FULL CIRCLE LITHIUM CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2025 AND 2024
(EXPRESSED IN UNITED STATES DOLLARS)

Independent Auditor's Report

To the Shareholders of Full Circle Lithium Corp.:

Opinion

We have audited the consolidated financial statements of Full Circle Lithium Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2025 and October 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2025 and October 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits 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 audits 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 2 in the consolidated financial statements, which indicates that the Company incurred a net loss and had operating cash outflows during the year ended October 31, 2025. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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 we do not express any form of assurance conclusion thereon.

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In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

MNP LLP

Toronto, Ontario
February 26, 2026

Chartered Professional Accountants
Licensed Public Accountants

Full Circle Lithium Corp.
Consolidated Statements of Financial Position
As at October 31, 2025 and 2024
(Expressed in United States Dollars)

	Notes	October 31, 2025	October 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		$ 2,270,365	$ 49,153
Trade and other receivables	7, 24	46,133	9,902
Inventory	8	114,588	2,434
Prepaid expenses and deposits	9	170,259	119,385
Assets held for sale	10	-	1,373,804
Total current assets		2,601,345	1,554,678
Restricted cash	6	-	39,032
Property, plant and equipment	10	3,322,760	3,745,843
Intangible assets	11	376,749	285,617
Total assets		$ 6,300,854	$ 5,625,170
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	13, 19	$ 390,015	$ 430,683
Deposits on equipment sale	10	-	50,000
Total liabilities		$ 390,015	$ 480,683
SHAREHOLDERS' EQUITY			
Share capital	15	$ 14,096,640	$ 11,296,750
Reserves	15, 16	3,974,953	2,938,127
Accumulated other comprehensive loss		(203,012)	(166,209)
Accumulated deficit		(11,957,742)	(8,924,181)
Total shareholders' equity		5,910,839	5,144,487
Total liabilities and shareholders' equity		$ 6,300,854	$ 5,625,170

Nature of operations (Note 1)
Going concern (Note 2)
Litigation Settlements (Note 20)
Subsequent Events (Note 26)

Approved by the Board of Directors on February 25, 2026

"Paul Fornazzari" Director

"Michael Cosic" Director

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

Full Circle Lithium Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended October 31, 2025 and 2024
(Expressed in United States Dollars)

	Notes	Year ended October 31, 2025	Year ended October 31, 2024
Revenue	21	$ 693,999	$ 9,990
Cost of goods sold	8	410,491	2,018
Gross profit		283,508	7,972
Operating expenses			
Salaries and wages	19	$ 784,046	$ 1,085,543
General and administrative	18	691,111	1,037,633
Share-based compensation	16, 19	493,050	577,940
Professional fees	19	471,908	389,269
Depreciation	10, 12	209,050	217,894
Travel & accommodation		176,561	78,382
Investor relations		108,941	105,309
Remediation costs		75,000	-
Transfer agent and filing fees		59,088	57,910
Amortization	11	15,311	2,852
Battery research		-	161,624
Total operating expenses		**(3,084,066)**	**(3,714,356)**
Other items			
Gain on sale of property, plant and equipment	10	101,796	-
Other income		10,388	-
Interest income		1,273	21,514
Interest expense		-	(128)
Accretion expense	14	-	(1,953)
Foreign exchange loss		(982)	(19,221)
Litigation settlement	20	(50,000)	(45,000)
Impairment loss	10	(295,478)	(22,817)
Total other items		**(233,003)**	**(67,605)**
Net loss		**$ (3,033,561)**	**$ (3,773,989)**
Other comprehensive loss			
Foreign currency translation		(36,803)	73,476
Net and comprehensive loss		**$ (3,070,364)**	**$ (3,700,513)**
Basic and diluted loss per common share		$ (0.04)	$ (0.05)
Weighted average number of common shares outstanding – basic and diluted		**78,770,687**	**70,142,371**

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

Full Circle Lithium Corp.
Consolidated Statements of Cash Flows
For the years ended October 31, 2025 and 2024
(Expressed in United States Dollars)

	Notes	Year ended October 31, 2025	Year ended October 31, 2024
Operating activities			
Net loss		$ (3,033,561)	$ (3,773,989)
Adjustments for:			
Share-based compensation	16	493,050	577,940
Depreciation	10, 12	209,050	217,894
Amortization	11	15,311	2,852
Impairment loss	10	295,478	22,817
Gain on sale of property, plant and equipment	10	(101,796)	-
Changes in non-cash working capital items:			
Restricted cash		39,032	255,784
Trade and other receivables		(36,293)	41,664
Inventory		(36,863)	(2,434)
Prepaid expenses and deposits		(51,429)	82,699
Accounts payable and accrued liabilities		(16,323)	(289,117)
Net cash used in operating activities		(2,224,344)	(2,863,890)
Investing activities			
Proceeds from sale of property, plant and equipment	10	1,425,600	-
Deposit on equipment sale	10	-	50,000
Purchase of property, plant and equipment	10	(151,914)	(1,715,128)
Purchase of intangible assets	11	(133,941)	(258,870)
Net cash provided by (used in) investing activities		1,139,745	(1,923,998)
Financing activities			
Proceeds from issuance of shares, net of issuance costs		3,105,907	1,044,177
Proceeds from exercise of warrants		237,759	-
Principal portion of lease liability payments	14	-	(11,380)
Net cash provided by financing activities		3,343,666	1,032,797
Effects of foreign currency translation		(37,855)	69,980
Net change in cash and cash equivalents		2,221,212	(3,685,111)
Cash and cash equivalents, beginning of year		49,153	3,734,264
Cash and cash equivalents, end of year		$ 2,270,365	$ 49,153

Supplemental Disclosure with Respect to Cash Flows (Note 23)

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

Full Circle Lithium Corp.
Consolidated Statements of Changes in Equity
For the years ended October 31, 2025 and 2024
(Expressed in United States Dollars)

	Shares	Share capital	Reserves	Accumulated other comprehensive loss	Accumulated Deficit	Total shareholders' equity
Balance, October 31, 2023	68,328,786	$10,532,826	$ 2,079,934	$ (239,685)	$ (5,150,192)	$ 7,222,883
Shares issued in private placements (Note 15)	6,262,000	907,700	235,845	-	-	1,143,545
Share issuance costs (Note 15)	-	(143,776)	44,408	-	-	(99,368)
Share-based compensation (Note 16)	-	-	577,940	-	-	577,940
Foreign currency translation	-	-	-	73,476	-	73,476
Net loss	-	-	-	-	(3,773,989)	(3,773,989)
Balance, October 31, 2024	74,590,786	$11,296,750	$ 2,938,127	$ (166,209)	$ (8,924,181)	$ 5,144,487
Shares issued in private placements (Note 15)	22,500,000	2,638,825	618,005	-	-	3,256,830
Share issuance costs (Note 15)	-	(228,314)	77,391	-	-	(150,923)
Exercise of warrants (Note 15)	1,314,400	389,379	(151,620)	-	-	237,759
Share based compensation (Note 16)	-	-	493,050	-	-	493,050
Foreign currency translation	-	-	-	(36,803)	-	(36,803)
Net loss	-	-	-	-	(3,033,561)	(3,033,561)
Balance, October 31, 2025	98,405,186	$14,096,640	$ 3,974,953	$ (203,012)	$ (11,957,742)	$ 5,910,839

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

1. Nature of Operations

Nature of business

Full Circle Lithium Corp. ("FCL", or the "Company") was incorporated in the Province of Ontario, Canada on March 8, 2021 pursuant to the Business Corporation Act (Ontario) (the "OBCA"). The common shares of the Company are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "FCLI", and on the OTCQB Venture Market under the trading symbol "FCLIF". The Company's registered office is located at Suite 1601, 110 Yonge Street, Toronto, ON, M5C 1T4. The principal business of the Company is the manufacture and sale of a lithium-ion battery fire-extinguishing agent, FCL-X™, in various forms.

2. Going Concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that assets will be realized, and liabilities discharged in the normal course of business in the foreseeable future. Accordingly, these consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or on the discharge or classification of liabilities, should the Company be unable to continue its business in the normal course. Such adjustments could be material.

The Company has only recently commenced revenue generation and has incurred losses since its inception. For the year ended October 31, 2025, the Company has incurred a net loss of $3,033,561 (year ended October 31, 2024 - $3,773,989). The Company also had operating cash outflows of $2,224,344 (year ended October 31, 2024 - $2,863,890).

The Company will periodically have to raise funds to continue operations, and, though it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors indicate the existence of material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern.

3. Basis of Presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on the historical cost basis. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in United States dollars.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on February 25, 2026.

Basis of consolidation

These consolidated financial statements include the financial statements of the parent company, Full Circle Lithium Corp., and its subsidiaries, Full Circle Canada Inc., and Full Circle Lithium (US) Inc., a corporation domiciled in the State of Georgia, United States.

A subsidiary is an entity over which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A subsidiary is consolidated from the date upon which control is acquired by the Company. All intercompany transactions have been eliminated upon consolidation.

4. Summary of Material Accounting Policies

Functional currency

The functional currency determination is based on management's assessment of the primary economic environment in which the entities operate. The functional currency of the Company and Full Circle Canada Inc., is the Canadian dollar. The functional currency of Full Circle Lithium (US) Inc., is the United States dollar.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted earnings (loss) 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 (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to purchase common shares at the average market price during the period.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The Company has one operating segment.

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date.

Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the initial transaction. Non-monetary items that are measured at fair values are reported at the exchange rate on the date when fair values are determined. Foreign currency translation differences are recognized in profit or loss, except for differences on the translation of foreign entities to reporting currency on consolidation, which are recognized in other comprehensive loss.

On consolidation, the assets and liabilities of entities are translated into the reporting currency at the rate of exchange at the reporting date and the consolidated statement of loss and comprehensive loss are translated at the average exchange rates for the period. The exchange differences arising on translation for consolidation purposes are recognized in other comprehensive loss.

Share-based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital.

4. Summary of Material Accounting Policies (continued)

Income Taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences; any differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are recognized as an asset when it is probable that an associated future economic benefit will flow to the Company and the cost can be measured reliably. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes costs incurred initially to acquire or construct a capital asset and costs incurred subsequently to add to, replace part of or service it. If a replacement cost is recognized in the carrying amount of a capital asset, the carrying amount of the replaced part is derecognized. Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual value.

Computer equipment is depreciated using the straight-line method over 3 years. Leasehold improvements and buildings are depreciated using the straight-line method over 20 years. Equipment is depreciated using the straight-line method over 10 years.

Intangible assets

Intangible assets are recognized when it is probable that an associated future economic benefit will flow to the Company and the cost can be measured reliably. Intangible assets are measured at cost less accumulated amortization and impairment losses. Costs for acquired intangible assets include costs incurred initially to acquire and directly attributable costs of preparation for intended use. Costs for internally generated intangible assets include costs incurred in the development phase. Costs in the research phase are expensed as incurred. Intangible assets have a finite life and are amortized on a straight-line basis over their expected useful lives to their estimated residual value, if any.

Trademark, patents and development costs are amortized using the straight-line method over 20 years.

4. Summary of Material Accounting Policies (continued)

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss, or any reversal of a previously recognized impairment loss, is recognized immediately in profit or loss. In addition, intangible assets with an indefinite useful life or are not yet available for use are subject to an annual impairment assessment.

Inventory

Inventory is valued at the lower of cost and net realizable value. The cost of inventory is calculated using the weighted average method and comprises all costs necessary to bring the inventory to saleable condition. Net realizable value represents the estimated selling price of inventory in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and, when applicable, short-term, highly liquid deposits which are either cashable or with original maturities of less than three months at the date of their acquisition.

Financial instruments

Financial Instrument	Classification
Cash and cash equivalents	Amortized cost
Restricted cash	Amortized cost
Trade receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), amortized cost, or fair value through other comprehensive income ("FVTOCI"). The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

4. Summary of Material Accounting Policies (continued)

Financial instruments (continued)

iii. Fair value through other comprehensive income ("FVTOCI")

All financial assets not classified at amortized cost or FVTOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Impairment of financial assets

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statements of financial position as a deduction from the gross carrying amount of the financial asset.

Derecognition

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Financial liabilities are classified as either financial liabilities at amortized cost or FVTPL. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following five categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above. Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

4. Summary of Material Accounting Policies (continued)

Financial instruments (continued)

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

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

Related party transactions

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. 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.

Leases and right-of-use assets

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the leases as an operating expense on a straight-line basis over the term of the lease.

When a lease is identified, the Company allocates the consideration in the contract to each of the lease components, separately from the non-lease components, on the basis of their relative stand-alone price.

A right-of-use asset (a “lease asset”) and a lease liability are recognized in the statement of financial position at the lease commencement date.

Right-of-use assets

A lease asset is initially recognized at cost, which comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made or any lease incentives received at or before the commencement date, plus any initial direct costs incurred by the Company and an estimate of costs to be incurred in dismantling, removing or restoring the asset or site, as required by the terms and conditions of the lease.

The lease asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the lease asset or the end of the lease term. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

4. Summary of Material Accounting Policies (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

Revenue recognition

In accordance with IFRS 15 Revenue, the Company applies the following 5-step revenue recognition model based on the principle that an entity should recognize revenue as performance obligations are satisfied based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Sales of lithium fire-extinguishing agent FCL-X®

Revenue from the sale of goods is recognized at the point when the Company has satisfied its performance obligations in the contract and control is transferred to the customer, generally upon shipment or delivery of the goods to the customer. Revenue is recognized at an amount that reflects the consideration to which the Company ultimately expects to be entitled in exchange for those goods.

4. Summary of Material Accounting Policies (continued)

Assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met when the sale is highly probable, the asset is available for sale in its present condition. For the sale to be highly probable, there must be an active program to locate a buyer and a plan to complete the sale must be initiated. The asset must be actively marketed for a price reasonable in relation to its fair value, and the sale should be expected to be completed within one year from the date of classification. Certain events or circumstances beyond the Company's control may extend the period to complete the sale beyond one year.

The assets that meet these criteria are measured at the lower of carrying amount and fair value less cost of disposal, with impairments recognized in the consolidated statement of loss and comprehensive loss. An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less cost to dispose. Non-current assets and liabilities held for sale are presented separately in current assets and liabilities within the consolidated statement of financial position. Assets held for sale are not depreciated, depleted or amortized. The comparative period consolidated statement of financial position is not restated.

Asset Retirement Obligations

Asset retirement obligations ("AROs") represent legal or constructive obligations associated with the dismantling, removal, or restoration of manufacturing facilities, production equipment, or leased premises arising from the acquisition, construction, installation, or normal use of property, plant and equipment. The Company accounts for asset retirement obligations in accordance with IAS 16 – Property, Plant and Equipment and IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

An asset retirement obligation is recognized when the Company has a present legal or constructive obligation as a result of past manufacturing activities, it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When recognized, the present value of the estimated future costs is recorded as a provision, with a corresponding amount capitalized as part of the cost of the related asset. Such costs may include dismantling or removal of production lines, restoration of leased manufacturing space, or remediation required under environmental or contractual arrangements.

As at year-end, management has evaluated the Company's manufacturing facilities, production equipment, and lease arrangements and determined there is an obligation to remove certain hazardous materials from the Company's manufacturing facilities. As at October 31, 2025 an accrual has been recorded in relation to the removal of these hazardous materials (Note 13).

Accounting standards adopted

The Company adopted the following amendment as of November 1, 2024:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period";
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability;
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishments of the liability.

4. Summary of Material Accounting Policies (continued)

Accounting standards issued but not yet effective

The Effects of Changes in Foreign Exchange Rates (Amendments to IAS 21)

The IASB has issued amendments that clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one. These narrow-scope amendments aim to improve the usefulness of the resulting information in a cost-effective manner.

The amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* are effective for annual periods beginning on or after 1 January 2027. Earlier application is permitted. The Company does not expect the impact to be material to the Company's current or future reporting periods.

IFRS 18 *Presentation and Disclosure in Financial Statements*

In May 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1 *Presentation of Financial Statements*. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted.

The standard introduces new requirements to improve the comparability and transparency of financial performance, including:

- Defined categories of income and expenses (operating, investing and financing) in the statement of profit or loss;
- New required subtotals, including operating profit and profit before financing and income taxes;
- Enhanced principles for aggregation and disaggregation of information in the financial statements; and
- New disclosure requirements for management-defined performance measures used in public communications outside the financial statements.

The Company is currently assessing the impact of IFRS 18 on its financial statements. While the adoption of IFRS 18 is not expected to affect the recognition or measurement of the Company's assets, liabilities, income or expenses, it is expected to result in changes to the presentation of the statement of profit or loss and additional disclosures. The Company has not elected to early adopt IFRS 18.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

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 are discussed below:

5. Significant Accounting Judgments, Estimates and Assumptions (continued)

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Term and incremental borrowing rate of lease

In determining lease terms, the Company used its judgment to determine if the extension and purchase options would be exercised. Furthermore, the Company does not believe the interest rate implicit in its leases can be readily determined. It therefore used its judgment to determine the incremental borrowing rate and used it as the discount rate to establish its lease liability. For every lease, management makes a judgment to determine the appropriate lease term. Management considers all relevant facts and circumstances that create an economic incentive for the Company to exercise a renewal option or not to exercise a termination option, including, for example, investments in extensive leasehold improvements. The periods covered by the renewal options are included in the lease term only if management is reasonably certain it will renew the lease. Management considers reasonable certainty to be a high threshold. Changes in the economic environment can have an impact on management's lease term assessments, and any changes in the estimates that management makes for lease terms could have a significant impact on the Company's consolidated statement of financial position and consolidated statement of net loss and comprehensive loss. Management considers the best economic information available to split the fair value of the lease between building and land.

Estimation of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the plant. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Recoverability of asset carrying values

The Company assesses its property, plant and equipment and intangible assets for impairment if there are events or changes in circumstances that indicate that carrying values may not be recoverable at each statement of financial position date. Such indicators include changes in the Company's business plans, changes in the market and evidence of physical damage.

Determination as to whether and how much an asset is impaired involves management's judgment on highly uncertain matters such as future selling and purchasing prices, the effects of inflation on operating expenses, discount rates, and economics of products.

Going concern

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

(Expressed in United States Dollars)

5. Significant Accounting Judgments, Estimates and Assumptions (continued)

Capitalization of intangible assets

The Company applied judgment in determining its ability to capitalize development costs as intangible assets (Note 11), through the determination that the Company exited a research phase and commenced a development phase of its research and development activities for its lithium fire-extinguishing agent as at June 1, 2024. The Company accordingly ceased expensing related costs as research expenses and started capitalization as intangible assets.

Estimated useful life of property, plant and equipment

Depreciation of the Company's property, plant and equipment involves estimates of future useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby impacting the value of the Company's property, plant and equipment.

Assets held for sale

The Company applied judgment in application of its accounting policies in determining that the sale of lithium and battery material reintegration equipment (Note 10) is probable, met the held for sale criteria as at October 31, 2024, and to estimate the date of closing of that sale. The Company accordingly presents certain equipment related to lithium and battery material reintegration as assets held for sale. The Company also applied judgment in its assessment of the fair value less cost to sell of assets held for sale, including through reference to market values and potential agreements to sell, as well as the probability of successful conclusion of such agreements to sell.

6. Restricted Cash

Restricted cash represents funds held as financial assurance as required by 40 CFR §261.143 and other regulations set forth by the United States Environmental Protection Agency, in connection to the coverage of the estimated future costs of closure of the lithium-ion battery fire-extinguishing facility toperated by the Company in Nahunta, Georgia, United States. During the year ended October 31, 2025, the Company received a full refund for the $39,032 of restricted cash.

7. Trade and Other Receivables

	October 31, 2025	October 31, 2024
HST receivable	$ 25,182	$ 9,893
Trade receivables	20,942	-
Accrued interest	9	9
	$ 46,133	$ 9,902

8. Inventory

	October 31, 2025	October 31, 2024
Raw materials	$ 55,480	$ 2,434
Work in progress	18,750	-
Finished goods	40,358	-
	$ 114,588	$ 2,434

During the year ended October 31, 2025, cost of goods sold included materials of $43,930 (year ended October 31, 2024 - $1,778), labour of $220,246 (year ended October 31, 2024 - $240), depreciation of $26,092 (year ended October 31, 2024 - $Nil) and other overhead and selling costs of $120,223 (year ended October 31, 2024 - $Nil).

(Expressed in United States Dollars)

9. Prepaid Expenses and Deposits

	October 31, 2025	October 31, 2024
Prepaid expenses	$ 159,131	$ 110,764
Deposits	11,128	8,621
	$ 170,259	$ 119,385

10. Property, Plant and Equipment

	Computers ($)	Equipment ($)	Leasehold Improvements ($)	Land ($)	Building ($)	Total ($)
Cost						
Balance, October 31, 2023	4,594	1,389,857	2,298,732	8,000	-	3,701,183
Additions	-	804,396	365,804	48,655	6,126	1,224,981
Transfer from right-of-use assets (Note 12)	-	-	-	62,010	421,952	483,962
Classified as held for sale	-	(1,422,510)	-	-	-	(1,422,510)
Balance, October 31, 2024	4,594	771,743	2,664,536	118,665	428,078	3,987,616
Additions	3,454	11,100	92,932	-	2,130	109,616
Balance, October 31, 2025	8,048	782,843	2,757,468	118,665	430,208	4,097,232
Accumulated Depreciation						
Balance, October 31, 2023	1,061	-	49,974	-	-	51,035
Depreciation	1,531	79,200	115,163	-	20,734	216,628
Impairment	-	22,817	-	-	-	22,817
Classified as held for sale	-	(48,707)	-	-	-	(48,707)
Balance, October 31, 2024	2,592	53,310	165,137	-	20,734	241,773
Depreciation	1,657	75,997	137,463	-	22,104	237,221
Impairment	-	295,478	-	-	-	295,478
Balance, October 31, 2025	4,249	424,785	302,600	-	42,838	774,472
Net Book Value						
Balance, October 31, 2024	2,002	718,433	2,499,399	118,665	407,344	3,745,843
Balance, October 31, 2025	3,799	358,058	2,454,868	118,665	387,370	3,322,760

During the year ended October 31, 2025, $2,079 (year ended October 31, 2024 - $Nil) in depreciation was allocated to inventory and $26,092 (year ended October 31, 2024 - $Nil) in depreciation was allocated to cost of goods sold.

Certain additions of equipment and leasehold improvements are related party transactions. See Note 19 for further details.

As at October 31, 2024, certain equipment with a net book value of $1,373,804 located at the Company's facility in Nahunta, Georgia related to lithium and battery material reintegration operations was not anticipated to be used in future operations. The Company committed to a plan to sell the equipment. On reclassification to held-for-sale, the equipment was remeasured at the lower of its fair value less costs of disposal ($1,475,600, which is the agreed-upon sale price for the equipment) and its carrying amount ($1,373,804). As such, no impairment loss was recorded. The Company received $50,000 in deposit from the prospective buyer in relation to the sale. During the year ended October 31, 2025, the sale transaction was completed, resulting in a gain of $101,796.

(Expressed in United States Dollars)

10. Property, Plant and Equipment (continued)

As at October 31, 2025, certain equipment with a net book value of $295,478 (as at October 31, 2024 - $22,817) located at the Company's facility in Nahunta, Georgia related to lithium and battery material reintegration operations and are not anticipated to be used in future operations, but were not included in the aforementioned equipment sale. As the equipment has no contemplated use for the Company's operations, the Company recognized an impairment equal to the full net book value of those equipment.

All other property, plant and equipment are available for use at October 31, 2025 and are therefore being depreciated.

11. Intangible assets

	Trademark and Patents	Development Costs	Total
Cost			
Balance, October 31, 2023	$ -	$ -	$ -
Additions	17,805	270,664	288,469
Balance, October 31, 2024	$ 17,805	$ 270,664	$ 288,469
Additions	8,836	97,607	106,443
Balance, October 31, 2025	**$ 26,641**	**$ 368,271**	**$ 394,912**
Accumulated Amortization			
Balance, October 31, 2023	$ -	$ -	$ -
Amortization	322	2,530	2,852
Balance, October 31, 2024	$ 322	$ 2,530	$ 2,852
Amortization	954	14,357	15,311
Balance, October 31, 2025	**$ 1,276**	**$ 16,887**	**$ 18,163**
Net Book Value			
Balance, October 31, 2024	$ 17,483	$ 268,134	$ 285,617
Balance, October 31, 2025	**$ 25,365**	**$ 351,384**	**$ 376,749**

12. Right-of-Use Assets

	Land	Building	Total
Balance, October 31, 2023	$ 62,010	$ 423,218	$ 485,228
Depreciation	-	(1,266)	(1,266)
Transfer to property, plant and equipment (Note 10)	(62,010)	(421,952)	(483,962)
Balance, October 31, 2024 and 2025	**$ -**	**$ -**	**$ -**

Management allocated the value between land and building based on their stand-alone fair values. The assets under lease (Note 14) were purchased by the Company on November 21, 2023, and therefore transferred to property, plant and equipment (Note 10).

13. Accounts Payable and Accrued Liabilities

	October 31, 2025	October 31, 2024
Accounts payable	$ 141,861	$ 118,077
Accrued liabilities	248,154	312,606
	$ 390,015	$ 430,683

Included in accrued liabilities is $75,000 of remediation costs related to the safe removal of hazardous materials from the Company's manufacturing facilities.

(Expressed in United States Dollars)

14. Lease Liability

The lease of the Company related to a piece of land and building in Nahunta, Georgia, United States, where the lithium-ion battery fire-extinguishing facility is situated. The term of the lease commenced on June 9, 2022 for monthly rent of $2,500, and was set to expire on June 7, 2032. There was an option to extend the term for an additional 10 years, for a monthly rent of $5,000.

The lease includes an option to purchase the property by the Company, (i) if exercised prior to June 9, 2023, for a price of $250,000; or, (ii) if exercised on or after June 9, 2023, for a price of $250,000 upon transfer of title, and a further $250,000 contingent upon the receipt by the Company of a legal opinion from a law firm that the lien on the property has been extinguished. The lease of property is subject to a general lien up to $250,000.

		Total
Balance, October 31, 2023	$	481,380
Accretion expense		1,953
Lease payments		(13,333)
Lease extinguishment		(470,000)
Balance, October 31, 2024 and 2025	**$**	**-**

The lease that the Company entered into is a related party transaction. See Note 19 for further details.

At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date and the exercise of a purchase option estimated to be made in June of 2024. The lease payments were discounted using an interest rate of 7.0%, which was the Company's incremental borrowing rate based on estimated commercial mortgage rates in the United States. The effective interest rate was 7.72%.

After the completion of a reverse take-over of the Company and the listing of its shares, in May 2023, the lease was modified for an increase of monthly lease payment to $5,000 per month. The lease liability was remeasured at the present value of the lease payments that were not paid at that date, and the exercise of the purchase option was estimated to be made in November 2023. The lease payments were discounted using an interest rate of 7.0%, which was the Company's incremental borrowing rate based on estimated commercial mortgage rates in the United States. The effective interest rate was 7.25% upon modification.

On May 7, 2023, the Company entered into a term sheet in connection to negotiations with the landlord regarding a potential transaction wherein the purchase option would be exercised for the Company to acquire ownership of the property under lease. In accordance with the term sheet, an advance payment of $30,000 was made by the Company to the landlord.

On September 24, 2023, the Company entered into a contract for the purchase of real estate with the landlord regarding the exercise of the purchase option for the Company to acquire ownership of the property under lease. The transaction price was $500,000, payable as follows:

i) $250,000 upon closing less a credit of $30,000 paid in advance; and
ii) $250,000 pursuant to an escrow agreement in which $125,000 was paid to the seller on March 28, 2024, and the remaining $125,000 was paid to the seller upon satisfaction of the lien on the property.

On November 21, 2023, the Company completed the transaction to purchase the property under lease and received the title to the land and building at the site. In accordance with the agreement between the parties, the entire $500,000 has been paid to the landlord, inclusive of the $30,000 paid in advance to the landlord. The lease liability was derecognised, and right-of-use assets (Note 12) associated with this lease were transferred to property, plant and equipment (Note 10), with net book value of $62,010 allocated to land, and $421,952 allocated to buildings. There was no gain or loss on extinguishment of lease liability as a result of this transaction.

15. Share Capital

Authorized share capital

The authorized share capital consists of an unlimited number of common shares without par value.

Issued shares

For the year ended October 31, 2025:

On April 30, 2025, 1,314,400 finder's warrants were exercised at CAD$0.25 for total cash proceeds of $237,759 (CAD$328,600). The Company recognized a transfer of $151,620 from Reserves to Share capital upon the exercise of the 1,314,400 finder's warrants. The Company's shares were trading at CAD$0.275 on the date of the warrant exercise.

On September 5, 2025, the Company closed a brokered private placement of 22,500,000 units at CAD$0.20 per unit, for aggregate proceeds of $3,256,830 (CAD$4,500,000). Each unit comprised of one common share of the Company, and one-half of one common share purchase warrant of the Company (the "Warrant"). Each whole Warrant is exercisable at a price of CAD$0.30 per common share for 24 months from the date of issuance. The Warrants were assigned a fair value of $618,005 (CAD$853,905) estimated by using the Black-Scholes option pricing model, using the following assumptions: share price – CAD$0.25, exercise price – CAD$0.30; risk-free interest rate – 2.54%; expected volatility – 95.69%; dividend yield – 0%; and expected life – 2.0 years.

In connection with the Private Placement, and pursuant to the terms of a finder's agreement entered into by the finders and the Company, the finders are entitled to: (i) a cash commission of $109,839 (CAD$151,790); and (ii) 751,450 finder warrants (the "Finder Warrants"). Each Finder Warrant is exercisable for one common share of the Company and one half of one Warrant, at a price of CAD$0.20 for a period of 24 months from the date of issuance. Each whole Warrant underlying the Finder Warrants is exercisable at a price of CAD$0.30 per common share for 24 months from the date of issuance. The Finder Warrants were assigned a fair value of $77,391 (CAD$106,933), estimated by using the Black-Scholes option pricing model, using the following assumptions: share price – CAD$0.25, exercise price – CAD$0.20; risk-free interest rate – 2.54%; expected volatility – 95.83%; dividend yield – 0%; and expected life – 2.0 years. The Company also incurred $41,084 (CAD$56,807) in filing and legal fees pursuant to the private placement.

For the year ended October 31, 2024:

On July 18, 2024, the Company closed a non-brokered private placement of 6,262,000 units at CAD$0.25 per unit, for aggregate proceeds of $1,143,545 (CAD$1,565,500) (the "July 2024 Private Placement"). Each unit comprised of one common share of the Company, and one-half of one common share purchase warrant of the Company (the "Warrant"). Each whole Warrant is exercisable at a price of CAD$0.35 per common share for 24 months from the date of issuance. The Warrants were assigned a fair value of $235,845 (CAD$322,870) estimated by using the Black-Scholes option pricing model, using the following assumptions: share price – CAD$0.26, exercise price – CAD$0.35; risk-free interest rate – 3.70%; expected volatility – 111.27%, using comparable companies; dividend yield – 0%; and expected life – 2.0 years.

In connection with the July 2024 Private Placement, and pursuant to the terms of a finder's agreement entered into by the finders and the Company, the finders are entitled to: (i) a cash commission of $72,049 (CAD$98,634); and (ii) 394,535 finder warrants (the "Finder Warrants"). In addition, the Company paid legal and filing fees of $27,319 (CAD$37,400) included in share issuance cost. Each Finder Warrant is exercisable for one common share of the Company and one half of one Warrant, at a price of CAD$0.25 for a period of 24 months from the date of issuance. Each whole Warrant underlying the Finder Warrants is exercisable at a price of CAD$0.35 per common share for 24 months from the date of issuance. The Finder Warrants were assigned a fair value of $44,408 (CAD$60,794), estimated by using the Black-Scholes option pricing model, using the following assumptions: share price – CAD$0.26, exercise price – CAD$0.25; risk-free interest rate – 3.70%; expected volatility – 111.27%, using comparable companies; dividend yield – 0%; and expected life – 2.0 years.

16. Stock Options ("Options")

On August 2, 2022, the Company's Option Plan was approved by the Board of Directors (the "Board"). Pursuant to the terms of the Options, the Board may designate directors, officers, employees and consultants of the Company eligible to receive options to acquire such numbers of common shares as the Board may determine, the term of each option is specified by the Board, up to a maximum of ten years from the date of grant. The maximum number of common shares reserved for issuance for the instruments granted under the Options at any time is 10% of the issued and outstanding common shares of the Company.

For the year ended October 31, 2025:

On November 6, 2024, the Company granted 2,050,000 Options to management, directors, senior employees and consultants with an exercise price of CAD$0.275. Of these options, 20% vest immediately, and 20% vest every six months afterwards, for a period of 24 months. A fair value of CAD$475,617 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price CAD$0.30; dividend yield – 0%; expected volatility – 101.47%, using comparable companies; risk free interest rate – 3.12%; and expected life – 5.0 years.

On January 19, 2025, the Company granted 50,000 Options to a senior employee with an exercise price of CAD$0.25. The options vest after 12 months. A fair value of CAD$10,261 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price CAD$0.27; dividend yield – 0%; expected volatility – 98.81%, using comparable companies; risk free interest rate – 2.99%; and expected life – 5.0 years.

On April 1, 2025, the Company granted 25,000 Options to an employee with an exercise price of CAD$0.40. The options vest after 12 months. A fair value of CAD$6,746 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price CAD$0.37; dividend yield – 0%; expected volatility – 97.11%, using comparable companies; risk free interest rate – 2.57%; and expected life – 5.0 years.

On September 8, 2025, the Company granted 2,000,000 Options to management, directors, and consultants with an exercise price of CAD$0.30. The options vest immediately upon grant. A fair value of CAD$233,924 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price CAD$0.25; dividend yield – 0%; expected volatility – 95.62%; risk free interest rate – 2.50%; and expected life – 2.0 years.

During the year ended October 31, 2025, 267,500 vested Options granted to former employees became forfeited as a result of the 12 month anniversary of cessation of employment relationship between the Company and the former employees. During the year ended October 31, 2025, 80,000 unvested Options granted to former employees became forfeited as a result of the cessation of employment relationship between the Company and the former employees.

For the year ended October 31, 2024:

On November 21, 2023, the Company granted 1,327,500 Options to management, directors, senior employees, and consultants with an exercise price of CAD$0.55. Of these options, 25% vest immediately and 25% vest every six months afterwards, for a period of 18 months. A fair value of CAD$497,762 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price CAD$0.50; dividend yield – 0%; expected volatility 100.37%, using comparable companies; risk free interest rate – 3.75%; and expected life – 5.0 years.

On October 16, 2024 and October 30, 2024, previously granted stock options by the Company, amounting to 75,000 Options to the former Chief Technology Officer ("CTO"), and 917,500 Options to the former Chief Operating Officer ("COO"), respectively, became forfeited as a result of the cessation of employment relationship between the Company and the former CTO and former COO.

During the year ended October 31, 2025, the Company recorded share-based compensation of $493,050 (year ended October 31, 2024 - $577,940).

(Expressed in United States Dollars)

16. Stock Options ("Options") (continued)

The following table reflects the continuity of Options from October 31, 2023 to October 31, 2025:

	Number of Options	Weighted average exercise price CAD ($)
Balance, October 31, 2023	3,850,000	0.52
Granted	1,327,500	0.55
Forfeited	(992,500)	0.48
Balance, October 31, 2024	4,185,000	0.54
Granted	4,125,000	0.29
Forfeited	(347,500)	0.47
Balance, October 31, 2025	**7,962,500**	**0.41**

The following table reflects the actual Options issued and outstanding as at October 31, 2025:

Expiry date	Exercise price CAD ($)	Weighted average remaining contractual life (years)	Total options	Options exercisable
August 2, 2027	0.25	1.75	925,000	925,000
September 8, 2027	0.30	1.85	2,000,000	2,000,000
April 26, 2028	0.70	2.49	1,395,000	1,395,000
September 5, 2028	0.70	2.85	375,000	375,000
November 21, 2028	0.55	3.06	1,177,500	1,177,500
November 6, 2029	0.275	4.02	2,015,000	815,000
January 19, 2030	0.25	4.22	50,000	-
April 1, 2030	0.40	4.42	25,000	-
		2.75	**7,962,500**	**6,687,500**

17. Warrants

The following table reflects the continuity of warrants from October 31, 2023 to October 31, 2025:

	Number of warrants	Weighted average exercise price CAD ($)
Balance, October 31, 2023	9,171,288	0.94
Issued (Note 15)	3,525,535	0.34
Balance, October 31, 2024	12,696,823	0.77
Issued (Note 15)	12,001,450	0.29
Exercised (Note 15)	(1,314,400)	0.25
Expired	(869,495)	0.70
Balance, October 31, 2025	**22,514,378**	**0.43**

(Expressed in United States Dollars)

17. Warrants (continued)

The following table reflects the actual share purchase warrants issued and outstanding as at October 31, 2025:

Expiry date	Exercise price CAD ($)	Weighted average remaining contractual life (years)	Grant date fair value ($)	Number of warrants outstanding
April 21, 2026	0.70	0.47	1,054,493	6,987,393[(1)]
July 18, 2026	0.35	0.71	235,845	3,131,000
July 18, 2026	0.25	0.71	44,408	394,535
September 5, 2027	0.30	1.85	618,005	11,250,000
September 5, 2027	0.20	1.85	77,391	751,450
		1.24	**1,710,918**	**22,514,378**

(1) On March 17, 2025, the Company amended the exercise price of 6,987,393 warrants outstanding from CAD$1.10 to CAD$0.70 and extended the expiry date from April 21, 2025 to April 21, 2026.

18. General and Administrative Expenses

Details of the Company's general and administrative expenses are summarized as follows:

	Year ended October 31, 2025	Year ended October 31, 2024
Administrative expenses	$ 269,435	$ 248,158
Insurance	184,512	287,944
Advertising	97,509	45,182
Rent and equipment rentals	79,474	334,035
Supplies	49,378	95,847
Utilities and waste disposal	10,803	26,467
	$ 691,111	$ 1,037,633

19. Related Party Transactions

Key management includes directors and other key personnel, including the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), former COO, former CTO, and former Chief Financial Officer ("former CFO"), who have authority and responsibility for planning, directing, and controlling the activities of the Company.

All related party transactions are in the normal course of operations and are measured at fair value. All amounts either due from or due to related parties other than specifically disclosed are non-interest bearing, unsecured, and have no fixed terms of repayments.

(Expressed in United States Dollars)

19. Related Party Transactions (continued)

Related party transactions with directors and companies controlled by directors include the following:

	Year ended October 31, 2025	Year ended October 31, 2024
Share-based compensation		
Independent directors[1]	$ 211,971	$ 216,977
Professional fees		
Company, which Chairman is a former partner[2]	9,807	28,870
	$ 221,778	$ 245,847

(1) Share-based compensation was issued to four independent directors of the Company.
(2) The Chairman of the Company was a partner at Fasken Martineau DuMoulin LLP ("Fasken") until December 31, 2024. Professional fees were paid by the Company for services relating to intellectual property protection matters rendered by Fasken to the Company.

Related party transactions with other management personnel and former management personnel and companies controlled by those management personnel include the following:

	Year ended October 31, 2025	Year ended October 31, 2024
Share-based compensation		
CEO	$ 145,024	$ 184,027
Former COO[1]	-	42,098
Former CTO[2]	-	8,210
Professional fees		
Former CTO[2]	-	1,000
Salaries and wages		
CEO	225,000	225,043
CFO	13,366	13,757
Other expenses		
Company controlled by Former COO[3]	-	30,554
Professional fees capitalized to property, plant and equipment		
Company controlled by Former COO[4]	-	131,250
Company which the Former COO has significant influence over[5]	-	37,625
Former CTO	-	52,000
Professional fees capitalized to intangible assets		
Company controlled by Former COO[4]	-	93,750
Former CTO	-	15,000
Purchase of property and equipment		
Company which the Former COO has significant influence over[6]	-	21,591
Lease payment		
Company controlled by Former COO[7]	-	13,333
Purchase of lease assets		
Company controlled by Former COO[7]	-	470,000
	$ 383,390	$ 1,339,238

(1) The former COO of the Company ceased to be COO effective October 30, 2024.
(2) The former CTO of the Company ceased to be CTO effective October 16, 2024.
(3) Expenditures of travel & accommodation and general and administrative in nature were paid to Southwest Technologies LLC ("SW LLC"), a company owned by the former COO.
(4) Consulting fees were paid to Full Circle Lithium LLC ("FCL LLC"), a company owned by the former COO. The amounts were capitalized into property, plant and equipment and intangible assets during the year ended October 31, 2024.
(5) Consulting fees were paid to Texas Membrane Co. ("TMC"), a company which the former COO has significant influence through SW LLC.
(6) Equipment were purchased from Texas Membrane Co. ("TMC"), a company which the former COO has significant influence through SW LLC.
(7) The Company entered into a lease agreement with FCL LLC, a Company owned by the former COO for land and building. The Company completed the purchase of the property previously under lease on November 21, 2023. See Notes 10, 12, and 14 for further details.

(Expressed in United States Dollars)

19. Related Party Transactions (continued)

Balances due to related parties include the following:

	October 31, 2025	October 31, 2024
Accounts payable and accrued liabilities		
CEO[1]	$ -	$ 93,882
Company, which Chairman is a partner[2]	-	34,381
	$ -	$ 128,263

(1) Amounts owing to the CEO relate to expense reimbursements and accrued salaries, which are unsecured, non-interest bearing and due on demand.
(2) The Chairman of the Company was a partner at Fasken Martineau DuMoulin LLP ("Fasken") until December 31, 2024. Amounts were owed for services relating to general corporate management matters rendered by Fasken to the Company. Amounts owed are unsecured, non-interest bearing and due on demand.

20. Litigation Settlements

In March 2024, a former consultant of the Company filed a complaint in the Circuit Court of the Fourth Judicial Circuit in the State of Florida, United States against the Company for alleged breach of contract, breach of agreement and unjust enrichment. The complaint alleges non-payment of certain fees and earnings for services. Accordingly, the Company accrued $45,000 in litigation settlement in the consolidated statements of loss and comprehensive loss for the year ended October 31, 2024. During the year ended October 31, 2025, the Company reached a settlement on the claim and made such payments in February 2025.

During the year ended October 31, 2025, the Company reached a settlement with a Company controlled by the former COO in relation to an alleged breach of contract and made a payment of $50,000 to the Company controlled by the former COO in April 2025. Accordingly, the Company recorded $50,000 in litigation settlement in the consolidated statements of loss and comprehensive loss for the year ended October 31, 2025.

21. Segment Information

Reportable segments are those operations whose operating results are reviewed by the chief operating decision maker, being the individual at the Company making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company operates in only one reportable segment, being the manufacture and sale of a lithium-ion battery fire-extinguishing agent, FCL-X™.

Geographic information related to the Company's assets and revenue is as follows:

Assets	October 31, 2025	October 31, 2024
Canada	$ 2,343,555	$ 140,202
United States	3,957,299	5,484,968
Total	$ 6,300,854	$ 5,625,170

	Year ended	
Revenue	October 31, 2025	October 31, 2024
Canada	$ -	$ -
United States	693,999	9,990
Total	$ 693,999	$ 9,990

(Expressed in United States Dollars)

22. Income Taxes

The following table reconciles the amount of income tax recoverable on application of the Canadian statutory income tax rates:

	Year ended October 31, 2025	Year ended October 31, 2024
Net loss	$ (3,033,561)	$ (3,773,989)
Statutory income tax rate	26.50%	26.50%
Expected income tax recovery	(803,894)	(1,000,107)
Non-deductible expenditures	132,370	151,273
Share issuance costs booked through equity	(39,466)	(25,898)
Impact of foreign exchange	5,322	(64,400)
Effect of different jurisdiction tax rates	90,655	111,789
Unrecognized benefit from income tax losses	615,013	827,343
Income tax recovery	$ -	$ -

The effect of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax asset and liability, which has been recognized during the year are as follows:

	Year ended October 31, 2025	Year ended October 31, 2024
Deferred Tax Assets		
Non-capital losses	$ 356,088	$ -
Deferred Tax Liabilities		
Capital assets	(356,088)	-
Net Deferred Tax Asset (Liability)	$ -	$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amounts of assets and liabilities. Deferred tax assets have not been recognized in respect of the following gross deductible temporary differences:

	Year ended October 31, 2025	Year ended October 31, 2024
Capital assets	$ -	$ 304,762
Capitalized research and development costs	86,977	34,367
Share issuance costs	488,249	480,898
Start-up costs	1,576,650	1,692,045
Non-capital losses	7,688,959	4,833,715
	$ 9,840,835	$ 7,345,787

(Expressed in United States Dollars)

22. Income Taxes (continued)

As at October 31, 2025, the Company had net operating losses carry forwards of approximately $7,689,000 which can be applied to against taxable income. These losses can be carried forward with expiry as follows:

	Canada	United States	Total
2041	$ 64,769	$ -	$ 64,769
2042	31,527	-	31,527
2043	1,327,565	-	1,327,565
2044	1,063,364	-	1,063,364
2045	1,130,561	-	1,130,561
Indefinitely	-	4,071,173	4,071,173
	$ 3,617,786	$ 4,071,173	$ 7,688,959

23. Supplemental Disclosures with Respect to Cash Flows

	Year ended October 31, 2025	Year ended October 31, 2024
Fair value of warrants transferred from reserves to share capital	$ 151,620	$ -
Purchase of property, plant and equipment included in accounts payable and accrued liabilities	$ 22,630	$ 64,928
Purchase of inventory included in accounts payable and accrued liabilities	$ 47,120	$ -
Purchase of intangible assets included in accounts payable and accrued liabilities	$ 2,101	$ 29,599
Lease extinguishment payment included in purchase of property, plant and equipment	$ -	$ 465,000
Lease extinguishment payment set off by prepaid expenses and deposits	$ -	$ 5,000

24. Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's financial instruments consist of cash and cash equivalents, restricted cash, trade receivables, and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

The financial instrument which potentially subjects the Company to concentration of credit risk is cash and cash equivalents and trade receivables. As at October 31, 2025, the balance of cash and cash equivalents held on deposit was $2,270,365. The Company has not experienced any losses in such amounts and believes it is not exposed to any significant risks on its cash in bank accounts. The Company has concentrations of credit risk with respect to trade receivables as its trade receivables are concentrated among a small number of customers. The Company has certain amounts of trade receivables that are not deemed impaired as follows:

	October 31, 2025	October 31, 2024
1-30 days	$ 15,225	$ -
31-60 days	2,600	-
61-90 days	3,117	-
Total	$ 20,942	$ -

24. Financial Risk Management (continued)

The Company is exposed to increased credit risk due to major customers that comprise 10% or more of revenue. For the years ended October 31, 2025 and 2024, the following revenue was recorded from major customers:

	Years ended	
	October 31, 2025	October 31, 2024
Customer A	$ 477,459	$ -

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and the Company's holdings of cash. In the long term, the Company may have to issue additional shares to ensure there is sufficient capital to meet long term objectives. See Note 1.

The Company's financial liabilities of accounts payable and accrued liabilities are payable without repayment terms and are to be funded from cash flows from operations and cash provided by issuance of equity.

Market risk

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

(a) Interest rate risk

The Company has cash and cash equivalents balances. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy. Management believes interest rate risk to be minimal.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and reporting currency is the United States dollar ("US dollar") and is exposed to foreign currency risk with respect to its cash and cash equivalents and accounts payable and accrued liabilities held in a foreign currency.

As at October 31, 2025, the Company's Canadian entities held cash and cash equivalents of $13,229 and accounts payable and accrued liabilities of $3 denominated in US dollars. As at October 31, 2025, if the value of the Canadian dollar had strengthened or weakened by 5% against the US dollar, with all other variables held constant, net and comprehensive loss would have been $661 lower or higher respectively.

(c) Price risk

The Company is exposed to price risk with respect to equity and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market in general to determine the appropriate course of action to be taken by the Company.

25. Management of Capital Risk

The Company relies upon management to manage capital in order to accomplish the objective of:

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

The Company's current capital consists of equity funding through issuances of common shares. There have been no changes to the Company's policies around the management of its capital requirements for the year ended October 31, 2025.

26. Subsequent Events

On November 4, 2025, the Company granted 1,625,000 stock options exercisable at $0.37 into one common share until November 4, 2030. Of these options, 25% vest six months from the date of issuance and 25% vest every six months thereafter.

On January 13, 2026, 150,000 warrants were exercised at $0.30 per common share for gross proceeds of $45,000.