

Black Swan Graphene Inc.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

Black Swan Graphene Inc.

Condensed Interim Consolidated Statements of Financial Position

Expressed in Canadian Dollars

(Unaudited)

As at:		September 30, 2025	December 31, 2024
	Note	\$	\$
ASSETS			
Current			
Cash and cash equivalents	3	7,218,018	3,003,901
Amounts receivable		356,917	606,086
Prepaid expenses		11,441	402
Total current assets		7,586,376	3,610,389
Non-current assets			
Intangible assets	4	5,596,735	6,306,180
Investment	5	795,249	795,249
Total assets		13,978,360	10,711,818
LIABILITIES			
Current			
Accounts payable and accrued liabilities		336,763	272,632
Total liabilities		336,763	272,632
SHAREHOLDERS' EQUITY			
Share capital	6	34,664,866	28,114,107
Contributed surplus	6	537,190	537,190
Option reserve	6	2,378,338	1,698,624
Warrant reserve	6	1,399,506	-
Deficit		(25,338,303)	(19,910,735)
Total shareholders' equity		13,641,597	10,439,186
Total liabilities and shareholders' equity		13,978,360	10,711,818

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 10)

Subsequent events (Note 11)

Approved on behalf of the Board of Directors:

Signed: "Simon Marcotte", Director

Signed: "Peter Damouni", Director

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

Black Swan Graphene Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars

(Unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note	2025	2024	2025	2024
		\$	\$	\$	\$
Expenses					
Management, director and consulting fees		1,022,260	253,906	1,989,564	780,851
Project development expenses		618,784	152,432	1,341,551	606,628
Amortization of intangible assets	4	236,481	236,482	709,445	709,446
Share based compensation	6	-	-	822,561	-
Professional fees		130,320	36,117	378,454	189,626
Investor relations		35,561	16,385	239,818	69,893
Office and general		(5,440)	22,532	42,959	70,389
Interest income		(49,995)	(39,699)	(96,784)	(94,559)
Net loss and comprehensive loss for the period		(1,987,971)	678,155	(5,427,568)	(2,332,274)
Basic and diluted loss per share		(0.04)	0.02	(0.11)	(0.06)
Weighted average number of common shares outstanding					
Basic and diluted	6	50,243,214	37,716,260	48,135,599	37,716,260

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

Black Swan Graphene Inc.

Condensed interim Consolidated Statements of Changes in Shareholders' Equity

Expressed in Canadian Dollars

(Unaudited)

	Common Shares #	Share Capital \$	Contributed Surplus \$	Option Reserve \$	Warrant Reserve \$	Deficit \$	Shareholders' Equity \$
Balance, December 31, 2023	37,716,260	28,114,107	537,190	1,698,624	-	(16,516,840)	13,833,080
Loss for the period	-	-	-	-	-	(2,332,274)	(2,332,274)
Balance, September 30, 2024	37,716,260	28,114,107	537,190	1,698,624	-	(18,849,114)	11,500,806

	Common Shares #	Share Capital \$	Contributed Surplus \$	Option Reserve \$	Warrant Reserve \$	Deficit \$	Shareholders' Equity \$
Balance, December 31, 2024	37,716,260	28,114,107	537,190	1,698,624	-	(19,910,735)	10,439,186
Share adjustment	(3)	-	-	-	-	-	-
Private placement	12,000,000	6,000,000	-	-	1,908,418	-	7,908,418
Share issue costs	-	(1,926,000)	-	-	-	-	(1,926,000)
Share based compensation	-	-	-	822,561	-	-	822,561
Warrant exercises	1,600,000	2,108,912	-	-	(508,912)	-	1,600,000
Option exercises	225,000	367,847	-	(142,847)	-	-	225,000
Loss for the period	-	-	-	-	-	(5,427,568)	(5,427,568)
Balance, September 30, 2025	51,541,257	34,664,866	537,190	2,378,338	1,399,506	(25,338,303)	13,641,597

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

Black Swan Graphene Inc.
Condensed Interim Consolidated Statements of Cash Flows
Expressed in Canadian Dollars
(Unaudited)

For the periods:		September 30, 2025	September 30, 2024
	Note	\$	\$
Cash (used in)/provided by:			
Operating activities			
Net loss		(5,427,568)	(2,332,274)
Items not involving cash			
Share based compensation	6	822,561	-
Amortization of patents	4	709,445	709,446
Changes in non-cash working capital			
Change in amounts receivable		249,169	(2,959)
Change in prepaid expenses		(11,039)	(21,609)
Change in accounts payable and accrued liabilities		64,131	74,486
Net cash flow (used in) operating activities		(3,593,301)	(1,572,911)
Financing activities			
Proceeds from private placement of common shares	6	5,982,418	-
Warrant exercises	6	1,600,000	-
Option exercises	6	225,000	-
Net cash flow provided by financing activities		7,807,418	-
Net change in cash and cash equivalents during the period		4,214,117	(1,572,911)
Cash and cash equivalents, beginning of period		3,003,901	5,323,893
Cash and cash equivalents, end of period		7,218,018	3,750,982

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

Black Swan Graphene Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the periods ending September 30, 2025 and 2024

Expressed in Canadian Dollars

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Black Swan Graphene Inc., (formerly Dragonfly Capital Corp.) (the “Company”, or “Black Swan”) is focused on the large-scale production and commercialization of patented high-performance and low-cost graphene products aimed at several industrial sectors, including concrete, polymers, Li-ion batteries, and others, which are expected to require large volumes of graphene.

The Company is listed on the TSXV as a Tier 2 Industrial Issuer under the name “Black Swan Graphene Inc.” The Common Shares trade on the TSXV under the symbol “SWAN”.

The Company will have future needs for equity financing for working capital and the development of its business. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation.

These condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed interim consolidated financial statements. Such adjustments could be material.

Approval of the consolidated financial statements

These condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2025 and 2024 were reviewed, approved and authorized for issue by the Board of Directors of the Company on November 27, 2025.

2. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2024. In particular, the Company's significant accounting policies were summarized in Note 3 of the financial statements for the year ended December 31, 2024, and have been consistently applied in the preparation of these condensed interim consolidated financial statements.

3. CASH AND CASH EQUIVALENTS

	September 30, 2025	December 31, 2024
	\$	\$
Cash	7,218,018	503,901
Guaranteed investment certificate ("GIC"), bearing interest rate at 4.50% per annum maturing March 6, 2025	-	2,500,000
Cash and cash equivalents	7,218,018	3,003,901

Black Swan Graphene Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the periods ending September 30, 2025 and 2024

Expressed in Canadian Dollars

(Unaudited)

4. INTANGIBLE ASSETS

The Company acquired certain intangible asset related to a patented graphene processing technology from Thomas Swan and Co. Ltd. (“Thomas Swan”), and a license from Trinity College Dublin for the production of exfoliated defect-free, non-oxidized 2-D materials in large quantities (the “TCD License”), which license was previously held by Thomas Swan. In addition, Black Swan Graphene and Thomas Swan have entered into a License Agreement and a Sub-License Agreement, pursuant to which Black Swan Graphene has granted Thomas Swan a license to graphene processing technology for production of up to 1,000 tonnes per year and Black Swan Graphene has sub-licensed the TCD License to Thomas Swan, respectively.

The TCD License is subject to an incremental royalty rate ranging from 3.0% up to 9.0% of net sales when greater than €20,000,000 (\$27,345,000) and have lives of 15 or 20 years from the commencement of commercial sales related to such licenses.

Intangible assets are amortized over a ten-year period and have a balance of \$5,596,735 as at September 30, 2025 (December 31, 2024 - \$6,306,180).

	Intangible Assets
Balance December 31, 2022	8,198,036
Amortization of Intangible assets	(945,928)
Balance December 31, 2023	7,252,108
Amortization of Intangible assets	(945,928)
Balance December 31, 2024	6,306,180
Amortization of Intangible assets	(709,445)
Balance September 30, 2025	5,596,735

GEIC Membership Agreement

On March 9, 2022, Black Swan and the University of Manchester entered into the GEIC Membership Agreement, granting the Company a “Tier 2” membership in the Graphene Engineering Innovation Centre (“GEIC”) established by the University. The GEIC Membership Agreement grants the Company a license to occupy a shared laboratory space and book hot desk space at the University. Black Swan shall retain or be passed title to all intellectual property, know-how and results generated from such collaborative projects with the University of Manchester, subject to a 5% royalty, Black Swan must pay to the University of Manchester for a period of 15 years if Black Swan commercially exploits such intellectual property, know-how or results. Pursuant to the terms and conditions set out in the GEIC Membership Agreement, the University of Manchester may publish the results obtained from the collaborative projects.

5. LONG TERM INVESTMENT

On April 5, 2023, under an Equity Swap, Nationwide Engineering Research and Development Ltd (“CONCRETENE”) issued to Black Swan 7,177 seed preferred shares (“CONCRETENE Shares”), ranking senior to all other shares in the share capital of CONCRETENE, at a deemed price per share of £220 for an aggregate deemed subscription price of approximately £1.58 million or approximately CAD\$2.65M. and representing a 5.0% ownership stake in CONCRETENE as of April 5, 2023. Black Swan paid for the CONCRETENE Shares by way of issuance of 2,046,438 common shares in the capital of Black Swan. The value of the Investment in CONCRETENE was based on the closing price of the Company’s common shares on the TSX-V on April 5, 2023 which was \$2,455,726. On the date of the acquisition the value of the investment was \$2,455,726. As at December 31, 2024, after a fair value adjustment, based on a subsequent financing,

Black Swan Graphene Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the periods ending September 30, 2025 and 2024

Expressed in Canadian Dollars
(Unaudited)

the value of the investment is \$795,249 and the Company's ownership interest is 4.93%. As at September 30, 2025, the value of the investment was \$795,249.

As part of the transaction, the Company issued 200,000 compensation warrants with an expiry date of April 5, 2026 and an exercise price of \$1.20.

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Authorized

On September 30, 2025, the authorized share capital consisted of an unlimited number of common shares, each carrying one vote.

Issued and Outstanding

On September 30, 2025, the Company had 51,541,257 common shares issued.

Common share activity during the period ended September 30, 2025 was as follows:

	Number of shares outstanding	Amount
Balance, December 31, 2023 and 2024	37,716,260	28,114,107
Share adjustment	(3)	-
Private placement (i)	12,000,000	6,000,000
Share issue costs	-	(1,926,000)
Warrant exercise (ii)	1,600,000	2,108,912
Stock option exercise (iii)	225,000	367,847
Balance, September 30, 2025	51,541,257	34,664,866

- i. On February 10, 2025, the Company completed a private placement financing by issuing 12,000,000 units at a price of \$0.50 per unit for gross proceeds of \$6,000,000. Each unit is comprised of one common share of the Company and one-half common share purchase warrant, entitling the holder to acquire one common share at a price of \$1.00 for a period of 18 months. The grant date fair value of the warrants issued was estimated at \$1,908,418 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of \$0.82; expected volatility of 94.5%; risk-free interest rate of 4.12% and expected life of 1.5 years.
- ii. During the period ended September 30, 2025, the Company issued 1,600,000 common shares upon the exercise of 1,600,000 warrants for gross proceeds of \$1,600,000.
- iii. During the period ended September 30, 2025, the Company issued 225,000 common shares upon the exercise of 225,000 stock options for gross proceeds of \$225,000.

Stock Options, Restricted Share Units and Warrants

Black Swan established an equity incentive plan to be known as the Omnibus Equity Incentive Plan (as the same may be amended from time to time in accordance with its terms, (the "Plan"). The Plan permits the grant of Options to purchase common shares, Restricted Share Units, Deferred Share Units and Performance Share Units. The Plan was approved by the Board on August 2, 2022. The exercise price and vesting period of any option is fixed by the Board of Directors on the date of grant, in accordance with applicable stock exchange or

Black Swan Graphene Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the periods ending September 30, 2025 and 2024

Expressed in Canadian Dollars

(Unaudited)

other regulatory requirements, if applicable. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares.

The following schedule details stock options outstanding as at September 30, 2025:

Number outstanding #	Grant date	Expiry date	Exercise price \$	Estimated		Risk- interest rate	Expected remaining life	Expected dividend yield	Weighted average Remaining life
				grant date	fair value \$				
1,625,000	25-Oct-21	25-Oct-31	\$1.20	1,746,550	103%	2.71%	9.24	0%	6.07
271,875	19-Nov-21	19-Nov-27	\$1.20	292,211	109%	2.85%	4.28	0%	2.14
131,250	07-Nov-22	07-Nov-27	\$1.20	141,068	109%	3.77%	5.00	0%	2.10
62,500	02-May-23	02-May-28	\$1.36	67,145	106%	2.95%	5.00	0%	2.59
1,070,625	21-Feb-25	21-Feb-30	\$1.00	679,714	95%	4.12%	5.00	0%	4.40
3,161,250				2,926,688					

On February 21, 2025, the Company granted a total of 1,295,625 stock options to directors, management and consultants of the Company pursuant to its stock option plan. The options vest immediately and may be exercised at a price of \$1.00 per option until February 21, 2030. The fair value of the stock options issued was estimated at \$822,561 using the Black-Scholes option pricing model. Officers and directors were granted 693,125 options valued at \$440,048.

On the Transaction date, outstanding options of Black Swan were cancelled and replaced with 1,896,875 options exercisable at \$1.20 per share, and 984,375 Restricted Share Units, vesting over one year. The cancellation and replacement of these share-based payment instruments is identified as a modification for accounting purposes in accordance with IFRS2, Share-based payment.

In accordance with modification accounting, the value of the share based payments previously outstanding was re-estimated at the modification date using the Black-Scholes option pricing model and the following assumptions: expected life of 9.6 years or 4.6 years, expected volatility of 83%, risk free interest rate of 3%, current stock price based on the price of the shares in the subscription receipt financing ((Note 3(b), as the concurrent subscription receipt price was assessed as being the best estimate of the fair value of the shares), and expected dividend yield of 0%); - the value of the share based payments outstanding after the modification were estimated at the modification date whereby: the value of options was estimated using the Black-Scholes option pricing model and the following assumptions: expected life of 9.6 years or 4.6 years, expected volatility of 83%, risk free interest rate of 3%, current stock price based on the price of the shares in the subscription receipt financing ((Note 3(b), as the concurrent subscription receipt price was assessed as being the best estimate of the fair value of the shares), and expected dividend yield of 0%); and on the value of the RSUs was estimated based on the price of the shares in the subscription receipt financing ((Note 3(b), as the concurrent subscription receipt price was assessed as being the best estimate of the fair value of the shares). Based on this analysis, it was determined that an incremental fair value of \$577,589 results due to the modification.

Black Swan Graphene Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the periods ending September 30, 2025 and 2024

Expressed in Canadian Dollars

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Restricted Share Units

The Company has a restricted share unit plan (“RSU Plan”) administered by the Board of Directors and which permits the Company to grant awards of RSUs. Pursuant to the terms of the RSU Plan, the RSUs will be redeemed, upon vesting, within 30 days of the applicable redemption date at the option of the Company, for:

- (i) the number of common shares equal to the numbers of RSUs vested on the redemption date;
- (ii) a cash amount equal to the number of common shares multiplied by the fair market value of the common shares on the redemption date; or
- (iii) a combination of (i) and (ii) as determined by the Company.

The redemption date in respect of any RSU is the date provided for in the agreement granting the RSUs or if no date is set, the third anniversary of the grant date, unless otherwise provided for in the RSU Plan. The Company has the discretion to stipulate the length of time for vesting and to determine various performance objectives based on certain business criteria as a pre-condition to an RSU vesting. The Company’s intention is to always settle its RSUs with issuance of common shares of the Company.

At September 30, 2025, the Company has RSUs outstanding as follows:

Issue date	Vesting date	Number of RSUs
August 2, 2022	August 9, 2025	984,375
February 21, 2025	August 21, 2026	450,000
		1,434,375

On February 21, 2025, the Company granted 450,000 restricted share units (“RSU’s”) to Directors and Officers of the Company. The RSU’s vest on August 21, 2026, subject to the terms of the Omnibus Incentive Plan.

A summary of changes in the Company’s RSUs follows:

	Number of RSUs #
Balance, December 31, 2023 and 2024	984,375
Grant, February 2025	450,000
Balance, September 30, 2025	1,434,375

984,375 RSU’s have vested as at September 30, 2025 for issuance.

Black Swan Graphene Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the periods ending September 30, 2025 and 2024

Expressed in Canadian Dollars

(Unaudited)

Warrants

The changes in warrants issued during the period ended September 30, 2025 was as follows:

	Weighted average Number	exercise price
Outstanding, December 31, 2024	200,000	\$ 1.20
Issued, February 10, 2025	4,400,000	\$ 1.00
Outstanding, September 30, 2025	4,600,000	\$ 1.01

The following table summarizes the warrants outstanding as at September 30, 2025:

Number outstanding #	Grant date	Expiry date	Exercise price \$	Estimated grant date fair value \$	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield	Remaining life
200,000	05-Apr-23	05-Apr-26	\$1.20	147,062	96%	3.32%	3.00	0%	0.51
4,400,000	10-Feb-25	10-Aug-26	\$1.00	1,908,418	95%	4.12%	1.50	0%	0.86
4,600,000				2,055,480					

7. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to consist of common shares.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the periods ended September 30, 2025 and 2024.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of September 30, 2025 and December 31, 2024, the Company believes it is compliant with the policies of the TSXV.

8. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

Black Swan Graphene Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the periods ending September 30, 2025 and 2024

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(Unaudited)

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's financial instruments include cash, amounts receivable and accounts payable and accrued liabilities. The carrying values of these financial instruments reported in the statements of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. As at September 30, 2025 and December 31, 2024, the Company had no instruments to classify in the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) *Credit risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

a. *Trade credit risk*

The Company is not exposed to significant trade credit risk.

b. *Cash*

In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated investment grade instruments that have maturities of nine months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

(b) *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises primarily with respect to UK sterling and US dollars from operations. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2025, the Company had a cash balance of \$7,218,018 (December 31, 2024 - \$3,003,901) to settle current liabilities of \$336,763 (December 31, 2024 - \$272,632). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

9. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three and nine months ended September 30, 2025, the remuneration of directors and other key management personnel was \$242,500 and \$674,326 respectively

Black Swan Graphene Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the periods ending September 30, 2025 and 2024

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(Unaudited)

(three and nine months ended September 30, 2024 - \$215,000 and \$645,000, respectively). For the three and nine months ended September 30, 2025, a total of \$nil and \$440,048, respectively was recorded in share-based payments expense for stock options and RSU's issued to directors and officers (three and nine months ended September 30, 2024 - \$nil).

10. COMMITMENTS AND CONTINGENCIES

Management Contracts

The Company is party to certain management contracts. These contracts require payments of approximately \$1,405,000 upon the occurrence of a change in control of the Company, as defined by each officer's respective consulting agreement. The Company is also committed to payments upon termination of approximately \$815,000 pursuant to the terms of these contracts. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

11. SUBSEQUENT EVENTS

Subsequent to September 30, 2025, 1,500,000 common shares of the Company were issued following the exercise of 1,500,000 warrants for gross proceeds of \$1,500,000.