



**ATHA Energy Corp.**

**Consolidated Financial Statements**

*(Expressed in Canadian Dollars, unless otherwise noted)*

For the years ended December 31, 2025 and 2024



## Independent Auditor's Report

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To the Shareholders of Atha Energy Corp.:

### Opinion

We have audited the consolidated financial statements of Atha Energy Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' 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 December 31, 2025 and December 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 1 in the consolidated financial statements, which indicates that the Company is subject to significant risks and challenges similar to companies in a comparable stage of exploration and development and the Company will have to raise additional funds in order to continue its exploration and development efforts and there can be no assurance that it will be able to do so. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### 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.

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.

Toronto, Ontario  
April 28, 2026

*MNP* **LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

# ATHA ENERGY CORP.

## Consolidated Statements of Financial Position

(Expressed in Canadian Dollars, unless otherwise noted)

As at:	Notes	December 31, 2025		December 31, 2024	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		\$	3,512,094	\$	8,110,541
Restricted cash			35,000		35,000
Receivables	5		1,053,755		2,473,303
Deferred acquisition costs			-		72,109
Due from related parties			12,135		-
Marketable securities	11		533,873		151,963
Prepaid expenses			278,351		897,821
<b>Total current assets</b>		<b>\$</b>	<b>5,425,208</b>	<b>\$</b>	<b>11,740,737</b>
<b>Non-current assets</b>					
Property and equipment	8		195,704		270,108
Exploration and evaluation assets	9		221,321,316		201,547,037
Right-of-use assets	10		348,066		611,275
<b>Total non-current assets</b>		<b>\$</b>	<b>221,865,086</b>	<b>\$</b>	<b>202,428,420</b>
<b>Total assets</b>		<b>\$</b>	<b>227,290,294</b>	<b>\$</b>	<b>214,169,157</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities			1,103,154		1,737,582
Flow-through premium liability	12		1,037,360		-
Current portion of lease liabilities	10		144,752		187,634
Due to related parties	15		33,507		-
<b>Total current liabilities</b>		<b>\$</b>	<b>2,318,773</b>	<b>\$</b>	<b>1,925,216</b>
<b>Non-current liabilities</b>					
Lease liabilities	10		216,397		433,617
Deferred tax liability			6,693,449		3,475,001
<b>Total liabilities</b>		<b>\$</b>	<b>9,228,619</b>	<b>\$</b>	<b>5,833,834</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	13		233,643,415		217,052,772
Share-based payment reserve	14		15,170,957		14,534,173
Contributed surplus	14		1,563,594		3,991,403
Accumulated other comprehensive loss			(96,263)		(618,606)
Deficit			(32,220,028)		(26,624,419)
<b>Total shareholders' equity</b>		<b>\$</b>	<b>218,061,675</b>	<b>\$</b>	<b>208,335,323</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$</b>	<b>227,290,294</b>	<b>\$</b>	<b>214,169,157</b>

Nature of business and going concern (Note 1)

Events after reporting period (Note 21)

Approved by the Board of Directors and authorized for issue on April 28, 2026:

“Troy Boisjoli” CEO

“Mike Castanho” Director

# ATHA ENERGY CORP.

## Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars, unless otherwise noted)

For the years ended	Notes	December 31, 2025	December 31, 2024
<b>Operating expenses</b>			
Business development		376,414	724,831
Consulting and advisory fees	15	434,496	428,402
Depreciation	8,10	298,204	227,131
Director fees	15	242,054	168,787
Marketing and shareholder relations		740,260	1,891,242
Office and administration		819,772	706,374
Professional fees		1,276,992	1,480,613
Rent expense		48,300	52,720
Salaries and wages	15	1,005,730	1,144,362
Share-based compensation	14,15	2,320,170	5,172,956
Transfer agent and filing fees		344,612	670,937
Travel		402,279	748,855
<b>Total operating expenses</b>		<b>\$ (8,309,283)</b>	<b>\$ (13,417,210)</b>
<b>Operating loss</b>		<b>\$ (8,309,283)</b>	<b>\$ (13,417,210)</b>
<b>Other income (expenses)</b>			
Foreign exchange loss		(287,034)	(40,257)
Interest expense	10	(44,358)	(659,447)
Interest income		190,705	862,379
Other expense		(35,700)	(14,639)
<b>Income (Loss) before tax</b>		<b>\$ (8,485,670)</b>	<b>\$ (13,269,174)</b>
Flow-through premium recovery		3,320,273	5,334,532
Deferred income tax recovery (expense)	19	(3,218,448)	(3,475,001)
<b>Net Income (loss)</b>		<b>\$ (8,383,845)</b>	<b>\$ (11,409,643)</b>
<b>Other comprehensive loss</b>			
Translation adjustment		252,890	21,020
Unrealized gain (loss) on marketable securities	11	269,453	(639,626)
<b>Total comprehensive loss</b>		<b>\$ (7,861,502)</b>	<b>\$ (12,028,249)</b>
<b>Basic and diluted loss per common share</b>			
Weighted average number of common shares outstanding - basic and diluted		295,153,226	235,534,746
		<b>\$ (0.03)</b>	<b>\$ (0.05)</b>

# ATHA ENERGY CORP.

## Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars, unless otherwise noted)

	Number of shares	Share capital	Share-based payment reserve	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
<b>Balance - December 31, 2023</b>	<b>138,606,388</b>	<b>\$ 93,555,414</b>	<b>\$ 9,428,217</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (15,216,576)</b>	<b>\$ 87,767,055</b>
Common shares to acquire Latitude Uranium Inc. (Note 20)	64,444,004	61,221,804	-	-	-	-	61,221,804
Common shares to acquire 92 Energy Limited	65,794,682	54,609,586	-	-	-	-	54,609,586
Conversion of subscription receipts	4,000,000	4,000,000	-	-	-	-	4,000,000
Share issuance costs	-	(551,032)	-	-	-	-	(551,032)
Common shares issued - acquisition of NSS Properties	5,000,000	4,150,000	-	-	-	-	4,150,000
Stock options to acquire Latitude Uranium Inc. (Note 20)	-	-	-	1,676,337	-	-	1,676,337
Warrants to acquire Latitude Uranium Inc. (Note 20)	-	-	-	2,316,866	-	-	2,316,866
Share-based compensation	-	-	5,172,956	-	-	-	5,172,956
Unrealized loss on marketable securities	-	-	-	-	(639,626)	-	(639,626)
Exercise of RSUs	50,000	67,000	(67,000)	-	-	-	-
Expiration of stock options (Note 14)	-	-	-	(1,800)	-	1,800	-
Translation adjustment	-	-	-	-	21,020	-	21,020
Net loss for the year	-	-	-	-	-	(11,409,643)	(11,409,643)
<b>Balance - December 31, 2024</b>	<b>277,895,074</b>	<b>\$ 217,052,772</b>	<b>\$ 14,534,173</b>	<b>\$ 3,991,403</b>	<b>\$ (618,606)</b>	<b>\$ (26,624,419)</b>	<b>\$ 208,335,323</b>
Common shares issued on private placement of Shares (Note 13)	20,241,490	7,894,181	-	-	-	-	7,894,181
Special warrants issued on private placement (Note 14c)	-	-	-	9,248,115	-	-	9,248,115
Common shares issued on exercise of special warrants (Note 13 and 14c)	17,126,138	9,076,855	-	(9,248,115)	-	-	(171,260)
Issuance of share warrants on exercise of special warrants (Note 13 and 14c)	-	-	-	171,261	-	-	171,261
Share issuance costs (Note 13)	-	(2,079,446)	-	189,166	-	-	(1,890,280)
Expiration of stock options (Note 14)	-	-	-	(1,025,356)	-	1,025,356	-
Cancellation of stock options (Note 14)	-	-	-	(1,762,880)	-	1,762,880	-
Exercise of RSUs	1,250,000	1,675,000	(1,675,000)	-	-	-	-
Exercise of stock options	33,333	24,053	(8,386)	-	-	-	15,667
Share-based payments (Note 14)	-	-	2,320,170	-	-	-	2,320,170
Unrealized loss on marketable securities (Note 11)	-	-	-	-	269,453	-	269,453
Translation adjustment	-	-	-	-	252,890	-	252,890
Net loss for the year	-	-	-	-	-	(8,383,845)	(8,383,845)
<b>Balance - December 31, 2025</b>	<b>316,546,035</b>	<b>\$ 233,643,415</b>	<b>\$ 15,170,957</b>	<b>\$ 1,563,594</b>	<b>\$ (96,263)</b>	<b>\$ (32,220,028)</b>	<b>\$ 218,061,675</b>

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

For the year ended	December 31, 2025	December 31, 2024
<b>OPERATING ACTIVITIES</b>		
<b>Net loss</b>	\$ (8,383,845)	\$ (11,409,643)
<b>Non-cash items:</b>		
Depreciation	298,204	227,131
Share-based compensation	2,320,170	5,172,956
Flow-through premium recovery (Note 12)	(3,320,273)	(5,334,532)
Interest expense	44,358	659,447
Foreign exchange loss	287,033	-
Other expense	(36,126)	-
Other income	32,048	-
Deferred income tax expense	3,218,448	3,475,001
Gain on derecognition of lease liability	(10,160)	-
<b>Changes in non-cash working capital items:</b>		
Receivables	1,311,168	(1,061,445)
Prepaid expenses	200,811	3,295
Accounts payable and accrued liabilities	(833,802)	(2,102,380)
Deferred financing costs	72,109	-
Due from related parties	(12,135)	-
Due to related parties	33,507	-
Advances from (repayments to) affiliates	(14,754)	-
<b>Cash flows used in operating activities</b>	<b>\$ (4,793,239)</b>	<b>\$ (10,370,170)</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation expenditures	\$ (20,662,370)	\$ (30,444,726)
Acquisition cost to acquire mineral properties	-	(570,974)
Proceeds pursuant to option agreements	-	50,000
Purchase of property and equipment	(25,248)	(143,802)
Receipt of provincial exploration credit	-	236,200
Refund of claim deposits	1,477,225	3,687,399
Cash, cash equivalents, and restricted cash received on acquisition of Latitude Uranium Inc. (Note 20)	-	6,381,619
Cash and cash equivalents received on acquisition of 92 Energy Limited (Note 20)	-	2,704,321
<b>Net cash provided by (used in) investing activities</b>	<b>\$ (19,210,393)</b>	<b>\$ (18,099,963)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of flow-through shares	10,000,000	-
Proceeds from issuance of special warrants	11,499,928	-
Share issuance costs	(1,890,280)	(431,032)
Payment on lease obligations	(181,433)	(177,225)
Proceeds from exercise of options	15,667	-
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 19,443,882</b>	<b>\$ (608,257)</b>
<b>Decrease in cash and cash equivalents, and restricted cash</b>	<b>\$ (4,559,750)</b>	<b>\$ (29,078,390)</b>
Effect of foreign exchange rate fluctuation	(38,697)	21,020
<b>Cash and cash equivalents, and restricted cash, beginning of year</b>	<b>\$ 8,145,541</b>	<b>\$ 37,202,911</b>
<b>Cash and cash equivalents, and restricted cash, end of year</b>	<b>\$ 3,547,094</b>	<b>\$ 8,145,541</b>

Note 18 – Supplemental Cash flow Information

# **ATHA ENERGY CORP.**

## **Notes to the Consolidated Financial Statements**

**Year ended December 31, 2025 and 2024**

*(Expressed in Canadian Dollars, unless otherwise noted)*

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### **1. NATURE OF BUSINESS AND GOING CONCERN**

Atha Energy Corp. (the “Company” or “ATHA”) was incorporated under the British Columbia Business Corporations Act on January 14, 2021. The Company’s head office and its registered and records office is located at 1240 – 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1. On April 6, 2023, the Company received approval from the Canadian Securities Exchange (“CSE”) to list its common shares under the symbol “SASK”. On March 4, 2024, the Company’s common shares were delisted from the CSE, and listed on the TSX Venture Exchange (“TSXV”). The Company’s common shares continue to trade under the symbol “SASK”.

The Company is principally engaged in the acquisition, exploration and evaluation of mineral resources in Canada in the Angikuni and Thelon Basins located in Nunavut, the Athabasca Basin located in Saskatchewan and the Central Mineral Belt located in Newfoundland and Labrador. At this time, the Company does not own any operating mines and has no operating income from mineral production. Funding for exploration and operations is expected to be raised primarily through share offerings.

#### **Going concern**

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern. Continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future is assumed, at least, but not limited to, one year from December 31, 2025. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is material uncertainty that may raise significant doubt as to the Company’s ability to continue as a going concern. There are no assurances that the Company’s funding initiatives will continue to be successful.

These consolidated financial statements do not reflect the adjustments that would be necessary if the going concern assumption was inappropriate. Adjustments to the carrying value of assets, liabilities, reported expenses and statements of financial position classifications could be material. To advance its exploration and development efforts, the Company will have to raise additional funds. While the Company has been successful in doing so in the past, there can be no assurances that it will be able to do so in the future.

### **2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION**

#### **Statement of Compliance**

The Financial Statements of the Company as at and for the years ended December 31, 2025, including comparatives, have been prepared in accordance with IFRS<sup>®</sup> Accounting Standards (“IFRS<sup>®</sup>”) as issued by the International Accounting Standards Board (“IASB”) and Interpretation of the International Financial Reporting Interpretation Committee (“IFRIC”).

These Financial Statements were approved and authorized for issuance by the Board of Directors on April 28, 2026.

#### **Basis of Presentation**

The Financial Statements of the Company are presented in Canadian dollars, unless otherwise indicated, the reporting currency of the Company.

#### **Basis of consolidation**

These Financial Statements include the accounts of the Company and its wholly-owned subsidiaries, which are controlled by the Company. Control is achieved when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns. The financial statements of the subsidiaries are included in these Financial Statements from the date that control commences until the date that control ceases. All significant inter-company balances and transactions are eliminated on consolidation.

The entities contained in the Financial Statements are as follows:

Entity Name	Place of business and operations	Functional currency	Equity percentage
Atha Energy Corp (the "Company") - parent	Canada	CAD	n/a
Atha Energy (NU) Corp. ("ATHA NU") – wholly owned subsidiary	Canada	CAD	100%
Latitude Uranium Inc. ("LUR") – wholly owned subsidiary	Canada	CAD	100%
5833 Nunavut Ltd ("NUN") – indirect wholly-owned subsidiary	Canada	CAD	100% owned by LUR
92 Energy Pty Ltd. ("92E") – wholly owned subsidiary	Australia	AUD	100%
92 Energy Canada Ltd. ("92CAN") – indirect wholly-owned subsidiary	Canada	CAD	100% owned by 92E

### 3. MATERIAL ACCOUNTING POLICIES

#### Cash and cash equivalents

Cash and cash equivalents consist of cash held at a Canadian financial institution and guaranteed investment certificates ("GICs") that are redeemable on demand and with maturity dates less than one-year.

#### Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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

#### Share capital

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

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The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the issuance date of the unit offering and any residual remaining is allocated to common share purchase warrants. Subsequent to the initial recognition of warrants, any modification to the original terms of the warrants attached to units that were initially recognized in accordance with the residual value approach does not result in a re-measurement adjustment.

The Company may from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) capital stock. When the resource property expenditures are incurred, the Company derecognizes the liability and recognizes amortization of flow-through liability.

### Share-based payments

The stock option plan allows Company directors, officers, employees, and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' 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. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from share-based payment reserve to share capital.

In situations where equity instruments are issued to non-employees and some or all the services received by the entity as consideration cannot be specifically identified, they are all measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the services received.

The fair value is measured at grant date and each tranche is 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 each reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

### Basic and diluted loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. Contingently issuable shares are not considered outstanding common shares and consequently are not included in loss per share calculations.

### Financial instrument measurement and valuation

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

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The measurement of the Company's financial instruments is disclosed in Note 12 to these Financial Statements. Any financial instrument that is valued using level 2 or 3 inputs will involve estimation uncertainty.

### Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

*Financial assets at FVTPL:* Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of profit or loss in the period.

*Financial assets at FVTOCI:* Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

*Financial assets at amortized cost:* A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

*Impairment of financial assets at amortized cost:* The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

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

### **Exploration and evaluation assets**

Costs related to the acquisition of exploration and evaluation assets are capitalized by property until the commencement of commercial production. Exploration and evaluation costs are capitalized on the statement of financial position. Upon achieving production, costs for a producing property will be amortized on a unit-of-production method based on the estimated life of the ore reserves. The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Currently, the Company's mineral properties are in the exploration stage.

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

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Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty, and it is reasonably possible, based on existing knowledge that changes in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded as incurred.

### Farm-out arrangements

In a farm-out agreement, the Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash or equity consideration received from the farmee is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

### **Provision for environmental rehabilitation**

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

### **Property and equipment**

Property and equipment are recorded at cost less accumulated amortization and impairment losses. The Company provides for amortization using the below methods at rates designed to amortize the cost of the property and equipment over their period of expected use by the Company. A full year of amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The estimated useful lives of assets are reviewed by management and adjusted, if necessary. The annual amortization rates and methods are as follows:

- Furniture and equipment: 20% declining balance
- Computer equipment: 50% declining balance
- Leasehold improvements: Straight-line – 5 years
- Field equipment: straight-line – 3 years

Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to profit or loss during the period they are incurred.

### **Impairment of non-financial assets**

Impairment tests on non-financial assets, including exploration and evaluation assets are undertaken at the end of each reporting period. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars, unless otherwise noted)

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The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### **Right-of-use assets and lease liabilities**

The Company assesses whether a contract is a lease based on whether the contract conveys the right to control the use ("ROU") of an underlying asset for a period of time in exchange for consideration. Leases are recognized as a lease liability and a corresponding ROU asset at the date on which the leased asset is available for use by the Company. Liabilities and assets arising from a lease are initially measured on a present value basis. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate when the rate implicit in the lease is not readily available. The corresponding right-of-use assets are measured at the amount equal to the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company. The ROU asset, initially measured at an amount equal to the corresponding lease liability, is depreciated on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain remeasurements of the lease liability and impairment losses.

### **Accumulated other comprehensive income (loss)**

Accumulated other comprehensive income (loss) includes gains or losses from revaluation of marketable securities.

### **Adoption of new and future accounting standards**

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has not yet completed its assessment on the potential impact of adopting these accounting standards on its financial statements.

### ***IFRS 18 - Presentation and Disclosure in Financial Statements.***

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

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requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company is currently assessing the effect of this new standard on its financial statements.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and 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 financial statements are discussed below:

##### ***Judgements***

###### *Going Concern*

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1.

###### *Exploration and evaluation assets*

Management is required to assess impairment in respect to the Company's intangible mineral property interests. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The carrying value of each exploration and evaluation asset is reviewed regularly for conditions that may suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

###### *Business Combination vs. Asset Acquisition*

The Company applies judgement in determining whether the acquisition of arms-length entities constitute a business combination or an asset acquisition. The assessment of whether the transaction should be accounted for as a business combination or asset acquisition has significant impact to the initial measurement and valuation of net assets acquired and resulting recognition of goodwill.

##### ***Estimates***

###### *Deferred income taxes and recoverability of potential deferred tax assets*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars, unless otherwise noted)

income prior to expiry of those deductions. Management assesses whether it is probable that some or all the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

### Term of Lease Contracts

The Company has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of the lease liabilities and right-of-use assets recognized.

### Provision for environmental rehabilitation

Liabilities for environmental provisions are recognized at the time of environmental disturbance, in amounts equal to the discounted value of expected future reclamation. The provision for environmental rehabilitation represents management's best estimate of the present value of the future cash outflows required to settle the liability.

Factors that affect the final cost of remediation include estimates of the extent and costs of rehabilitation activities, the expected timing, technological changes, cost increases and changes in discount rates. Changes in the above factors can result in a change to the asset retirement obligation. This liability is reassessed and re-measured at each reporting date.

### Stock options

Determining the fair value of stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate, and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.

### Lease – Discount Rate

In instances where the Company cannot readily determine the interest rate implicit in a lease, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is 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. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as interest rate spreads for credit and other risks).

## 5. RECEIVABLES

Receivables as at December 31, 2025 and December 31, 2024 were comprised of the following:

	December 31, 2025		December 31, 2024	
Interest receivable	\$	6,626	\$	18,398
Other receivables		3,131		-
Sales tax credit receivable		1,043,998		2,454,905
<b>Total receivables</b>	<b>\$</b>	<b>1,053,755</b>	<b>\$</b>	<b>2,473,303</b>

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

### 6. ACQUISITION OF LATITUDE URANIUM INC.

On March 7, 2024, the Company completed its acquisition of LUR pursuant to the terms of an arrangement agreement (the "Latitude Agreement"). On closing, the Company issued 64,444,004 common shares of the

Company in exchange for all of the common shares of LUR. LUR was incorporated on July 13, 2021 under the laws of the Province of Ontario. LUR's primary business activity prior to acquisition was the exploration of mineral properties in Canada.

Under the Latitude Agreement, LUR shareholders received 0.2769 of a common share of the Company for each LUR common share held (the "LUR Ratio"). Additionally, incentive stock option of LUR were exchanged for incentive stock options of the Company at the LUR Ratio. Similarly, LUR common share purchase warrants ("warrants") were exchanged for common share purchase warrants of the Company at the LUR Ratio. Consequently, 5,371,854 incentive stock options, which vested immediately on March 7, 2024, and 11,285,962 common share purchase warrants were issued respectively. The stock options and warrants have been recognized at fair value as determined using the Black Scholes option pricing model (Note 14). This transaction has been accounted for as an asset acquisition as LUR did not meet the definition of a 'business' as defined under IFRS 3.

<b>Purchase price consideration</b>	
Fair value of 64,444,004 common shares issued at \$0.95	\$ 61,221,804
Fair value of 5,371,854 stock options issued	1,676,337
Fair value of 11,285,962 warrants issued	2,316,866
<b>Total purchase price</b>	<b>\$ 65,215,007</b>
<b>Total acquisition costs</b>	<b>\$ 414,238</b>
<b>Total amount allocated to net assets acquired</b>	<b>\$ 65,629,245</b>
<i>Assets acquired and liabilities assumed:</i>	
Cash and cash equivalents	\$ 6,346,619
Restricted cash	35,000
Receivables	297,583
Prepaid expenses	231,585
Right-of-use asset	354,090
Exploration and evaluation asset	58,873,460
Property and equipment	67,487
Accounts payable and accrued liabilities	(222,489)
Lease liability	(354,090)
<b>Total amount allocated</b>	<b>\$ 65,629,245</b>

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars, unless otherwise noted)

### 7. ACQUISITION OF 92 ENERGY LIMITED

On April 11, 2024, the Company completed its acquisition of 92E pursuant to the terms of Scheme Implementation Deed (the "Scheme"). On closing, the Company issued 65,794,682 common shares of the Company in exchange for all of the common shares of 92E. Pursuant to the Scheme, shareholders of 92E received 0.5834 (the "92E Ratio") common shares of the Company per one 92E common share held. Prior to acquisition, 92E was an exploration stage uranium company listed on the Australian Securities Exchange with a focus on exploration of its uranium exploration projects located within the Athabasca Basin region of Canada. The Transaction has been accounted for as an asset acquisition as 92E did not meet the definition of a "business" as defined under IFRS 3.

<b>Purchase price consideration</b>		
Fair value of 65,794,682 common shares issued at \$0.83	\$	54,609,586
<b>Total purchase price</b>	<b>\$</b>	<b>54,609,586</b>
<b>Total acquisition costs</b>	<b>\$</b>	<b>507,099</b>
<b>Total amount allocated to net assets acquired</b>	<b>\$</b>	<b>55,116,685</b>
<i>Assets acquired and liabilities assumed:</i>		
Cash and cash equivalents	\$	2,704,321
Receivables		304,359
Property and equipment		18,282
Exploration and evaluation assets		53,318,110
Accounts payable and accrued liabilities		(1,228,387)
<b>Total amount allocated</b>	<b>\$</b>	<b>55,116,685</b>

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars, unless otherwise noted)

### 8. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture	Field equipment	Leasehold improvements	Total
<b>Cost</b>					
<b>Balance, December 31, 2023</b>	\$ 2,470	\$ 43,769	\$ –	\$ 113,999	\$ 160,238
Additions	20,404	29,016	94,382	–	143,802
Acquired on acquisition of LUR (Note 6)	–	–	–	67,487	67,487
Acquired on acquisition of 92E (Note 7)	345	17,937	–	–	18,282
<b>Balance, December 31, 2024</b>	\$ 23,219	\$ 90,722	\$ 94,382	\$ 181,486	\$ 389,809
Additions	19,648	5,600	–	–	25,248
<b>Balance, December 31, 2025</b>	\$ 42,867	\$ 96,322	\$ 94,382	\$ 181,486	\$ 415,057
<b>Accumulated depreciation</b>					
<b>Balance, December 31, 2023</b>	\$ 1,235	\$ 10,301	\$ –	\$ 32,027	\$ 43,563
Depreciation	6,576	11,794	10,478	47,290	76,138
<b>Balance, December 31, 2024</b>	\$ 7,811	\$ 22,095	\$ 10,478	\$ 79,317	\$ 119,701
Depreciation	18,355	14,719	19,287	47,291	99,652
<b>Balance, December 31, 2025</b>	\$ 26,166	\$ 36,814	\$ 29,765	\$ 126,608	\$ 219,353
<b>Carrying amount</b>					
Balance, December 31, 2024	\$ 15,408	\$ 68,627	\$ 83,904	\$ 102,169	\$ 270,108
<b>Balance, December 31, 2025</b>	\$ 16,701	\$ 59,508	\$ 64,617	\$ 54,878	\$ 195,704

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

### 9. EXPLORATION AND EVALUATION ASSETS

	Saskatchewan / Alberta Exploration Properties	Nunavut Exploration Properties	Angilak Property	Gemini Property	Other Exploration Properties	Total
<b>Acquisition costs:</b>						
<b>Balance, December 31, 2024</b>	\$ 51,225,431	\$ 2,915,965	\$ 53,065,664	\$ 47,942,590	\$ 6,778,293	\$ 161,927,943
Option and other payments	2,356,449	-	(50,000)	-	9,306	2,315,755
<b>Balance, December 31, 2025</b>	\$ 53,581,880	\$ 2,915,965	\$ 53,015,664	\$ 47,942,590	\$ 6,787,599	\$ 164,243,698
<b>Exploration and evaluation costs:</b>						
<b>Balance, December 31, 2024</b>	\$ 22,967,659	\$ 1,152,242	\$ 11,340,682	\$ 3,926,818	\$ 231,693	\$ 39,619,094
<i>Expenditures incurred during the period:</i>						
Staking	61,552	-	47,704	-	50,744	160,000
Data review	1,221,520	3,085	436,790	1,531	6,486	1,669,412
Information technology	-	-	5,803	-	2,050	7,853
Field work	2,624	-	5,554,869	189,962	2,169	5,749,624
Salaries and wages	543,449	39,062	371,563	21,256	1,907	977,237
Travel	-	-	1,183,641	8,069	-	1,191,710
Geophysical surveying	1,690,106	4,653	1,119,832	116,617	-	2,931,208
43-101 Technical report	-	-	-	-	29,476	29,476
Geological	-	-	205,712	-	31,441	237,153
Drilling	-	-	2,412,154	82,446	-	2,494,600
Assaying	-	-	304,537	-	-	304,537
Helicopter	-	-	1,670,667	-	-	1,670,667
Environmental	-	-	27,736	-	-	27,736
Translation adjustment	-	-	-	7,311	-	7,311
<b>Balance, December 31, 2025</b>	\$ 26,486,910	\$ 1,199,042	\$ 24,681,690	\$ 4,354,010	\$ 355,966	\$ 57,077,618
Balance, December 31, 2024	\$ 74,193,090	\$ 4,068,207	\$ 64,406,346	\$ 51,869,408	\$ 7,009,986	\$ 201,547,037
<b>Balance, December 31, 2025</b>	\$ 80,068,790	\$ 4,115,007	\$ 77,697,354	\$ 52,296,600	\$ 7,143,565	\$ 221,321,316

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

### 9. EXPLORATION AND EVALUATION ASSETS (continued)

	Saskatchewan/ Alberta Exploration Properties	Nunavut Exploration Properties	Angilak Property	Gemini Property	Other Exploration Properties	Total
<b>Acquisition costs:</b>						
<b>Balance, December 31, 2023</b>	\$ 45,136,505	\$ 2,915,965	\$ -	\$ -	\$ 807,000	\$ 48,859,470
Exploration and evaluation assets added on acquisition of LUR (Note 6)	-	-	52,986,120	-	5,887,340	58,873,460
Exploration and evaluation assets added on acquisition of 92E (Note 7)	5,331,811	-	-	47,986,299	-	53,318,110
Option payments	915,371	-	79,544	(43,709)	83,953	1,035,159
Option proceeds	(158,256)	-	-	-	-	(158,256)
<b>Balance, December 31, 2024</b>	\$ 51,225,431	\$ 2,915,965	\$ 53,065,664	\$ 47,942,590	\$ 6,778,293	\$ 161,927,943
<b>Exploration and evaluation costs:</b>						
<b>Balance, December 31, 2023</b>	\$ 10,274,089	\$ -	\$ -	\$ -	\$ -	\$ 10,274,089
<i>Expenditures incurred during the period:</i>						
Staking	39,375	103,320	34,020	-	91,556	268,271
Data review	1,017,556	-	-	-	-	1,017,556
Information technology	140,804	-	98,950	-	-	239,754
Field work	421,572	-	4,204,382	464,120	-	5,090,074
Salaries and wages	1,060,904	13,648	329,175	478,511	1,206	1,883,444
Consultants and contractors	83,345	-	-	-	-	83,345
Travel	8,767	-	538,750	33,994	-	581,511
Geophysical surveying	9,529,076	1,035,274	553,090	9,200	-	11,126,640
43-101 Technical report	9,900	-	-	-	-	9,900
Digitization program	177,793	-	-	-	-	177,793
Geological	49,462	-	969,853	72,795	138,931	1,231,041
Archaeology	-	-	40,214	-	-	40,214
Drilling	-	-	2,953,809	2,673,842	-	5,627,651
Assaying	-	-	361,721	119,534	-	481,255
Helicopter	110,016	-	1,225,547	76,727	-	1,412,290
Community and indigenous engagement	45,000	-	241	-	-	45,241
Environmental	-	-	30,930	-	-	30,930
Translation adjustment	-	-	-	(1,905)	-	(1,905)
<b>Balance, December 31, 2024</b>	\$ 22,967,659	\$ 1,152,242	\$ 11,340,682	\$ 3,926,818	\$ 231,693	\$ 39,619,094
Balance, December 31, 2023	\$ 55,410,594	\$ 2,915,965	\$ -	\$ -	\$ 807,000	\$ 59,133,559
<b>Balance, December 31, 2024</b>	\$ 74,193,090	\$ 4,068,207	\$ 64,406,346	\$ 51,869,408	\$ 7,009,986	\$ 201,547,037

# **ATHA ENERGY CORP.**

## **Notes to the Consolidated Financial Statements**

**Year ended December 31, 2025 and 2024**

*(Expressed in Canadian Dollars, unless otherwise noted)*

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### **Nunavut - Angilak**

The Angilak Project is situated within the Angikuni Basin approximately 225 km southwest of Baker Lake in the Kivalliq Region of Nunavut. The Angilak project comprises a total area of 476,698 acres (192,913 hectares) and hosts the Lac 50 uranium deposit. In 2024, the Company identified a 31 km prospective structural corridor which transects the Angikuni Basin called the RIB-Nine Iron trend. This prospective structural corridor was identified through historic data compilation, airborne geophysical surveys and structural geology modeling and interpretation completed as part of the 2024 and 2025 exploration programs.

### **Saskatchewan - Gemini Property**

The Gemini property is an unconformity-associated uranium exploration project located on the eastern margin of the Athabasca Basin, 27 km southeast of the McArthur River uranium mine, 32 km northeast of the Key Lake uranium mill and 780 km northeast of the regional center of Saskatoon. Gemini consists of 13 granted mineral claims with a total area of 445.3 km<sup>2</sup>, and hosts the Gemini Mineralized Zone – a shallow, basement-style, high-grade uranium discovery.

### **Saskatchewan/ Alberta - Exploration Properties**

On September 20, 2022, the Company entered into an agreement (the “NSS Purchase Agreement”) to acquire a diversified portfolio of mineral exploration assets and carried interests in the Athabasca Basin (the “NSS Assets”) from the New Saskatchewan Syndicate (“NSS”), which includes a 10% carried interest and 2% net smelter returns (“NSR”) royalty on certain land owned and operated by NexGen Energy Ltd. and IsoEnergy Ltd. (the “NSS Acquisition”).

The NSS, pursuant to an amending agreement signed in December 2023, will retain a 5% interest in any additional prospective mineral exploration properties acquired by ATHA. The Company has also agreed to grant the Vendors a 1% net smelter returns royalty and a 5% carried interest in and to the NSS Acquired Assets and, ATHA agreed to issue 5,000,000 common shares to the Vendors prior to December 31, 2024 (issued on April 11, 2024).

### **Nunavut - Exploration Properties**

In October 2023 the Company began to acquire prospective uranium mineral claims in the Canadian Territory of Nunavut. The Company focused its claim staking on known uranium jurisdictions of the Thelon Basin, and Baker Lake Basin. Consequently, the Company owns 2,752,024 acres (1,113,705 hectares) of mineral claims and is the largest land holder of prospective uranium mineral claims in the territory.

### **Stallion Discoveries Option**

On May 16, 2023 the Company entered into a binding letter of intent (“LOI”) with Stallion Discoveries Corp. (“Stallion”), and on July 18, 2023 the parties entered a definitive option and joint venture agreement (the “Stallion Agreement”) providing Stallion an ability to earn an option (the “Option”) to acquire a 70% interest in 47 of the Company’s mineral claims in Saskatchewan, Canada (the “Stallion Claims”) by acquiring the requisite portion of the Company’s current 90% interest, after meeting certain milestones.

Within two days of the closing date Stallion issued 3,333,333 shares pre-consolidated to the Company (with a then corresponding fair value of \$683,333).

On May 31, 2024, Stallion provided ATHA with written notice that it reasonably anticipates that it will not have incurred the required expenditures related to the mineral claims under the Stallion Agreements. The amount of the deficiency between the required amount and the incurred amount for the period from June 13, 2023, to August 8, 2024 (inclusive), was \$564,854. As such, pursuant to the Stallion Agreement,

# **ATHA ENERGY CORP.**

## **Notes to the Consolidated Financial Statements**

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Stallion was obligated to issue to ATHA such number of shares equal to 150% of the amount of such deficiency.

On February 27, 2025, Stallion received TSX approval for consolidation of its shares on the basis of a one post-consolidated share for each five pre-consolidated shares. On a post-consolidated basis, the Company held 666,667 common shares of Stallion.

On March 28, 2025, Stallion and ATHA executed a settlement agreement in respect of Stallion decreasing its land package from 438,000 acres (177,252 hectares) to 255,000 acres (103,195 hectares) and addressing the unrecovered refundable claim deposits. Subsequent to ATHA receiving from the Saskatchewan government \$492,601 on Stallion's account, ATHA and Stallion agreed that the remainder of the deficiency, being \$72,253, would be paid by Stallion issuing to ATHA shares equal to 150% of such remainder. 802,809 common shares of Stallion were formally issued to ATHA in July 2025 (Note 11) as settlement at a deemed price of \$0.135 as a settlement of the matter, resulting in a total position of 1,469,476 common shares of Stallion held at December 31, 2025.

During the year ended December 31, 2023, ATHA paid refundable claim deposits totaling \$4,654,651 to the Ministry of Energy and Resources of Saskatchewan. Approximately 35% of the deposits relate to Claims to be optioned to Stallion. During the year ended December 31, 2025, the Company paid a refundable claim deposit of \$3,773,664. During the year ended December 31, 2024 and December 31, 2025, the Company received refunds totaling \$3,637,399 and \$1,457,910, respectively.

### **Other Exploration Properties**

#### **Inspiration Energy Option Agreement**

On April 24, 2024, the Company announced an agreement (the "IEC Option Agreement") with Inspiration Energy Corp. ("IEC") whereby it granted IEC an option to acquire an undivided 70% interest in each of the Company's Plateau and Ledge properties, subject to option considerations and work commitments outlined in the option agreement.

In accordance with the terms of the IEC Option Agreement, IEC can earn a 70% undivided interest (subject to underlying 2.0% NSR royalties on each property) in the Plateau and Ledge properties through the issuance of 4,330,228 common shares of IEC (the "Consideration Shares") to the Company and incurring a total of \$8,000,000 in exploration expenditures. Additionally, the Company is entitled to anti-dilution provisions during the option period, such that the number of common shares issuable will be adjusted upwards to maintain a 9% shareholder interest upon any issuance of new common shares by IEC out of treasury. The anti-dilution feature will not be triggered by any shares issued upon exercise of outstanding stock options, warrants or other convertible securities.

IEC issued a notice of non-compliance with the option agreement during 2024, resulting in the termination of the agreement.

IEC issued a total of 4,330,228 common shares to the Company in accordance with the IEC Option Agreement. On June 27, 2024, IEC received Canadian Securities Exchange approval for consolidation of its shares on the basis of a one post-consolidated share for each five pre-consolidated shares. On a post-consolidated basis, the Company held 866,046 common shares of ICE held as at December 31, 2024 and December 31, 2025.

#### **Riverboat Energy Option Agreement**

On May 28, 2024, ATHA Energy announced a definitive option agreement, dated May 20, 2024, with Riverboat Energy Corporation ("Riverboat"), a privately held Canadian exploration company. The option agreement grants Riverboat an exclusive option to acquire an undivided 70% interest in ATHA's Vista

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property, situated within the Company's East Rim Exploration District, located in the Athabasca Basin, Saskatchewan. The option agreement is subject to Riverboat fulfilling the option considerations and exploration expenditures detailed below in the Vista Option.

In accordance with the terms of the Option Agreement, Riverboat can earn a 70% undivided interest (subject to underlying 2.0% NSR royalties on the property) in the Vista Property by making cash payments to ATHA, issuing common shares to ATHA and incurring and funding certain expenditures on the property, as described below. Riverboat may exercise the option on the property by satisfying all of the following conditions: making an aggregate of \$600,000 in cash payments by the third anniversary of the Effective Date, issuing such number of common shares in the capital of Riverboat equal to the quotient by dividing \$800,000 by the then price per share, and funding aggregate expenditures in the amount of \$9,300,000 on the property over a three-year period.

Upon exercise of the option, a joint venture agreement shall be entered into by ATHA and Riverboat, with Riverboat and ATHA (including the carried over interest of the legacy owner) holding a 70% and a 30% interest, respectively.

The option agreement was terminated, and the property was returned the control of the Company, due to conditions set out above not met.

### **Collins Bay Option Agreement**

On July 18, 2024, the Company agreed to purchase a 100% interest in Collins Bay Property from the NSS, along with an NSR. The Company paid US\$100,000 (CAD\$139,360 as of December 31, 2024) and agreed to reimburse \$21,000 for legal fees. Additionally, the Collins Bay property is subject to a 2% NSR/gross overriding royalty and a 5% carried interest by the Vendor.

### **Terra Uranium Limited Option Agreements**

On October 11, 2024, ATHA announced that the Company had executed a definitive option agreement with Terra Uranium Ltd. (ASX: T92) ("T92") to earn an option to acquire a 70% interest in ATHA's Spire and Horizon properties (together, the "Spire Horizon Projects") and a definitive option agreement for ATHA to earn an option to acquire up to a 60% interest in T92's Pasfield Lake property (the "Pasfield Project").

The original Pasfield Option, dated October 11, 2024, was not met by December 31, 2025. ATHA and T92 agreed to an amended option agreement subsequent to year-end, dated January 15, 2026, for ATHA to earn an option to acquire an interest in T92's Pasfield Project.

### **Spire Horizon Option**

Under the option agreement, ATHA granted to T92 the sole and exclusive right and option to acquire up to a 70% interest in the Spire Horizon Projects (the "Spire Horizon Option") in consideration for T92 incurring a minimum of \$4,750,000 exploration expenditures on or before September 21, 2028.

Prior to December 20, 2024, T92 spent at least \$750,000 of statutory exploration expenditures, which included the costs associated with the payment for a mineral exploration assessment report.

On September 18, 2025, T92 provided ATHA with a written notice that it will not have incurred the required expenditures related to the mineral claims under the Spire Horizon option agreement.

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### Pasfield Option

Under the amended option agreement, dated January 15, 2026, T92 granted to ATHA three exclusive and separate rights and options to acquire undivided legal and beneficial interests in the Pasfield Project (together the “Pasfield Options” and each, a “Pasfield Option”) as follows:

- (i) an undivided 30% interest in the Pasfield Project, which may be exercised by either:
  - (a) funding exploration expenditures totaling \$2,000,000; or
  - (b) successfully completing two deep hole of at least 1,000 m into the geophysical target on or before December 31, 2026;
- (ii) an undivided 15% interest for a total of 45% interest in the Pasfield Project, which may be exercised by either:
  - (a) funding exploration expenditures totaling \$3,000,000; or
  - (b) successfully completing three deep holes of at least 1,000 m into the geophysical target on or before December 31, 2027;
- (iii) an undivided 15% interest for a total of 60% interest in the Pasfield Project, which may be exercised by either:
  - (a) funding exploration expenditures totaling \$4,000,000; or
  - (b) successfully completing four deep holes of at least 1,000 m into the geophysical target on or before December 31, 2028; and

Upon the satisfaction of the Third Option, the parties will be deemed to form a joint venture on the Pasfield Project with T92 holding an initial 40% participating interest in the joint venture and ATHA holding a 60% participation interest. ATHA will also have the sole and exclusive right to access and use all camp facilities located on the Pasfield Project for a daily fee to be negotiated between ATHA and T92.

### 10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company acquired ROU assets and assumed lease liabilities in connection with its acquisition of LUR (Note 6) during the year ended December 31, 2024. The Company also entered into a new building office lease in the province of Saskatchewan during the year ended December 31, 2024. The ROU assets and corresponding lease liabilities relate to three office building leases based in St. John’s, Newfoundland, Toronto, Ontario, and Saskatoon, Saskatchewan, respectively.

The leases acquired from LUR have an end date of April 30, 2025 and December 31, 2027, respectively. The Company used an 8.00% interest rate, its estimated incremental borrowing rate, to calculate the present value of the lease payments on initial measurement. The Saskatoon office lease has an end date of May 31, 2028 and the Company used an 8.25% interest rate, its estimated incremental borrowing rate, to calculate the present value of the lease payments on initial measurement.

On November 5, 2024, the Company signed a lease amendment to increase the number of office units being leased at their office property in Saskatoon. The amendment resulted in an increase to monthly gross rent at market rates for the additional office units. The lease amendments are effective January 1, 2025. The additional office units were accounted for as a separate lease in accordance with IFRS 16 for the year-ended December 31, 2025. The lease amendment was measured as the present value of

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incremental lease payments and using an 8.25% interest rate, being the Company's estimated incremental borrowing rate.

On April 30, 2025, the Company's office lease in St. John's, Newfoundland came to an end and the Company did not renew the lease. On July 14, 2025, the Company executed a lease termination agreement ("Termination Agreement") associated with its office in Toronto, Ontario. Pursuant to the terms of the Termination Agreement, the Company was required to pay six months of rent equaling \$48,000 with no further termination or break fees. Consequently, the carrying value of right-of-use asset, accumulated depreciation, and lease liability was de-recognized with a resulting gain on lease termination of \$10,160 which has been presented as other income on the statement of loss and comprehensive loss.

A continuity of right-of-use asset balances as at December 31, 2025 is as follows:

<b>Right-of-use assets</b>	<b>Office Properties</b>	
<b>Cost</b>		
<b>Balance, December 31, 2023</b>	<b>\$</b>	<b>-</b>
Acquired on acquisition of LUR (Note 6)		354,090
Additions		408,178
<b>Balance, December 31, 2024</b>	<b>\$</b>	<b>762,268</b>
Additions		143,442
De-recognition on lease termination		(312,147)
<b>Balance, December 31, 2025</b>	<b>\$</b>	<b>593,563</b>
<b>Accumulated Depreciation</b>		
<b>Balance, December 31, 2023</b>	<b>\$</b>	<b>-</b>
Depreciation in the year		150,993
<b>Balance, December 31, 2024</b>	<b>\$</b>	<b>150,993</b>
Depreciation in the year		198,553
De-recognition on lease termination		(104,049)
<b>Balance, December 31, 2025</b>	<b>\$</b>	<b>245,497</b>
<b>Net book value</b>		
Balance, December 31, 2024	\$	611,275
<b>Balance, December 31, 2025</b>	<b>\$</b>	<b>348,066</b>

At December 31, 2025, the Company is committed to minimum lease payments as follows:

	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
<b>Maturity analysis – contractual undiscounted cash flows</b>				
Less than one year	\$	168,000	\$	229,433
One to five years		228,000		472,000
More than five years		-		-
<b>Total undiscounted lease liabilities</b>	<b>\$</b>	<b>396,000</b>	<b>\$</b>	<b>701,433</b>
<b>Lease liabilities</b>	<b>\$</b>	<b>361,149</b>	<b>\$</b>	<b>621,251</b>
Current	\$	144,752	\$	187,634
Non-current	\$	216,397	\$	433,617

During the year ended December 31, 2025, the Company recognized total interest expense of \$44,147 (December 31, 2024 - \$9,376) in connection with its lease liabilities.

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### 11. MARKETABLE SECURITIES

In July 2025, the Company received 802,809 common shares of Stallion pursuant to a settlement agreement (Note 9).

As at December 31, 2025, the Company held 1,469,476 common shares (December 31, 2024 – 666,667) of Stallion and 866,046 common shares (December 31, 2024 – 866,046 ) of IEC (Note 9). Marketable securities are re-measured at each reporting date with changes in fair-value recognized through other comprehensive income (“OCI”). The fair value of marketable securities as at December 31, 2025 and December 31, 2024 are as follows:

	December 31, 2025		December 31, 2024	
<b>Opening balance</b>	<b>\$</b>	<b>151,963</b>	<b>\$</b>	<b>683,333</b>
Initial recognition of Stallion shares (Note 9)		112,457		108,256
Unrealized gain (loss) from remeasurement		269,453		(639,626)
<b>Ending balance</b>	<b>\$</b>	<b>533,873</b>	<b>\$</b>	<b>151,963</b>

During the year ended December 31, 2025 the Company recognized an unrealized gain of \$269,453 (December 31, 2024 – unrealized loss of \$639,626) on remeasurement of its marketable securities.

### 12. FLOW-THROUGH PREMIUM LIABILITY

The Company’s flow-through premium liability balance as at December 31, 2025 and December 31, 2024 and the change during the years ended are as follows:

	December 31, 2025		December 31, 2024	
<b>Opening balance</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>5,334,532</b>
Initial recognition (Note 13b),(Note 14c)		4,357,633		-
Settlement of flow-through liability on incurring eligible expenses		(3,320,273)		(5,334,532)
<b>Ending balance</b>	<b>\$</b>	<b>1,037,360</b>	<b>\$</b>	<b>-</b>

During the year ended December 31, 2025, the Company incurred qualifying flow-through expenditures of \$16,535,445 on its properties. The Company is required to incur \$3,320,273 of qualifying flow-through expenditures to meet its flow-through requirement.

### 13. SHARE CAPITAL

#### (a) Authorized

Unlimited number of common and preferred shares without par value.

At December 31, 2025, 6,338,319 (December 31, 2024 – 19,014,955) shares were held in escrow with this remaining balance due to be released on April 11, 2026.

#### (b) Issued and outstanding

As at December 31, 2025, the Company had 316,546,035 (December 31, 2024 - 277,895,074 ) common shares issued and outstanding.

#### Share issuances during the year ended December 31, 2025

On April 22, 2025 (“Closing Date”), the Company completed a private placement (“April Private Placement”) and issued 16,766,490 flow-through common shares of the Company (“FTS”) at a price of \$0.47 per FTS

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and 3,475,000 charity flow-through common shares ("Charity FTS") at a price of \$0.61 per Charity FTS. The Company raised total gross proceeds of \$10,000,000. A flow-through premium liability of \$2,105,819 was recognized on closing of the April Private Placement.

In connection with the April Private Placement, the Company incurred total share issuance costs of \$859,254, comprised of \$600,000 in cash commissions, \$255,254 in legal fees and \$4,000 in other costs.

On September 18, 2025 ("Closing Date"), the Company closed an underwritten private placement ("September Private Placement") and raised a total of \$11,499,928 through the issuance of 17,126,138 special warrants ("SW" or "Special Warrants") as follows:

- 5,756,820 non-flow through special warrants ("NFT SW") at \$0.54 per NFT SW; and
- 6,257,430 charity flow-through special warrants ("Charity SW") at \$0.81 per Charity SW; and
- 5,111,888 standard flow-through special warrants ("FT SW") at \$0.65 per FT SW

On initial recognition of the Charity SW and FT SW, a flow-through premium liability of \$2,251,814 was recorded.

Each SW entitles the holder to receive, without payment of additional consideration, one unit of the Company (a "Unit"). Each Unit shall consist of one common share of the Company and one common share purchase warrant ("Warrant"). Each Warrant will entitle the holder thereof to purchase one common share of the Company at a price of \$0.65 per common share for a period of 36 months following the Closing Date. All unexercised Special Warrants shall be deemed exercised on behalf of, and without any required action on the part of the holders, on the earlier of (the "Automatic Exercise Date"):

- a) the second business day following the date on which a final receipt (the "Final Receipt") is obtained from the British Columbia Securities Commission, for a (final) short form prospectus (the "Final Prospectus") filed pursuant to National Instrument 44-101 - Short Form Prospectus Distributions (the "Qualification Date"); or
- b) the date which is four months and a day following the Closing Date.

In the event the Qualification Date has not occurred on or before the date that is 45 calendar days following the Closing Date, the Corporation may not repay or return any amount of the subscription amount but each SW shall thereafter entitle the holder to receive, upon the exercise or deemed exercise of each SW, for no additional consideration, 1.1 Units (the "Penalty Provision").

On October 31, 2025, all 17,126,138 Special Warrants were exercised resulting in the issuance of 17,126,138 common shares and 17,126,138 Warrants of the Company. The common shares were fair-valued at \$9,076,854 equal to the market price of \$0.53 per common share observed on September 18, 2025, the Closing Date of the September Private Placement. The residual fair-value of \$0.01, equal to the difference between the SW subscription prices and the market price per common share was assigned to the Warrant component of each Unit; the total fair-value of Warrants issued was \$171,261.

In connection with the September Private Placement, the Company incurred share issuance costs as follows: \$646,414 in cash commissions, \$378,470 in legal fees and \$6,141 in other costs associated with the September Private Placement. The Company also issued to the agent of the private placement, 957,805 agent warrants ("Agent Warrants") each with an exercise price of \$0.65 and exercisable for a period of 36 months from the Closing Date.

The Agent Warrants were fair-valued at \$189,166 using the Black-Scholes option pricing model and the following weighted average inputs:

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	<b>December 31, 2025</b>
Share price on grant date	\$ 0.53
Exercise price	\$ 0.65
Expected life of options (years)	3.00
Expected annualized share volatility	62.33%
Expected dividend yield	0%
Risk-free interest rate	2.48%
<b>Fair value of warrants</b>	<b>\$ 0.198</b>

### Share issuances during the year ended December 31, 2024

On March 6, 2024, the Company issued 4,000,000 common shares of the Company on conversion of 4,000,000 Subscription Receipts previously issued as part of the Company's completed private placement on December 28, 2023. As a result of the Subscription Receipts conversion, \$3,880,000 of restricted cash, as presented at December 31, 2023, was reclassified to cash and cash equivalents as at December 31, 2024. Similarly, \$120,000 of deferring financing costs are now recognized as share issuance costs as at December 31, 2024.

On March 7, 2024, the Company issued 64,444,004 common shares in connection with the acquisition of LUR. See Note 6 for more details.

On April 11, 2024, the Company issued 65,794,682 common shares in connection with the acquisition of 92E. See Note 7 for more details.

On April 11, 2024, the Company issued 5,000,000 common shares pursuant to the option agreement with the NSS to acquire a diversified portfolio of mineral exploration assets and carried interests in the Athabasca Basin. See Note 9 for more details.

On July 5, 2024, the Company issued 50,000 common shares of the Company on exercise of 50,000 restricted share units ("RSUs").

### 14. SHARE-BASED PAYMENT RESERVE AND CONTRIBUTED SURPLUS

On January 20, 2023, the Company adopted a new equity incentive plan (the "Equity Incentive Plan"). The Equity Incentive Plan is a 10% rolling plan that allows the Company to grant incentive stock options, deferred share units ("DSUs"), performance share units ("PSUs"), and RSUs (collectively, "Awards").

Pursuant to the Equity Incentive Plan, the Company can grant Awards to directors, officers, employees and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Equity Incentive Plan is limited to 10% of the issued common shares of the Company at any time. The vesting period for all incentive stock options is at the discretion of the Board of Directors of the Company. The exercise price of incentive stock options will be set by the Board of Directors of the Company at the time of grant and cannot be less than the discounted market price of the Company's common shares. The maximum term for all incentive stock options is 10 years.

The Equity Incentive Plan provides that the number of common shares that may be reserved for the issuance to any one individual upon exercise of all Awards held by such an individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a consultant or engaged in providing investor relations services, on a yearly basis. All incentive stock options granted under the Equity Incentive Plan will expire not later than the date that is ten years from the date that such options are granted. Incentive stock options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause;

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or (iii) 90 days from the date of death or disability. Incentive stock options granted under the Equity Incentive Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

During the year ended December 31, 2025 and 2024, the Company recognized the following share-based compensation:

	December 31, 2025		December 31, 2024	
Stock Options (a)	\$	2,008,305	\$	2,167,369
RSUs (b)		311,865		3,005,587
<b>Total share-based compensation</b>	<b>\$</b>	<b>2,320,170</b>	<b>\$</b>	<b>5,172,956</b>

### a. Stock options

The following is a summary of changes in stock options:

		Weighted average exercise price per stock option	Number of options
<b>As at December 31, 2023</b>	<b>\$</b>	<b>1.27</b>	<b>8,587,500</b>
Granted as replacement for LUR stock options (i)	\$	1.16	5,371,854
Expired	\$	0.95	(13,844)
<b>As at December 31, 2024</b>	<b>\$</b>	<b>1.23</b>	<b>13,945,510</b>
Granted (ii)	\$	0.47	9,448,750
Exercised (iii)	\$	0.47	(33,333)
Expired (iii)	\$	1.13	(5,707,596)
Forfeited (iv)	\$	0.47	(99,167)
<b>As at December 31, 2025</b>	<b>\$</b>	<b>0.83</b>	<b>17,554,164</b>
<b>Vested and exercisable as at December 31, 2025</b>	<b>\$</b>	<b>0.91</b>	<b>14,470,414</b>

- (i) On March 7, 2024, the Company granted 5,371,854 replacement stock options in connection with the LUR acquisition (Note 6). The options vested immediately following the LUR acquisition. The options were fair-valued using the Black-Scholes option pricing model. The weighted average inputs used in the Black-Scholes model were as follows:

For the year ended:	December 31, 2024	
Share price on grant date	\$	0.95
Exercise price	\$	1.16
Risk-free interest rate		3.92%
Expected annualized share volatility		66%
Expected dividend yield		0%
Expected life of options (years)		1.89
<b>Fair value of stock option</b>	<b>\$</b>	<b>0.31</b>

The total fair value of options granted on the LUR acquisition was \$1,676,337 and has been presented within contributed surplus as at December 31, 2024.

- (ii) On June 2, 2025 the Company granted a total of 9,448,750 stock options including 4,513,750 and 3,310,000 stock options granted to key management ("KMP") and employees of the Company respectively. The remaining 1,625,000 stock options were granted to consultants of the Company for corporate advisory services. Each option entitles the holder to acquire one common share of the Company at a price of \$0.47 per common share until June 2, 2030. All the stock options granted have the same vesting terms: 1/3 of the options vest immediately on grant date, 1/3 vest six months from grant date, and the remaining 1/3 vest twelve months from grant date.

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The options granted to KMP, employees, and consultants of the Company during the year ended December 31, 2025 were fair-valued using the Black-Scholes option pricing model. The weighted average inputs used in the Black-Scholes model were as follows:

Share price on grant date	\$	0.46
Exercise price	\$	0.47
Expected life of options (years)		5.00
Expected annualized share volatility		64.28%
Expected dividend yield		0%
Risk-free interest rate		2.82%
<b>Fair value of stock option</b>	<b>\$</b>	<b>0.25</b>

- (iii) During the year ended December 31, 2025, 5,707,596 stock options expired unexercised. The following options were noted to expire during the year ended December 31, 2025:
- 4,174,263 stock options from the LUR acquisition, with exercise prices of \$0.62, \$1.02, \$1.09, \$1.27, and \$2.53, expired unexercised.
  - 33,333 stock options, previously granted on June 2, 2025 and with an exercise price of \$0.47
  - 1,500,000 stock options previously granted in prior years to consultants of the Company with exercise prices of \$1.01 (450,000 options), \$1.34 (50,000 options) and \$1.44 (1,000,000 options). The options were fully-vested and share-based payments related to the options had been fully recognized in prior fiscal years.
- (iv) During the year ended December 31, 2025, the following 99,167 stock options from the June 2, 2025 stock option grant with an exercise price of \$0.47, were forfeited.

Stock options outstanding as at December 31, 2025 and December 31, 2024 have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Stock Options at December 31, 2025	Stock Options at December 31, 2024
August 29, 2022	August 29, 2027	\$0.50	687,500	687,500
April 20, 2023	April 20, 2033	\$1.44	3,700,000	4,700,000
June 30, 2023	June 30, 2033	\$1.34	1,550,000	1,600,000
December 6, 2023	December 6, 2033	\$1.01	1,150,000	1,600,000
March 7, 2024	March 7, 2025	\$0.62	-	948,382
March 7, 2024	March 7, 2025	\$1.02	-	1,592,175
March 7, 2024	March 7, 2025	\$1.09	-	415,350
March 7, 2024	March 7, 2025	\$1.27	-	491,496
March 7, 2024	March 7, 2025	\$2.53	-	436,116
March 7, 2024	February 22, 2027	\$2.53	159,217	256,131
March 7, 2024	October 13, 2027	\$2.53	-	13,845
March 7, 2024	January 6, 2028	\$1.27	166,140	235,365
March 7, 2024	June 19, 2028	\$1.02	553,800	595,335
March 7, 2024	November 28, 2028	\$0.62	304,590	373,815
June 2, 2025	June 2, 2030	\$0.47	9,282,917	-
<b>Total</b>			<b>17,554,164</b>	<b>13,945,510</b>
<b>Exercisable</b>			<b>14,470,414</b>	<b>13,912,178</b>

The weighted average remaining life of outstanding stock options as at December 31, 2025 is 5.28 years (December 31, 2024 – 5.57 years).

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

### b. Restricted share units

The Company has implemented a restricted share unit plan (the "RSU Plan") whereby the board of directors may, from time to time, grant RSUs to employees, consultants, officers or directors of the Company. The board of directors may determine the time during which the RSUs shall vest and the method of vesting, or that no vesting restriction shall exist. The following is a summary of changes in RSUs:

	Number of RSUs
<b>Balance, December 31, 2023</b>	<b>4,000,000</b>
Exercised	(50,000)
<b>Balance, December 31, 2024</b>	<b>3,950,000</b>
Granted (i)	1,175,000
Exercised	(1,250,000)
<b>Balance December 31, 2025</b>	<b>3,875,000</b>

- (i) On June 2, 2025 the Company granted a total of 1,175,000 RSUs including 625,000 and 450,000 RSUs granted to key management and employees of the Company respectively. The remaining 100,000 RSUs were granted to a consultant of the Company for corporate advisory services. All the RSUs granted will vest on June 2, 2026. At the time of grant, the RSUs had a fair-value of \$0.46 per RSU, equal to the market share price of the Company on the date of grant.

### c. Warrants

On March 7, 2024, the Company issued 11,285,962 warrants in connection with the LUR acquisition (Note 6). The warrants were fair-valued using the Black-Scholes Option Pricing Model. The weighted average inputs used in the Black-Scholes model were as follows:

For the year ended:	December 31, 2024
Share price on issue date	\$ 0.95
Exercise price	\$ 1.85
Risk-free interest rate	4.08%
Expected annualized share volatility	65%
Expected dividend yield	0%
Expected life of options (years)	1.64
<b>Fair value of warrants</b>	<b>\$ 0.21</b>

The total fair value of warrants issued on the LUR acquisition was \$2,316,866 and is presented within contributed surplus as at December 31, 2024.

On September 18, 2025, 17,126,138 SW were issued in connection with the September Private Placement (Note 13). Subsequently, on October 31, 2025, all the SW were exercised, resulting in the issuance of 17,126,138 common share purchase warrants.

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

The following is a summary of changes in warrants during the year ended December 31, 2025:

	Number of Warrants	Weighted Average Exercise Price
<b>Balance, December 31, 2023</b>	-	\$ -
Issued on acquisition or LUR (Note 6)	11,285,962	1.85
Expired	(2,040,299)	3.66
<b>Balance, December 31, 2024</b>	<b>9,245,663</b>	<b>\$ 1.45</b>
Special Warrants issued on private placement (Note 13)	17,126,138	0.00
Exercise of Special Warrants (Note 13)	(17,126,138)	0.00
Share warrants issued on exercise of Special Warrants	17,126,138	0.65
Broker warrants issued on private placement	957,805	0.65
Expired	(4,229,018)	1.08
<b>Balance, December 31, 2025</b>	<b>23,100,588</b>	<b>\$ 0.89</b>

Warrants outstanding as at December 31, 2025 have the following expiry dates and exercise prices:

Number of Warrants Outstanding	Number of Warrants Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
443,407	443,407	\$ 1.26	April 5, 2026	0.26
4,573,238	4,573,238	\$ 1.81	April 5, 2026	0.26
18,083,943	18,083,943	\$ 0.65	September 18, 2028	2.72
<b>23,100,588</b>	<b>23,100,588</b>	<b>\$ 0.89</b>		<b>2.19</b>

## 15. RELATED PARTY TRANSACTIONS AND BALANCES

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

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

The remuneration of directors and other members of key management personnel during the years ended December 31, 2025 and 2024 are as follows:

Nature	December 31, 2025	December 31, 2024
Exploration and evaluation expenditures (i)	\$ 581,927	\$ 6,765,153
Consulting and advisory fees (ii)	135,000	180,000
Director fees (iii)	242,054	313,087
Rent (iv)	-	9,288
Salaries and wages (v)	762,900	630,241
Share-based payments (vi)	1,143,819	3,478,828
<b>Total</b>	<b>\$ 2,865,700</b>	<b>\$ 11,376,597</b>

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

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- (i) Exploration and evaluation expenditures paid to the legal entity controlled by a managing director of the Company.
- (ii) Consulting fees paid to the legal entity controlled by an officer of the Company.
- (iii) Director fees paid to legal entities controlled by officers or directors of the Company, and director fees paid to the members of the Board of Directors.
- (iv) Rent fees paid to a legal entity with an officer and a director in common.
- (v) Salaries paid to officers of the Company.
- (vi) Non-cash expense related to graded vesting of stock options and RSUs granted to directors and officers of the Company.

As at December 31, 2025, the following balances were owed to related parties:

- \$1,050 (2024 - \$nil) due to Mike Castanho (Chairman of the Board) for expense reimbursement;
- \$7,500 (2024 - \$nil) of accounts payable owed to Doug Engdahl (Director) for director fees;
- \$8,707 (2024 - \$7,973) due to Axis Capital Ventures Corp. (entity controlled by Mike Castanho) for expense reimbursement;
- \$11,250 (2024 - \$nil) of accounts payable owed to Erinn Broshko (Director) for director fees; and
- \$7,500 (2024 - \$nil) of accounts payable owed to Suraj Ahuja (Director) for director fees

## 16. MANAGEMENT OF CAPITAL

The Company defines capital as consisting of shareholder's equity (comprised of issued share capital, share-based payment reserves, deficit, contributed surplus and AOCI). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company manages its capital structure to maximize its financial flexibility and by making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at December 31, 2025, the Company is not subject to any externally imposed capital requirements or debt covenants. There were no changes in management's approach to capital management during the year ended December 31, 2025.

## 17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

### Market Risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

#### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

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in a currency other than Canadian dollars. As at December 31, 2025, the Company is not exposed to currency risk.

### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitivity to interest rates relative to its cash balances is currently insignificant. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

### (iii) Price rate risk

The Company is exposed to price risk with respect to equity 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. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Should shares held as marketable securities fluctuate in market price by 10% up or down, the related value recognized on the statement of financial position would change by \$53,387 in the same direction.

### Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, restricted cash, marketable securities, and GST receivable. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. The Company's maximum exposure to credit risk is equal to the carrying amount of cash, restricted cash, marketable securities, and GST receivable. Management believes that the credit risk related to its liquid financial assets is negligible.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At December 31, 2025, the Company has no sources of revenue (other than interest income) and has a cash and cash equivalents balance of \$3,512,094 to settle current liabilities of \$2,318,773.

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1.

### *Fair value hierarchy*

The Company applied the following fair value hierarchy for financial instruments that are carried at fair value. The hierarchy prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels.

The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

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

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

As at December 31, 2025, the Company's financial instruments consist of cash and cash equivalents, restricted cash, receivables, marketable securities and accounts payable and accrued liabilities. These

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

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financial instruments are classified as amortized cost other than marketable securities, which is classified as a financial asset at FVOCI, and measured using level 1 inputs. The fair value of financial instruments other than marketable securities approximate their carrying values because of their short-term nature.

### 18. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash transactions for the year-ended December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
Common shares issued for exploration and evaluation assets	\$ -	\$ 4,150,000
Common shares issued to acquire Latitude Uranium Inc.	-	61,221,804
Stock options issued to acquire Latitude Uranium Inc.	-	1,676,337
Share purchase warrants to acquire Latitude Uranium Inc.	-	2,316,866
Subscription receipts converted to common shares	-	4,000,000
Common shares issued to acquire 92E	-	54,609,586
Exploration and evaluation assets included in accounts payable	706,595	643,184
Receipt of marketable securities	-	108,256
Exercise of RSUs	1,675,000	67,000
Unrealized loss on marketable securities	-	639,626
Unrealized gain on marketable securities	269,453	-
Expiry of stock options	1,025,356	-
Expiry of share warrants	-	1,800
Cancellation of stock options	1,762,880	-
Flow-through shares premium liability	4,357,633	-
Flow-through special warrant premium recovery	3,320,273	-
Initial recognition of ROU assets	143,442	-
Initial recognition of lease liabilities	218,258	-
Derecognition of lease liability	208,098	-
Derecognition of ROU asset	112,457	-

### 19. INCOME TAX

The deferred income tax recovery for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
<b>Loss before income taxes</b>	<b>\$ (8,485,670)</b>	<b>\$ (13,269,174)</b>
Expected income tax recovery based on statutory rate adjustment to expected income tax recovery:	\$ (2,290,664)	\$ (3,580,338)
Permanent differences	620,012	1,401,864
Prior year true-up	(167,854)	-
Change in unrecognized deductible temporary differences	1,250,696	(1,668,414)
Effect of flow-through share renunciations	4,279,028	7,312,601
Financing fee booked through equity	(561,450)	-
Others	88,680	9,288
<b>Total income tax expense</b>	<b>\$ 3,218,448</b>	<b>\$ 3,475,001</b>
<b>Deferred income tax expense</b>	<b>\$ 3,218,448</b>	<b>\$ 3,475,001</b>

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

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Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

	2025	2024
<b>Recognized deferred tax assets and liabilities</b>		
IFRS 16 - lease liability	\$ 93,978	\$ 163,731
Right of use assets	(93,978)	(163,731)
Exploration and evaluation assets	(11,573,024)	(7,309,597)
Non-capital losses	4,878,906	3,833,259
Other	669	1,337
<b>Deferred income tax liability</b>	<b>\$ (6,693,449)</b>	<b>\$ (3,475,001)</b>

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2025	2024
<b>Unrecognized deferred tax assets</b>		
Non-capital losses available for future period	\$ 4,390,639	\$ 3,125,644
IFRS 16 - Lease Liability	3,532	2,655
Marketable securities	34,792	86,350
Property, Plant and Equipment	56,864	31,326
Share issue costs	1,737,448	1,778,160
<b>Total unrecognized deductible temporary differences</b>	<b>\$ 6,223,275</b>	<b>\$ 5,024,135</b>
<b>Unrecognized deferred tax assets</b>	<b>\$ (6,223,275)</b>	<b>\$ (5,024,135)</b>
<b>Net deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits. The Company's unrecognized deductible temporary differences are as follows:

	2025	2024
<b>Unrecognized deductible temporary differences</b>		
Property, plant and equipment	\$ 211,934	\$ 116,615
IFRS 16 - Lease Liability	13,082	9,976
Non-capital losses	16,468,107	11,766,678
Share issuance costs	6,466,432	6,631,848
Marketable securities	257,716	639,626
<b>Total unrecognized deductible temporary differences</b>	<b>\$ 23,417,271</b>	<b>\$ 19,164,743</b>

The Company's Canadian non-capital loss may be carried forward for a period of 20 years to offset taxable income or capital gains and expire in 2045. The remainder of the tax attributes have no expiration date. The Company has not recognized a deferred tax asset in respect of the above gross unrecognized deductible temporary differences as it is not probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

During the year ended December 31, 2025, the Company recognized a deferred income tax expense of \$3,218,448 (December 31, 2024 - \$3,475,001).

# ATHA ENERGY CORP.

## Notes to the Consolidated Financial Statements

Year ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

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### 20. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the exploration and evaluation of mineral properties. All of the Company's non-current assets are located in Canada

### 21. EVENTS AFTER THE REPORTING PERIOD

- On January 2, 2026, the Company issued a total of 10,150,000 stock options to key management, employees, and consultants of the Company. All the options have an exercise price of \$0.61 and expire on January 2, 2031. The options will vest as follows:
  - 1/3 immediately on grant date;
  - 1/3 vesting six months from grant date; and
  - 1/3 vesting twelve months from grant date
- On January 2, 2026, the Company issued a total of 1,300,000 RSUs to key management and employees of the Company. All the RSUs will be fully vested and exercisable on January 2, 2027.
- On February 5, 2026, the Company raised \$25,000,000 USD (approximately \$34,130,000 CAD) through the issuance of convertible debentures ("Debentures") with Queen's Road Capital Investment Ltd. ("QRC"). The principal amount of the Debentures will be convertible, in whole or in part, at the option of QRC, into common shares of the Company at a price per share of C\$0.85, based on the Bank of Canada daily exchange rate applicable at such time and subject to adjustment in certain events.

The Debentures are unsecured and mature on February 5, 2031, and bear interest at a rate of 12% per annum, payable quarterly, over a five-year term. Two-thirds of the interest (8% per annum) will be payable in cash and, subject to the approval of the TSXV, one-third of the interest (4% per annum) will be payable at a price per common share equal to the greater of the volume-weighted average trading price of the Company's common share on the TSXV (or such other Canadian stock exchange on which the common share may be listed from time to time) for the 20 trading days ending three trading days prior to the date on which such Interest is due, and the minimum price permitted by the policies of the TSXV.

- On February 5, 2026, the Company closed a private placement financing and raised an aggregate of \$28,750,230 through the issuance of 28,186,500 charity flow-through common shares at a price per share of \$1.02. The offering was pursuant to an agency agreement dated February 5, 2026, between the Company and Canaccord Genuity Corp., and CIBC Capital Markets, acting as co-lead agents and joint bookrunners, together with a syndicate of agents including Stifel Nicolaus Canada Inc., Haywood Securities Inc. and Paradigm Capital Inc.