.

Subsequent to period end, on March 2, 2026, the Company announced a non-brokered private placement of secured convertible debentures. The Company has received subscriptions for the convertible debentures totaling \$1,003,000. The non-brokered private placement is anticipated to close by the end of March 2026 and remains subject to acceptance by the TSX Venture Exchange. No convertible debenture proceeds had been received as at the date of issuance of these interim condensed consolidated financial statements. The proceeds will be used for general working capital purposes as the Company continues to advance strategic initiatives. For further details see Subsequent Events (Note 14).

Significant challenges in raising new capital through the equity and debt markets exist and there is no assurance that the Company's financing efforts will be successful. These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Basis of preparation and presentation

These unaudited interim condensed consolidated financial statements were prepared in accordance with IFRS Accounting Standards including IAS 34 on a basis consistent with the accounting, estimation and valuation policies described in the Company's audited financial statements for the year ended September 30, 2025.

These interim condensed consolidated financial statements are presented in Canadian Dollars, unless otherwise noted, and have been prepared on a historical cost basis, except for certain items that have been measured at fair value.

The interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries at December 31, 2025. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

Certain information and disclosures normally included in the notes to the annual financial statements were condensed or omitted. These interim condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended September 30, 2025.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 2, 2026.

(b) Future accounting pronouncements

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18, Presentation and Disclosure in Financial Statements, which will replace IAS 1 Presentation of Financial Statements. The new standard will establish a revised structure for the consolidated statements of comprehensive loss and improve comparability across entities and reporting periods. IFRS 18 is effective for annual periods beginning on or after January 1, 2027. The standard is to be applied retrospectively, with certain transition provisions. The Company is currently evaluating the impact of adopting IFRS 18 on the consolidated financial statements.

In May 2024, the IASB issued amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures. The amendments include clarifications on the derecognition of financial liabilities and the classification of certain financial assets. The amendments are effective for annual periods beginning on or after January 1, 2026, and will be applied retrospectively. The Company is currently evaluating the impact of the amendments on the consolidated financial statements.

3. EXPLORATION AND EVALUATION

The exploration and evaluation expenditures of the Company relate to the development of the Wanipigow Sand Quarry and are broken down by category as follows:



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
For the three months ended December 31, 2025

3. EXPLORATION AND EVALUATION - CONTINUED

Three months ended December 31,	2025	2024
	\$	\$
Advance royalty payments	50,000	50,000
Acquisition and participation costs	23,706	23,776
Field office expenses	9,974	10,356
Consulting	9,000	9,000
Equipment rental and site supplies	294	118
Quarry design	72,766	3,900
Decommissioning	(4,142)	(3,990)
Total exploration and evaluation	161,598	93,160

4. GLASS PLANT

Expenditures incurred for the development of the premium glass manufacturing facilities are broken down as follows:

Three months ended December 31,	2025	2024
	\$	\$
Plant feasibility	21,663	14,818
Glass plant design	21,761	-
Decommissioning	(2,897)	(2,072)
Total glass plant	40,527	12,746

5. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

The Company owns a vehicle, classified as a PP&E asset, and leases property, classified as ROU assets, as set out below:

	PP&E ASSET	ROU ASSETS
	\$	\$
Cost		
Balance at September 30, 2024	23,077	187,169
Additions	-	108,393
Balance at September 30, 2025	23,077	295,562
Balance at December 31, 2025	23,077	295,562



5. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS – CONTINUED

Accumulated depreciation

Balance at September 30, 2024	23,077	103,699
Depreciation	-	49,381
Balance at September 30, 2025	23,077	153,080
Depreciation	-	12,953
Balance at December 31, 2025	23,077	166,033

	PP&E ASSET	ROU ASSETS
	\$	\$
Carrying amounts		
Balance at September 30, 2025	-	142,482
Balance at December 31, 2025	-	129,529

6. LEASE LIABILITIES

The following table sets out the changes in lease obligations for the periods presented:

	\$
Balance at September 30, 2024	93,099
Additions	108,393
Interest expense	11,123
Principal payments	(60,110)
Balance at September 30, 2025	152,505
Interest expense	4,311
Principal payments	(15,373)
Balance at December 31, 2025	141,443
Current portion of lease liabilities at December 31, 2025	49,231
Non-current portion of lease liabilities at December 31, 2025	92,212

The Company has recognized lease liabilities in relation to all lease arrangements measured at the present value of the remaining lease payments at an incremental borrowing rate of 12%.

7. CONVERTIBLE DEBENTURES

The Company issued \$1,975,000 of secured convertible debentures on February 26, 2020, with an original maturity date of February 26, 2024. The convertible debentures bear interest at 12% per annum, compounded quarterly from the date of issuance and payable in arrears on maturity. On November 27, 2023, the maturity date was extended by one



7. CONVERTIBLE DEBENTURES - CONTINUED

year to February 26, 2025. A subsequent extension to February 26, 2026, was agreed on November 15, 2024, followed by a further extension to February 26, 2027, on December 15, 2025.

The convertible debentures are a secured obligation of the Company which rank senior to all present and future indebtedness that is not senior indebtedness, which will involve the grant by the Company, of a fixed and floating charge over all of its present and after acquired property. The convertible debentures and accrued interest thereon are convertible into common shares, at the holder's option, at a price of \$0.75 per common share, subject to adjustment in certain events, at any time prior to the maturity date.

The convertible debentures may be redeemed prior to their maturity date by the Company, in whole or in part, at any time the daily volume weighted average trading price is \$1.20 per common share or more over a 30 consecutive trading day period. The convertible debentures may be redeemed for either a cash payment or by issuing common shares at a deemed price of \$0.75 per common share that is equal to all outstanding principal and accrued interest up to the redemption date or any combination thereof, on not less than 30 days' notice to the convertible debenture holders.

The convertible debentures represent a compound financial instrument that contains a host debt contract and equity component. The net proceeds received from the issue of the convertible debentures have been split between the financial liability and equity components as follows:

	Liability Component	Equity Component
	\$	\$
Balance at September 30, 2024	3,383,419	144,794
Accrued interest and accretion (effective interest rate of 15.1%)	462,517	-
(Gain) loss on modification	(44,479)	112,643
Balance at September 30, 2025	3,801,457	257,437
Accrued interest and accretion (effective interest rate of 15.1%)	122,159	-
(Gain) loss on modification	(45,503)	1,963
Balance at December 31, 2025	3,878,113	259,400

In the year ended September 30, 2025, the extension of maturity date to February 26, 2026 resulted in the recognition of a gain on modification of the liability component of \$44,479 and a loss on modification of the equity component of \$112,643.

The Company reached an agreement on December 15, 2025, with all holders of its outstanding convertible debentures to further extend the maturity date by one year from February 26, 2026, to February 26, 2027, resulting in the recognition of a gain on modification of the liability component of \$45,503 and a loss on modification of the equity component of \$1,963. The net gain \$43,540 is recognized in net (gain) loss on modification of financial instruments in the interim condensed consolidated statements of loss and comprehensive loss. The amendment was considered a non-substantial modification, consequently the carrying amount of the liability was recalculated as the present value of the remaining cashflows, discounted at the original effective interest rate, resulting in a gain in the interim condensed consolidated statements of loss. In addition, the increase in the fair value of the equity component on modification resulted in a loss in the interim condensed consolidated statements of loss. The Company used the Black-Scholes option pricing model to determine the fair value of the modified equity component.

8. DECOMMISSIONING PROVISION

	\$
Balance at September 30, 2024	103,986
Change in estimated future cashflows	2,809
Change in discount rate	(14,369)
Accretion	3,189
Balance at September 30, 2025	95,615
Change in discount rate	(7,039)
Accretion	853
Balance at December 31, 2025	89,429

As at December 31, 2025, the undiscounted amount of estimated future cash flows required to settle the provision was discounted using a risk-free rate of 3.9% (September 30, 2025 – 3.6%) and assumes an inflation rate of 2.0% (September 30, 2025 – 2.0%). These obligations are expected to be settled in 34 years.

9. CAPITAL STOCK

(a) Authorized

The Company is authorized to issue an unlimited number of common shares. The shares have no par value. All issued shares are fully paid.

(b) Issued and outstanding common shares

	Number of Shares	Amount
		\$
Balance at September 30, 2024	83,420,752	39,101,735
Common shares issued	9,206,404	4,027,802
Balance at September 30, 2025	92,627,156	43,129,537
Balance at December 31, 2025	92,627,156	43,129,537

In the year ended September 30, 2025, the Company issued 9,206,404 common shares in connection with the exercise of 9,206,404 share purchase warrants for cash proceeds of \$3,682,562. Reflecting the fair value of the warrants exercised at \$345,240 (\$0.0375 per warrant), the fair value of the common shares issued in connection with these transactions was \$4,027,802.

9. CAPITAL STOCK - CONTINUED

(c) Share-based compensation

	Number of options	Weighted average exercise price
		\$
Balance at September 30, 2024	5,487,000	0.44
Granted	1,720,000	0.29
Forfeited	(680,000)	0.46
Expired	(250,000)	0.35
Balance at September 30, 2025	6,277,000	0.40
Balance at December 31, 2025	6,277,000	0.40
Exercisable at end of period	5,137,000	0.42

The majority of options issued to date vest 1/3 on grant date and 1/3 on each anniversary date of the grant over a subsequent two-year period and expire five years from the issue date.

Share-based compensation expense for the three months ended December 31, 2025, was \$36,700 compared to \$(22,290) for the same period in the prior year.

(d) Restricted, performance and deferred share units

As at December 31, 2025, there have been no restricted, performance or deferred share units granted.

(e) Share purchase warrants

	Number of Warrants	Amount
		\$
Balance at September 30, 2024	26,494,908	1,475,385
Warrants exercised	(9,206,404)	(345,240)
Warrants expired	(17,288,504)	(1,130,145)
Balance at September 30, 2025	-	-
Balance at December 31, 2025	-	-

In December 2024, the Company issued 9,206,404 common shares in connection with the exercise of 9,206,404 share purchase warrants that had a fair value of \$345,240 (\$0.0375 per warrant). On December 31, 2024, 17,288,504 share purchase warrants expired unexercised. Consequently, the Company reclassified the fair value of these warrants of \$1,130,145 from share purchase warrants to deficit. As at December 31, 2025, there are no share purchase warrants outstanding.

10. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL AND OTHER RISKS

(a) Fair value

The fair values of cash and cash equivalents, trade and other receivables, and accounts payable and accruals included in the interim condensed consolidated statements of financial position approximate their carrying amount due to the short-term maturity of these instruments.

The fair value of the lease liabilities, and the liability component of the convertible debentures is determined based on discounted cash flows, including interest at current rates for similar instruments.

Management's best estimate is that the carrying value of the debt component of the convertible debentures approximates its fair value as at December 31, 2025 and September 30, 2025, given its short maturity and the absence of observable market data for comparable instruments.

(b) Credit and interest rate risk

The Company's credit risk is primarily attributable to cash and cash equivalents and trade and other receivables included in current assets. Cash and cash equivalents consist of bank deposits, which are held by a Canadian chartered bank.

At December 31, 2025, the Company holds interest-bearing cash balances of \$640,234 (September 30, 2025 - \$1,395,241). The Company has collected the trade and other receivables balance in full, subsequent to the period end.

(c) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due and ensuring an adequate supply of funds to enable the Company to carry out its intended programs. As at December 31, 2025, the Company had cash and cash equivalents of \$743,399 (September 30, 2025 - \$1,523,812) to settle current liabilities of \$1,031,493 (September 30, 2025 - \$4,941,437) and commitments for the 12-month period to December 31, 2026 of \$176,500. All the Company's accounts payable and accruals have contractual maturities of less than one year and are subject to normal trade terms. The Company's principal source of liquidity is funding from key strategic investors. The Company monitors its liquidity position on an ongoing basis and manages liquidity risk by regularly evaluating operating budgets and forecasting cash flows to meet financing requirements. See Going Concern Note 1(b).

(d) Foreign currency risk

The Company is exposed to foreign currency exchange risk as the Company undertakes certain transactions in US dollars.

The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuation.

For the three months ended December 31, 2025, with other variables unchanged, a 10% strengthening (weakening) of the Canadian dollar against the US dollar would have decreased (increased) net loss in aggregate by approximately \$97,557. Included in accounts payable and accruals at December 31, 2025 is USD \$612,585 (September 30, 2025 - USD \$630,501).

11. SELLING, GENERAL AND ADMINISTRATIVE

The following table disaggregates the selling, general and administrative expenditures for the three months ended December 31:

Three months ended December 31,	2025	2024
	\$	\$
Employee compensation and benefits	271,768	200,283
Professional fees	154,024	288,512
Office	24,303	32,499
Depreciation	12,953	11,924
Shareholder information	4,965	5,578
Total selling, general and administrative	468,013	538,796

12. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The related parties are directors and officers of the Company and entities over which executive management and directors have control or significant influence. The amounts are for services rendered during the period and arose as a result of transactions entered into with the related parties in the ordinary course of business.

In December 2025, the maturity date of the convertible debentures was extended to February 26, 2027. All holders of convertible debentures are executive officers, directors, or key strategic investors in the Company.

13. COMMITMENTS AND CONTINGENCIES

The Company is committed to payments under the terms of quarry leases, royalty and participation agreements, provincial statutes, and office lease as follows:

As at December 31, 2025	Payments due by period		
	Less than 1 year	1-3 years	4 -5 years
	\$	\$	\$
Quarry lease agreements ¹	58,500	175,500	117,000
Royalty and participation agreements ^{1,2}	100,000	525,000	200,000
Office lease	18,000	-	-
Total commitments	176,500	700,500	317,000

¹Beyond five years, the Company is committed to annual quarry lease payments of \$27 per hectare under lease and annual minimum production royalty payments of \$100,000.

²Certain of the royalty and economic participation agreements require payments to be made prior to the commencement of commercial production. Once commercial production commences, royalty and participation payments are based on tonnes sold, less any reductions related to advanced royalty payments already made as described in further detail below.

13. COMMITMENTS AND CONTINGENCIES - CONTINUED

(a) Royalty and economic participation agreement commitments

The Company has economic participation agreements with respect to the Wanipigow Sand Quarry with Hollow Water First Nation and the Incorporated Community of Seymourville (together, the "Economic Participation Agreements"). The Company has also entered into contractual agreements relating to the acquisition of title for 18 of its quarry leases.

Certain of the royalty and participation agreements entered into, required payments to be made prior to the commencement of commercial production as noted in the table above. A portion of the royalty payments made to date, plus applicable accrued interest, are considered advance royalty payments which total \$3,514,672 at December 31, 2025 (\$3,410,437 at September 30, 2025) which can be offset against specified future royalty payments owing when commercial production commences.

Once commercial production commences, the royalty and participation agreements combined with the royalty due under Manitoba Provincial statutes, have varying future payments based on a number of factors including the rate, location, and the sale point end use. Due to the variability in the royalty and participation obligations, the Company's future commitment ranges from a maximum of \$4.80 per tonne to a minimum of \$3.80 per tonne.

(b) Reduction in future cash royalty payments

The Company is required to make semi-annual advance royalty payments of \$50,000 under one of its royalty agreements and under another agreement, prepaid a lump sum of \$1.3 million which accrues interest at 9% per annum. The total accrued interest plus cash payments is \$3,514,672 at December 31, 2025, (\$3,410,437 as at September 30, 2025).

These semi-annual royalty payments will reduce future cash payments required under the royalty agreements, once production commences, and are expected to reduce cash payments for a number of years, depending on the annual mineral extraction rate.

14. SUBSEQUENT EVENTS

(a) Convertible Debenture Offering

On March 2, 2026, the Company announced a non-brokered private placement (the "Offering") of secured convertible debentures (the "Convertible Debentures"). Pursuant to the Offering, the Company has received subscriptions for the Convertible Debentures totaling \$1,003,000 from those who hold the Company's outstanding \$1.975 million aggregate principal amount of secured debentures due February 26, 2027 (the "Outstanding Convertible Debentures") as well as from certain other strategic investors.

The Convertible Debentures bear interest at 12% per annum, compounded quarterly from the date of issuance and payable in arrears on maturity. The Convertible Debentures mature on February 26, 2027 (the "Maturity Date"). The principal amount and accrued interest thereon are convertible into common shares ("Common Shares"), at the holder's option, at a price of \$0.15 per Common Share, subject to adjustment in certain events, at any time prior to the Maturity Date. As a condition to the completion of the Offering, the Company has agreed to amend the conversion price of the Outstanding Convertible Debentures from \$0.75 to \$0.15 per Common Share and make certain other amendments such



14. SUBSEQUENT EVENTS - CONTINUED

that the Outstanding Convertible Debentures will be on the same terms as the Convertible Debentures. The Convertible Debentures are a secured obligation of the Company and rank equally with the Outstanding Convertible Debentures and senior to all present and future indebtedness that is not senior indebtedness, which will involve the grant by the Company, of a fixed and floating charge over all of its present and after acquired property.

The Convertible Debentures may be redeemed prior to their Maturity Date by the Company, in whole or in part, at any time the daily volume weighted average trading price is \$0.24 per Common Share or more over a 30 consecutive trading day period. The Convertible Debentures may be redeemed for either a cash payment or by issuing Common Shares at a deemed price of \$0.15 per Common Share that is equal to all outstanding principal and accrued interest up to the redemption date or any combination thereof, on not less than 30 days' notice to the Convertible Debenture holders. Upon a change of control of the Company prior to the Maturity Date, unless the holder elects to convert the Convertible Debentures into Common Shares, the Company is required to repay all outstanding principal and accrued interest in cash, together with a change of control premium equal to 3% of the outstanding principal amount.

Certain directors of the Company, being Lowell Jackson, John Assman, Glenn Leroux, and its significant shareholder, being Paramount Resources Ltd., directly or indirectly subscribed for an aggregate amount of \$328,000 under the Offering. Accordingly, the Offering constitutes a "related party transaction" as defined under Multilateral Instrument 61-101.

The Offering is anticipated to be completed by the end of March 2026 and remains subject to the acceptance of the TSX Venture Exchange including the amendments to be made to the Outstanding Convertible Debentures. No Convertible Debenture proceeds had been received by the Company as at the date of issuance of these interim condensed consolidated financial statements.

(b) Board Director Resignation

On January 29, 2026, Rodrigo Sousa resigned from the Company's Board of Directors. Mr. Sousa has been a director of the Company since 2018.