VELOX ENERGY MATERIALS INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2025, AND 2024

(expressed in Canadian dollars)

Velox Energy Materials Inc.
Consolidated Statements of Financial Position
As at December 31, 2025 and December 31, 2024
(Expressed in Canadian Dollars)

	Note		2025		2024 (Note 2(d)
ASSETS					
Current Assets					
Cash and cash equivalents		$	199,946	$	623,496
Accounts receivable	5		4,009		31,043
Prepaid expenses			7,563		5,276
Security deposit			17,881		24,295
Marketable securities	6		10,000		6,250
Assets held for sale	8		-		1,259,527
		$	239,399	$	1,949,887
Non-current Assets					
Resource property	7		2,216,029		2,140,466
Property, plant and equipment			4,973		4,529
Right of use of assets			-		6,242
Intangible assets	4		627,857		-
Total Assets		$	3,088,258	$	4,101,124
LIABILITIES					
Current Liabilities					
Accounts and other payables	9	$	175,793	$	372,738
Liabilities held for sale	8		-		75,068
Deposit received	2		-		45,735
Lease liability			-		7,567
Total Liabilities		$	175,793	$	501,108
SHAREHOLDERS' EQUITY					
Share capital	10	$	24,094,595	$	24,057,816
Contributed surplus			3,856,707		2,295,156
Warrants reserve	11		577,762		1,193,164
Share based payments reserve	12		-		946,149
Accumulated deficit			(25,657,284)		(24,970,867)
Accumulated other comprehensive income			40,685		78,598
Total Shareholders' Equity		$	2,912,465	$	3,600,016
Total Liabilities and Shareholders' Equity		$	3,088,258	$	4,101,124

Going concern (Note 1)
Basis of presentation (Note 2)
Commitment and contractual obligations (Note 15)
Subsequent events (Note 19)

Approved on behalf of the Board of Directors:

"Nicole Morcombe"
Nicole Morcombe, Director

"Mike Griffiths"
Mike Griffiths, Director

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

Velox Energy Materials Inc.
Consolidated Statements of Net Loss and Comprehensive Loss
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

	Note		2025		2024
Expenses					
Management fees	14	**$**	**121,582**	$	644,776
Listing fees and shareholder information			**17,642**		54,100
Professional fees			**198,678**		314,339
General and administration			**33,897**		345,015
Share-based compensation			**-**		275,990
Total Expenses			**371,799**		1,634,220
Loss from operations before undernoted items			**(371,799)**		(1,634,220)
Interest income			**1,855**		8,320
Other income			**44,676**		-
Impairment of intangible assets	4		**(596,713)**		(2,250,186)
Research and development tax refund			**104,534**		51,406
Gain on debt forgiveness	14		**106,865**		-
Gain on debt settlement	10, 14		**20,415**		-
(Decrease)/Increase in fair value of marketable securities	6		**3,750**		(1,250)
Net Loss for the year			**(686,417)**		(3,825,930)
Other comprehensive income					
Foreign exchange gain / (loss) on translating foreign operations			**(37,913)**		(9,569)
Other comprehensive income / (loss) for the period			**(37,913)**		(9,569)
Comprehensive loss for the period			**(724,330)**		(3,835,499)
Weighted average shares outstanding					
- Basic and diluted	10		**88,817,664**		88,376,816
Income / (Loss) per share - basic and diluted		**$**	**(0.008)**	$	(0.043)

Basis of presentation (Note 2g)
Asset held for sale (Note 8)

Velox Energy Materials Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the period from January 1, 2024 to December 31, 2025
(Expressed in Canadian Dollars)

	Share Capital		Reserves					
	Number of shares	Dollar amount	Contributed Surplus	Warrants	Share based payments	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2024	**254,525,233**	**$ 24,057,816**	**$ 1,677,037**	**$ 1,677,655**	**$ 803,787**	**$ (21,144,937)**	**$ 88,167**	**$ 7,159,525**
Consolidation at 2.88 per one common share	(166,148,417)	-	-	-	-	-	-	-
Expiry of options (Note 12)	-	-	133,628	-	(133,628)	-	-	-
Expiry of warrants (Note 11)	-	-	484,491	(484,491)	-	-	-	-
Share based payments (Note 12)	-	-	-	-	275,990	-	-	275,990
Other comprehensive loss	-	-	-	-	-	-	(9,569)	(9,569)
Net loss for the period	-	-	-	-	-	(3,825,930)	-	(3,825,930)
Balance, December 31, 2024	**88,376,816**	**24,057,816**	**2,295,156**	**1,193,164**	**946,149**	**(24,970,867)**	**78,598**	**3,600,016**
Expiry / cancellation of options (Note 12)	-	-	946,149	-	(946,149)	-	-	-
Expiry of warrants (Note 11)	-	-	615,402	(615,402)	-	-	-	-
Shares issued for debt settlement (Note 10)	919,483	36,779	-	-	-	-	-	36,779
Other comprehensive loss	-	-	-	-	-	-	(37,913)	(37,913)
Net income for the period	-	-	-	-	-	(686,417)	-	(686,417)
Balance, December 31, 2025	**89,296,299**	**$ 24,094,595**	**$ 3,856,707**	**$ 577,762**	**$ -**	**$ (25,657,284)**	**$ 40,685**	**$ 2,912,465**

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

Velox Energy Materials Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

	2025	2024
Cash Flows from Operating Activities		
Net loss for the period	**$ (686,417)**	$ (3,825,930)
Non-cash items:		
Share-based compensation	**-**	275,990
Gain on debt settlement	**(20,415)**	-
Gain on debt forgiveness	**(106,865)**	-
(Decrease)/Increase in fair value of marketable securities	**(3,750)**	1,250
Amortization of Right of Use Assets	**6,242**	18,990
Impairment of intangible assets	**596,713**	2,250,186
	(214,492)	(1,279,514)
Net change in non-cash working capital items:		
Accounts receivable	**27,034**	16,036
Net assets held for sale	**(40,555)**	40,423
Prepaid expense	**(2,287)**	4,070
Security deposit	**6,414**	2,684
Deposits received	**(45,735)**	45,735
Accounts payable and accrued liabilities	**(32,886)**	201,346
Cash Flows used in Operating Activities	**(302,507)**	(969,220)
Cash Flows from Investing Activities		
Resource property expenditures	**(75,563)**	(455,574)
Property, plant & equipment	**-**	(4,529)
Cash Flows used in Investing Activities	**(75,563)**	(460,103)
Cash Flows from Financing Activities		
Lease payment	**(7,567)**	(17,921)
Cash Flows used in Financing Activities	**(7,567)**	(17,921)
Effect of exchange rates on cash	**(37,913)**	(9,569)
Decrease in cash	**(423,550)**	(1,456,813)
Cash, beginning of the year	623,496	2,080,309
Cash, end of the year	**199,946**	623,496
Supplemental disclosure of cash flow information		
Interest received	1,855	8,299

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

1. Nature of Operations and Going Concern

Velox Energy Materials Inc. ("Velox" or the "Company") was incorporated under the Canada Business Corporations Act on August 24, 1973. Velox is a mineral explorer focused on identifying high value assets and delivering responsible exploration outcomes that meet shareholder expectations and provide community opportunities.

The Company's common shares are listed on the TSX Venture Exchange under the symbol "VLX". Velox formerly traded under Currie Rose Resources Inc and announced on the TSX Venture Exchange, that effective October 18, 2023 the Company changed its name to Velox Energy Materials Inc. The head office and principal address of the Company is located at 15th floor, 1111 West Hastings Street, Vancouver, BC V6E 2J3, Canada.

The Company is in the exploration stage and has not yet determined whether its mineral properties contain economically recoverable reserves. The continued operation of the Company and the recoverability of amounts shown or expended for exploration and evaluation ("E&E") assets are dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral properties, and if they are proven successful, the existence of economically recoverable reserves and future profitable production, or upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

For the year ended December 31, 2025, the Company incurred a net loss of $686,417 (2024– $3,825,930) and had negative cash flow from operations of $302,507 (2024– $969,221), and as at December 31, 2025, the Company had an accumulated deficit of $25,657,284 (December 31, 2024–$24,970,867). The Company's ability to continue as a going concern is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable operations.

These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities, reported revenues and expenses, and any classifications of statements of financial position that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These financial statements were approved by the Board of Directors (the "Board") of the Company on April 28, 2026.

(b) Basis of Measurement

These consolidated financial statements have been prepared in accordance with IFRS, on the historical cost basis except for financial instruments which are measured at fair value, as explained in the material accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of Presentation and Consolidation

These consolidated financial statements include accounts of the Company and its wholly owned subsidiaries, Currie Rose Vanadium Pty Ltd. and WA Hydrogen Pty Ltd. incorporated in Australia. Subsidiaries are entities the Company controls when it has the power, directly or indirectly to govern the financial and operating policies of an entity, and it is exposed, or has rights, to variable returns from its involvement with the entity.

2. Basis of Presentation (continued)

(d) Correction of Error

During the preparation of the financial statements for the year ended December 31, 2025, management identified a prior period error in the financial statements for the year ended December 31, 2024. On November 4, 2024, Velox Energy Materials Inc. entered into an agreement pursuant to which Velox granted a third party an exclusive right to conduct due diligence on, and negotiate binding terms for a proposed transaction. In consideration for this exclusivity, Velox was paid a non-refundable exclusivity fee of $45,735 (A$50,000).

The error has been corrected retrospectively in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* by restating the comparative figures for the year ended December 31, 2024. The following adjustments were made to the restated comparative period:

	December 31, 2024		
	Unadjusted	**Adjustment**	**Restated**
	$	$	$
Consolidated Statements of Financial Position			
Cash and cash equivalents	577,761	45,735	623,496
Current assets	1,904,152	45,735	1,949,887
Total Assets	4,055,389	45,735	4,101,124
Deposit received	-	45,735	45,735
Total Liabilities	455,373	45,735	501,108
Total Liabilities and Shareholders' Equity	4,055,389	45,735	4,101,124
Consolidated Statements of Cash Flows			
Cash Flows used in Operating Activities	(1,014,955)	45,735	(969,220)

There was no impact on opening retained earnings, income tax, or basic and diluted earnings per share as a result of this correction.

(e) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars ("$" or "CAD"), which is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The functional currency of the wholly owned subsidiary Currie Rose Vanadium Pty Ltd. and WA Hydrogen Pty Ltd. is the Australian dollar.

Foreign currency transactions are translated into the functional currency of the related entity at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the related entity at the foreign exchange rate applicable at the consolidated statement of financial position date. Non-monetary assets and liabilities are not remeasured unless they are recognized at fair value, in which case they are translated using the exchange rate at the date when the fair value was measured. Any translation gains or losses on these items are recognized in net loss, except for gains or losses noted on intercompany loan balance, which are recognized in other comprehensive loss.

Revenue and expenses are translated from its functional currency of the Australian dollar to the presentation currency of the Canadian dollar at the average foreign exchange rate for the period. Any translation gains or losses on these items are recognized other comprehensive loss.

2. Basis of Presentation (continued)

(f) Critical Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known.

Items for which actual results may differ materially from these estimates are described as follows:

i. Going concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends. Management believes there is sufficient capital to meet the Company's business obligations for at least the next 12 months, after taking into account expected cash flows, capital commitments, future financings and the cash position at year-end.

ii. Business Combinations

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to recognition of fair value of the exploration permits acquired for shares of the Company. For any Resource property asset identified, depending on the type of asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on the fair value of the consideration paid for such resource assets.

iii. Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the consolidated statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

iv. Shares issued for non-cash consideration

The Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.

v. Warrants and options

Warrants and options are initially recognized at fair value, based on the application of the Black-Scholes valuation model ("Black-Scholes"). This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate.

2. Basis of Presentation (continued)

vi. Impairment assessment of non-current assets

Long-lived assets, including E&E assets, are reviewed for indicators of impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is defined as the higher of: (i) value-in-use; or (ii) fair value less cost to sell. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount.

These are determined through the exercise of judgments and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws, and technological improvements.

vii. Expected credit losses on financial assets

Determining an allowance for expected credit losses for amounts receivable and all debt financial assets not held at FVTPL requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

viii. Income taxes

The Company applies judgment in determining the tax rates applicable to the temporary differences to determine the provision for income taxes. Deferred taxes relate to temporary differences between accounting and tax asset values. They are measured using tax rates that are expected to apply in the year when the asset is realized, or the liability is settled. Temporary differences are differences between accounting and tax asset values expected to be deductible or taxable in the future.

The recognition of deferred tax assets is based on likelihood of future taxable income. The measurement of future taxable income for the purposes of determining whether or not to recognize deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

(g) Comparative figures

Certain comparative figures for the year ended December 31, 2024 have been reclassified to conform to the presentation adopted for the year ended December 31, 2025. These reclassifications had no effect on previously reported net loss or total shareholders' equity.

3. Material Accounting Policies

The accounting policies applied in the preparation of the consolidated financial statements are set out below:

a) Cash and cash equivalents

The Company defines cash and cash equivalents as highly liquid investments held for the purpose of meeting short term cash commitments that are readily convertible into known amounts of cash. Such liquid investments have less than 90-day terms or are redeemable at the option of the Company.

b) Financial instruments

The Company classifies and measures financial instruments in accordance with IFRS 9 – Financial Instruments ("IFRS 9"). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities on the statement of financial position when it becomes a party to the financial instrument or derivative contract.

3. Material Accounting Policies (continued)

b) Financial instruments (continued)

Classification

The Company classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at FVTPL; (b) those to be measured subsequently at fair value through other comprehensive income (loss) ("FVTOCI"); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company's financial assets and liabilities are classified into the following categories:

Assets / Liabilities	Measurement
Cash and cash equivalents	Fair value
Accounts receivable	Amortized cost
Security deposit	Amortized cost
Marketable securities	Fair value
Accounts and other payables	Amortized cost

Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics do not meet the solely payment of principal and interest ("SPPI") criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in the statements of loss and comprehensive loss.

Amortized cost

Instruments that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit or loss or OCI (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in OCI.

3. Material Accounting Policies (continued)

b) Financial instruments (continued)

Expected credit loss impairment model

Under IFRS 9, the Company recognizes a provision for ECL on financial assets that are measured on amortized cost. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains or losses on derecognition are generally recognized in profit or loss.

Determination of fair value

The determination of fair value requires judgment and is based on market information, where available and appropriate. The Company classifies fair value measurements 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:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 –Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

c) Resource properties

Resource properties are recorded at cost on an area of claims basis and carried as an asset until the results of the project are known. Cost includes initial acquisition costs of the property and exploration expenses incurred with respect to the property, net of any recoveries received with respect to option agreements entered into related to the property. In the event a commercial ore deposit is located, cost will be amortized against income by the unit of production method. In the event of an abandonment, sale, or the expiration of an area of claims, cost will be written off against income. Any costs incurred in the review of properties for possible acquisition, such as travel and geological consulting, are expensed as incurred, and only capitalized once the acquisition decision has been reached by management.

The cost of resource properties does not necessarily reflect present or future values. The ultimate realization of the amounts shown as resource properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the successful commercial development and exploration of the areas of interest, including the ability to obtain necessary financing to complete development or alternatively by their sale.

3. Material Accounting Policies (continued)

c) Resource properties (continued)

Based on annual impairment reviews by management, or circumstances indicating that the net carrying amount of these resource property costs will not be recovered, the carrying value is written down to fair value and charged against operations. Indicators of impairment would include any of: (i) exploration activities have ceased, (ii) exploration results are not promising such that exploration will not be planned for the foreseeable future, (iii) lease ownership right expired, (iv) funding is not available to complete the exploration program, or (v) the sale of the property.

d) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

e) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

In situations where the Company issues units, the value of units is bifurcated and the value of warrants is included as a separate reserve for warrants of the Company's equity. The proceeds from the issuance of units are allocated between common shares and warrants on a pro-rated basis using the relative fair value method. The fair value of the common shares is determined using the share price at the date of issuance of the units. The fair value of the warrants is determined using Black-Scholes.

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

f) Share based compensation

The Company recognizes as compensation the fair value of common share purchase warrants or stock options issued in exchange for services provided by officers and directors and outside consultants. The cost of officer and director compensation is calculated using the fair value method based on the fair value of the common share purchase warrant or stock option on the granting date. The cost of outside consultant compensation is calculated using the fair value method based on the fair value of the common share purchase warrant or stock option on the earlier of a) date when performance is complete, b) date on which a commitment for performance by the counterparty to earn the compensation is reached, or c) the grant date. Compensation expense is recognized over the vesting period of the related instrument granted or the service period for which such instrument is granted, whichever is shorter.

The proceeds from the exercise of stock options or warrants are recognized in share capital upon exercise at the exercise price paid by the holder, along with the related cost of such items originally credited to common share purchase warrants or options.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the common share purchase warrants and stock options issued.

3. Material Accounting Policies (continued)

g) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. 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. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

h) Accumulated other comprehensive income

Net comprehensive loss is comprised of net loss and other comprehensive loss. Certain gains and losses arising from changes in fair value are temporarily recorded outside the consolidated statements of loss in accumulated comprehensive income ("AOCI") as a separate component of consolidated shareholders' equity. Other comprehensive loss or income includes any unrealized gains and losses on translating foreign operations.

i) Loss per share

Basic loss per share amounts are calculated by dividing consolidated net loss for the reporting period attributable to common shareholders by the weighted average number of common shares outstanding during the year. The weighted average share and loss per share figures reflects a share consolidation of 1 new share for every 2.88 old shares effective on August 13, 2024.

Diluted loss per share amounts are calculated by dividing the consolidated net loss attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares. Diluted loss per share amounts are not presented if their inclusion would be anti-dilutive.

j) Foreign Currency Transactions

Monetary assets and liabilities denominated in currencies other than CAD, are translated into CAD at the rate of exchange in effect at the statements of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction date's exchange rate. Foreign currency gains or losses resulting from translation are reflected in net comprehensive loss for the period.

k) Income Tax

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI.

Current income tax is recognized and measured at the amount expected to be recovered from, or payable to, the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recorded for temporary differences at the date of the statements of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and the Company has the legal rights and intent to offset.

3. Material Accounting Policies (continued)

k) Income Tax (continued)

Estimates

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

l) New Accounting Standards, Amendments and Interpretations

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to enhance the reporting of financial performance. This standard replaces IAS 1 Presentation of Financial Statements. IFRS 18 establishes new categories and mandatory subtotals within the statement of profit or loss and introduces disclosure requirements for management-defined performance measures. It also sets out updated guidance on the presentation, aggregation, and disaggregation of financial information.

The standard is effective for annual reporting periods beginning on or after January 1, 2027, and applies to interim financial statements. It must be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of adopting this standard on its financial statements.

4. Acquisitions

On September 19, 2023, the Company announced the closing of the acquisition of WA Hydrogen Pty Ltd. ("Kotai Energy" or "Kotai") through the acquisition of all of the issued and outstanding shares of Kotai in consideration for the issuance of 50 million common shares of the Company (the "Consideration Shares") a 5% royalty on future production (the "Transaction"). Under the Transaction, Kotai Energy became a wholly-owned subsidiary of the Company.

Since the Kotai acquisition did not meet the definition of a business under IFRS 3 – Business Combinations, the acquisition was accounted for as a purchase of assets. The consideration paid was determined as equity-settled share-based payments under IFRS 2, at the fair value of the equity of the Company issued to the vendors on the date of closing as noted above. IFRS 2 requires the shares issued for the acquisition of the net assets of the Option to be measured at the fair value of the net assets, unless the fair value cannot be reliably estimated.

The following represent the preliminary fair value allocation to identifiable net assets acquired at June 30, 2023.

	Total
	$
Cash	588
Accounts receivable	28,605
Intangible asset (Developed technology)	3,475,068
Accounts payable	(4,261)
	3,500,000

Fair value of consideration paid	
Common Shares	**3,500,000**

The intangible asset historically represented the 100% purchase option the Company acquired associated with the Hydrogen Project with Curtin University. The Company planned to amortize intangible asset in connection with the Kotai acquisition over 5 years on a straight-line basis when developed technology becomes commercially viable.

4. Acquisitions (continued)

Following the unsuccessful divestment attempt, the intangible asset was written down and measured at the lower of its carrying amount and its fair value less costs to sell. As a result, an impairment loss of $596,713 was recognized in the statement of profit or loss for the year ended December 31, 2025 (2024 - $2,250,186), and the intangible asset is now valued at $627,857, after adjusting for $312 of net foreign exchange impact. The intangible asset was previously classified as an asset held for sale as at December 31, 2024 (refer to Note 8).

5. Accounts receivable

The accounts receivable represents the refundable Research and Development tax claims, and HST and GST ITC claims for the years ended December 31, 2025 and 2024.

6. Marketable securities

As part of the sale of its interest in the Scadding property in 2019, the Company received shares of MacDonald Mines Exploration Ltd. As of December 31, 2025, the Company had 125,000 common shares valued at $10,000 at December 31, 2025 ((December 31, 2024 – 125,000 common shares valued at $6,250).During the year ended December 31, 2025, the Company recorded an increase in the fair value of marketable securities of $3,750 (2024 – decrease of $1,250).

7. Resource property

	Opening	Acquisition costs	Geological and technical	Professional fees	Travel and admin costs	FX movement	Closing
	$	$	$	$	$	$	$
Balance, December 31, 2023	1,050,649	7,878	475,525	12,441	138,399	-	1,684,892
Queensland, Australia	1,684,892	-	264,755	-	214,906	(24,087)	2,140,466
Balance, December 31, 2024	**1,684,892**	**-**	**264,755**	**-**	**214,906**	**(24,087)**	**2,140,466**
Queensland, Australia	2,140,466	-	19,589	-	-	55,974	2,216,029
Balance, December 31, 2025	**2,140,466**	**-**	**19,589**	**-**	**-**	**55,974**	**2,216,029**

Queensland, Australia

On August 5, 2022, the Company closed on the acquisition of 100% interest in two brown field Vanadium (Battery Metal) Projects (the "Project") located in North Queensland, Australia. The Project includes the historic Cambridge Vanadium deposit which is an easterly continuation of the Lilyvale Vanadium deposit that contains an indicated and inferred resource of 560Mt at 0.48 V205%. The Project also includes a package 1,240 km2 close to infrastructure and enroute to Townsville Port.

The Company issued 25,000,000 common shares to Liontown Resources Limited and Chalice Mining Limited at a fair value of $0.03 or $750,000 representing the fair value of the shares on the date of closing. In addition, the Company issued 8,000,000 share purchase warrants at $0.10 with a 2-year expiry. The fair value of the warrants issued using the Black Scholes fair value model, the Company ascribed a fair value of $118,441 to the share purchase warrants.

In addition, on closing the Company provided a security deposit of AUD$10,000 as a surety bond on the Project which will be refunded at the end of the Project life.

The Company has granted a 2% Net Gross Revenue Royalty to both vendors over their respective tenure with the Company, holding the right to purchase 50% of either or both Royalties by making a cash payment of $1,000,000 to the Royalty Holder

8. Assets held for sale

The Company previously disclosed its intention to pursue a dual listing on the Australian Securities Exchange ("ASX"). In September 2024, the Company submitted an In-Principle Application to the ASX; however, the application was not approved. As a result, the intangible assets related to the Kotai Hydrogen Project were reclassified as assets held for sale as at December 31, 2024, and an impairment loss of $2,250,186 was recognized in the statement of profit or loss for the year ended December 31, 2024.

Following the year ended December 31, 2024, a planned agreement to divest the Kotai Hydrogen Project was unsuccessful. Accordingly, management and the Board resolved to retain the Kotai Hydrogen Project and continue its operations. As a result, the Kotai Hydrogen Project has been reclassified out of discontinued operations and back into continuing operations effective for the year ended December 31, 2025. The comparative figures for the year ended December 31, 2024 have been re-presented accordingly.

a) Assets and liabilities previously classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at December 31, 2024:

	2025	**2024**
	$	**$**
Cash and cash equivalents	-	20,915
Accounts receivable	-	13,730
Intangible assets	-	1,224,882
Total assets of disposal subsidiary held for sale	**-**	**1,259,527**
Accounts and other payables	**-**	(75,068)
Total liabilities of disposal subsidiary held for sale	**-**	**(75,068)**

9. Accounts payable and accrued liabilities

	2025	2024
	$	$
Accounts payable	**83,764**	189,230
Accrued liabilities	**92,029**	79,320
Other payable	**-**	104,188
	175,793	372,738

10. Share capital

The Company is authorized to issue an unlimited number of common shares without par value. Continuity schedules for each component of the Company's share capital and other equity instruments are disclosed in the consolidated statements of changes in shareholders' equity for the period from January 1, 2024, to December 31, 2025. Descriptions of the significant changes in each component are as follows:

a) Settlement of debt

On July 18, 2025, the Company issued 919,483 common shares for the full and final settlement of outstanding debts owing to Mark Connelly for director's fees, totaling $57,194 (AU$62,500). The shares were measured at $0.04 per share, their fair value on the issuance date. As a result, the Company recognized a gain of $20,415 in the statement of profit or loss.

b) Loss per share

Basic income / (loss) per share is computed using the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the years ended December 31, 2025 was 88,817,664 (December 31, 2024 – 88,376,816).

The potentially dilutive equity instruments outstanding were nil stock options (2024 – 7,034,722) and 13,715,281 common share purchase warrants for the year ended December 31, 2025 (2024 – 24,444,449).

11. Warrants reserve

The following tables reflect the continuity of warrants for the period from January 1, 2025, to December 31, 2025.

	Number of warrants	Weighted average exercise price	Fair value
	#	$	$
Balance outstanding, January 1, 2024	**33,765,588**	**0.024**	**1,677,655**
Expired	(9,321,140)	0.270	(484,491)
Balance outstanding, December 31, 2024	**24,444,448**	**0.180**	**1,193,164**
Expired	(10,729,167)	0.216	**(615,402)**
Balance outstanding, December 31, 2025	**13,715,281**	**0.086**	**577,762**

The following summarizes warrants outstanding as of December 31, 2025:

	Number of warrants outstanding	Exercise price	Weighted average remaining contractual life
	#	$	Years
October 14, 2027	**13,715,281**	**0.086**	**1.79**
	13,715,281	**0.086**	**1.79**

On June 13, 2025, the Company announced that the TSX Venture Exchange approved an amendment to the terms of 13,715,281 post-consolidation common share purchase warrants. The warrants were originally exercisable at $0.144 per share and were scheduled to expire on September 30, 2025. Pursuant to the amendment, the exercise price was reduced to $0.086 per share, and the expiry date was extended to October 14, 2027.

On December 5, 2025, 10,729,167 warrants expired unexercised.

12. Stock options

The Company grants stock options under its Long-Term Incentive Plan ("LTIP"), which has a 10% rolling security-based compensation plan. Stock options may be granted to directors, officers, employees, consultants, investor relations service providers and eligible charitable organizations. The exercise price of stock options is determined by the Board on the grant date and may not be less than the market price of the Company's common shares in accordance with applicable stock exchange requirements, and stock options have a maximum term of 10 years. Vesting conditions, including any performance or service conditions, are established by the Board at the time of grant and are subject to minimum vesting requirements for stock options granted to investor relations service providers, which must vest in stages over a period of not less than 12 months. On a change of control, stock options generally become fully vested and exercisable, subject to the terms of the applicable grant and any stock exchange requirements, and stock options are also subject to standard forfeiture and post-termination exercise provisions in the event of resignation, termination, death or disability.

The following table reflects stock option activity for the years ended December 31, 2025, and December 31, 2024:

	Number of options	Weighted average exercise price
	#	$
Balance outstanding, January 1, 2024	**6,114,583**	**0.161**
Issued	2,083,333	0.144
Expired	(1,163,194)	0.167
Balance outstanding, December 31, 2024	**7,034,722**	**0.153**
Expired / cancelled	(7,034,722)	0.153
Balance outstanding, December 31, 2025	**-**	**-**

During the year ended December 30, 2025, 4,687,500 stock options expired as a result of the holder's departure from the Company. On November 12, 2025, the Company announced that its Board has approved the cancellation of an aggregate of 2,347,222 stock options previously granted to directors of the Company.

13. Income Taxes

a) Deferred Tax

The following table summarizes the components of deferred tax for the years ending December 31, 2025, and 2024:

	2025	2024
	$	$
Deferred tax assets		
Marketable securities	**21,457**	21,954
Resource properties	**853,135**	868,752
Capital losses	**33,867**	33,867
Non-capital losses	**2,294,992**	2,132,634
Share issuance costs	**22,716**	40,931
Foreign income taxes	**6,936**	6,936
Deferred tax assets	**3,233,103**	3,105,074
Less: deferred tax assets not recognized	**(3,233,103)**	(3,105,074)
Net deferred tax assets	**-**	-

b) Income rate reconciliation

The reconciliation of the combined Canadian federal and provincial statutory income tax rates on the net loss for the years ended December 31, 2025, and 2024 is as follows:

	2025	2024
	$	$
Loss before income taxes	(686,417)	(3,825,930)
Statutory rate	26.5%	26.5%
Expected income tax recovery at combined basic federal and provincial tax rates	(181,901)	(1,013,871)
Effect on income taxes of:		
Permanent differences	73,137	73,137
Temporary differences	(19,265)	623,744
Changes in tax benefits not recognized	128,029	316,990
Income tax expense	-	-

13. Income Taxes (continued)

c) Other

The Company has deductible temporary differences with respect to its resource properties, whereby the amounts deductible for income tax purposes exceeds the amounts recorded for accounting purposes by $4,471,153 (2024 - $4,471,153). The Company has deductible temporary differences related to its marketable securities whereby the amounts deductible for income tax purposes exceeds the amounts recorded for accounting purposes by $161,937 (2024 - $165,687). The Company has the following Canadian tax loss carryforwards: (i) capital losses of $255,601 (2024 - $255,601) which can be applied against future Canadian capital gains, and (ii) non-capital loss carryforwards, which can be used to reduce future Canadian income taxes payable, expiring as follows:

Non-capital loss carryforwards	
2027	158,207
2028	518,999
2029	536,837
2030	189,949
2031	516,522
2032	401,981
2033	390,969
2034	215,925
2035	256,770
2036	78,341
2037	371,052
2038	333,789
2039	304,020
2040	257,501
2041	304,654
2042	467,957
2043	508,844
2044	381,690
2045	743,658
	6,937,665

The Company's Australian subsidiary Currie Rose Vanadium Pty Ltd. has taxable temporary differences with respect to its resource properties whereby the amounts deductible for income tax purposes are less than the amounts recorded for accounting purposes by $1,326,883 (2024 - $1,264,417). There are also non-capital loss carryforwards, which can be used to reduce future Australian income taxes payable of $1,679,001 (2024 - $1,557,186).

The Company's Australian subsidiary WA Hydrogen Pty Ltd has non-capital loss carryforwards, which can be used to reduce future Australian income taxes payable of $147,889 (2024 - $254,618).

14. Key management compensation, related party transactions and balances

During the years ended December 31, 2025, and 2024, the Company had the following related party transactions with key management personnel and directors, and entities related to them, as follows:

	2025	2024
	$	$
Management fees	**51,794**	259,055
Director fees	**11,261**	87,167
Consulting fees	**58,527**	298,554
	121,582	644,776

During the year ended December 31, 2025, the Company recorded a gain of $106,865 on outstanding director and consulting fees being forgiven.

On July 18, 2025, the Company issued 919,483 common shares for the full and final settlement of outstanding debts owing to Mark Connelly for director's fees, totaling $57,194 (AU$62,500). The Company recognized a gain of $20,415 in the statement of profit or loss.

During the year ended December 31, 2025, the Company incurred $nil (2024 - $93,002) in resource property costs where a director provided geological services to the Company.

Accounts payable and accrued liabilities as at December 31, 2025, include $5,085 (2024 - $230,032) with respect to balances owing to related parties for the transactions disclosed above.

15. Commitments

The Company committed to contribute AUD$350,000 over the five years life of the Kotai Project ITTC grant, and has two remaining cash payments, as well as in-kind contributions. The cash payments are as follows.

2026: AUD$70,000

Given the reclassification of the Kotai Hydrogen Project after the unsuccessful divestment, the commitment remains unaffected by this status.

Other than the commitments noted above the Company has no outstanding commitments.

16. Segmented information

The Company conducts its business in a single operating segment as its exploration resource property in Australia is not considered a cash generating unit as it is not cashflow independent.

17. Financial instruments and risk factors

a) Fair value of financial instruments

The carrying values of cash, accounts receivable, marketable securities, accounts payable and accrued liabilities, and security deposits approximate their fair values due to the short-term or demand nature of these balances.

Fair value hierarchy

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company classifies fair value measurements 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:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2025, the Company's financial instruments consisted of the following:

	2025	2024
	$	$
Level 1		
Cash and cash equivalents	**199,946**	623,496
Marketable securities	**10,000**	6,250
Level 3		
Accounts receivable	**4,009**	31,043
Security deposit	**17,881**	24,295
Accounts and other payables	**175,793**	372,738

Classification of financial instruments

		2025		**2024**	
Assets / Liabilities	**Measurement**	**Cost**	**Fair value**	**Cost**	**Fair value**
Cash and cash equivalents	Fair value	199,946	199,946	623,496	623,496
Accounts receivable	Amortized cost	4,009	4,009	31,043	31,043
Security deposit	Amortized cost	17,881	17,881	24,295	24,295
Marketable securities	Fair value	10,000	6,250	141,937	6,250
Accounts and other payables	Amortized cost	175,793	175,793	372,738	372,738

b) Credit risk

The Company's credit risk is attributable to accounts receivable, which are comprised of refundable HST ITCs. The Company has no material concentration of credit risk arising from operations. Cash consists of bank deposits, which have been invested with a Canadian chartered bank, from which management believes the risk of loss to be remote. Management believes that credit risk with respect to accounts receivable is minimal. There has been no change in this risk exposure or how it is managed since the prior reporting period.

17. Financial instruments and risk factors (continued)

c) Liquidity risk

The business of the Company necessitates the management of liquidity risk. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due in the short-term due to a shortfall of working capital and in the long-term due to lack of sufficient capital. The Company's objective is to mitigate short-term liquidity risk by maintaining adequate working capital reserves and its long-term liquidity risk by stipulating in certain option agreements that payments may be made in common shares at the Company's election and through good relations with external capital markets. The Company achieves these objectives by obtaining financing through private placements and issuing shares as payment for resource property costs. There has been no change in this risk exposure or how it is managed since the prior reporting period.

d) Market risk

The Company is exposed to market risk on its marketable securities due to normal stock market fluctuations. Management also regularly monitors market activities to assess the recoverability of this investment.

e) Foreign currency risk

As at December 31, 2025, the Company's holds foreign currency of AUD$126,590 (December 31, 2024 - AUD$445,112). The Company objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting with third parties in Australian dollars. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not sufficient at this point in time.

18. Capital disclosures

The Company's objectives when managing capital are to ensure that there are adequate resources to sustain operations and to continue as a going concern, to maintain adequate funding to support acquisition obligations and exploration of mineral claims, and to maintain investor confidence, all with a view to providing a return on shareholders' investment. Funds are primarily obtained through the issuance of common shares as equity capital. Such issuance of common shares is usually done as private placements.

The Company considers the items included in the consolidated statements of shareholders' equity to be capital and it manages the capital structure and adjusts it with an awareness of changes in economic conditions, the risk nature of the underlying assets and the future capital requirements to maintain those assets. The Company is not subject to any externally imposed capital requirements.

19. Subsequent events

On March 23, 2026, the Company completed a non-brokered private placement financing of 89,296,272 units of the Company at a price of $0.035 per unit, for gross proceeds of $3,125,370. Each unit consisted of one common share and one warrant. Each warrant can be exercised to purchase one additional common share at a price of $0.05 on or before March 23, 2028.

In connection with the Private Placement, the Company will pay a finder's fees of 6% cash, and 6% finder's warrants to Argonaut Securities Pty Limited. Each finder's warrant can be exercised to purchase one common share at a price of $0.05 on or before March 23, 2028.

A director of the Company participated in the Private Placement for 3,796,272 units.