

Grit Metals Corp.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MAY 31, 2026 AND 2025

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Grit Metals Corp.

Opinion

We have audited the consolidated financial statements of Grit Metals Corp. and its subsidiaries (together, the "Company") which comprise:

- the consolidated statements of financial position as of May 31, 2026 and 2025;
- the consolidated statements of loss and comprehensive loss for the years ended May 31, 2026 and 2025;
- the consolidated statements of changes in shareholders' equity for the years ended May 31, 2026 and 2025;
- the consolidated statements of cash flows for the years ended May 31, 2026 and 2025; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at May 31, 2026 and 2025, and its consolidated financial performance and its cash flows for the years ended May 31, 2026 and 2025 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 *Auditors' Responsibilities for the Audit of the consolidated financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 for the year ended May 31, 2026. 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 the Company's Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

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 audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 auditors' 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 auditors' report is Waseem Javed.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
September 28, 2026

Grit Metals Corp.
Consolidated Statements of Financial Position
As at May 31, 2026 and 2025
(Expressed in Canadian dollars)

	2026	2025
	\$	\$
ASSETS		
CURRENT		
Cash	437,113	1,086,317
Sales tax receivable	182,725	30,226
Prepayments (Note 5)	62,545	31,560
	682,383	1,148,103
Exploration and evaluation assets (Note 6)	4,865,417	3,646,163
TOTAL ASSETS	5,547,800	4,794,266
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	514,326	77,006
	514,326	77,006
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	9,861,986	8,801,696
Reserves (Note 7)	1,385,970	1,164,003
Deficit	(6,214,482)	(5,248,439)
	5,033,474	4,717,260
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,547,800	4,794,266

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

Approved and authorized for issue on behalf of the Board on September 28, 2026.

"Christos Doulis" Director

"Jeremy Poirier" Director

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

Grit Metals Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended May 31, 2026 and 2025
(Expressed in Canadian dollars)

	2026	2025
	\$	\$
EXPENSES		
Filing and transfer agent fees	50,050	70,391
Investor relations and communications	37,280	77,600
Management fee (Note 8)	282,000	283,000
Marketing and advertising	170,426	20,930
Office & accounting	57,203	95,346
Professional fees	169,980	136,950
Share-based payments (Note 7)	183,303	231,228
Travel	16,634	28,781
Operating loss	966,876	944,226
OTHER EXPENSES (INCOME)		
Write-off of exploration and evaluation asset (Note 6)	-	1,068,091
Foreign exchange loss	4,550	16,585
Interest income	(5,383)	(17,663)
NET LOSS AND COMPREHENSIVE LOSS	(966,043)	(2,011,239)
Basic and diluted loss per share	(0.02)	(0.04)
Weighted average number of common shares outstanding:		
Basic and diluted	59,383,942	45,241,237

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

Grit Metals Corp.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended May 31, 2026 and 2025
(Expressed in Canadian dollars)

	Common Shares		Reserves	Deficit	Total
	Number of Shares	Amount			
		\$	\$	\$	\$
Balance, May 31, 2024	36,966,816	6,748,097	1,026,935	(3,237,200)	4,537,832
Shares issued for cash	16,465,000	2,058,125	-	-	2,058,125
Share issue cost	1,157,000	(176,612)	22,340	-	(154,272)
Shares issued from exercise of warrants (Note 7)	368,332	55,586	-	-	55,586
Restricted share units issued (Note 7)	-	-	15,364	-	15,364
Shares issued from conversion of restricted share units (Note 7)	250,000	116,500	(116,500)	-	-
Stock options granted (Note 7)	-	-	215,864	-	215,864
Net loss for the year	-	-	-	(2,011,239)	(2,011,239)
Balance, May 31, 2025	55,207,148	8,801,696	1,164,003	(5,248,439)	4,717,260
Shares issued for cash (Note 7)	10,040,000	1,004,000	-	-	1,004,000
Shares issued for compensation (Note 7)	416,667	70,833	-	-	70,833
Share issue cost	-	(89,543)	38,664	-	(50,879)
Shares issued in settlement of debt (Note 7)	625,000	75,000	-	-	75,000
Stock options granted (Note 7)	-	-	183,303	-	183,303
Net loss for the year	-	-	-	(966,043)	(966,043)
Balance, May 31, 2026	66,288,815	9,861,986	1,385,970	(6,214,482)	5,033,474

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

Grit Metals Corp.
Consolidated Statements of Cash Flows
For the years ended May 31, 2026 and 2025
(Audited, Expressed in Canadian dollars)

	2026	2025
	\$	\$
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss	(966,043)	(2,011,239)
Non-cash items		
Impairment of exploration and evaluation assets	-	1,068,091
Share-based payments	254,136	231,228
Shares issued in settlement of debt	75,000	-
Net changes in non-cash working capital items:		
Amounts receivable	(152,499)	8,457
Prepayments	(30,985)	6,188
Accounts payable and accrued liabilities	62,939	(164,468)
Net cash used in operating activities	(757,452)	(861,743)
INVESTING ACTIVITY		
Expenditure on exploration and evaluation assets (Note 6)	(844,873)	(1,754,099)
Net cash used in investing activity	(844,873)	(1,754,099)
FINANCING ACTIVITIES		
Shares issued for cash	1,004,000	2,058,125
Share issuance costs	(50,879)	(154,272)
Proceeds on exercise of warrants	-	55,586
Net cash provided by financing activities	953,121	1,959,439
Change in cash	(649,204)	(656,403)
Cash, beginning of year	1,086,317	1,742,720
Cash, end of year	437,113	1,086,317

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

Grit Metals Corp.

Notes to the Consolidated Financial Statements
For the years ended May 31, 2026 and 2025
(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Grit Metals Corp. (the “Company”) was incorporated on February 2, 2021, under the laws of British Columbia. The Company commenced trading on the TSX Venture Exchange on April 29, 2022 under the trading symbol “HILO.V”. The address of the Company’s corporate office and its principal place of business is 503 - 905 Pender Street, Vancouver, British Columbia, Canada, V6C 1L6. On April 25, 2023, the Company changed its name to European Energy Metals Corp. and updated its trading symbol to “FIN.V”. On October 30, 2024 the Company changed its name to Grit Metals Corp. with no change to its trading symbol.

Grit Metals Corp. is a junior mining exploration company currently focused on a Lithium-Cesium-Tantalum prospect in central Finland.

The Company’s consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. Management recognizes that the Company will need to obtain additional financial resources in order to meet its planned business objectives. The Company has not generated cash flows from operations and has an accumulated deficit of \$6,214,482 as at May 31, 2026. The Company’s ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. There are no assurances that the Company will be able to obtain additional financial resources and/or achieve positive cash flows or profitability. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. MATERIAL ACCOUNTING POLICIES**a) Statement of compliance**

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on September 28, 2026.

b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all years presented in these consolidated audited financial statements.

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated from the date of acquisition of control.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Grit Metals Corp.

Notes to the Consolidated Financial Statements
For the years ended May 31, 2026 and 2025
(Expressed in Canadian dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**c) Basis of Consolidation (continued)**

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The principal subsidiaries and their geographic locations at May 31, 2026, were as follows:

Name	Proportion of Ownership Interest	Country of Incorporation	Functional Currency	Principal Activity
BB Gold Inc.	100%	Canada	Canadian	Holding Company
Sisu Exploration Oy	100%	Finland	Canadian	Holds mineral interest in Finland
Grit Exploration Oy	100%	Finland	Canadian	Inactive

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

d) Financial Instruments**Financial Assets**

On initial recognition financial assets are classified as measured either at:

- i. Amortized cost;
- ii. Fair value through other comprehensive income ("FVOCI"); or
- iii. Fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

Grit Metals Corp.

Notes to the Consolidated Financial Statements
For the years ended May 31, 2026 and 2025
(Expressed in Canadian dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)Financial Assets (continued)

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

The Company's cash is classified at FVTPL.

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 of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at either (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

e) Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as mineral concession taxes, option payments, wages and salaries, surveying, geological consulting and laboratory, field supplies, travel and administration.

Grit Metals Corp.

Notes to the Consolidated Financial Statements
For the years ended May 31, 2026 and 2025
(Expressed in Canadian dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**e) Exploration and evaluation assets (continued)**

Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they are incurred. Exploration and evaluation assets are not amortized during the exploration and evaluation stage. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'.

f) Impairment of non-financial assets

Non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. 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 to its recoverable amount. An impairment loss is charged to statements of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount 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 income or loss.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units" or "CGUs"). These are typically the individual properties or projects.

g) Reclamation provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mine property, plant and equipment. These costs are depreciated on a basis consistent with the depreciation, depletion, and amortization of the underlying assets. The obligation is accreted over time for the change in its present value, with this accretion charge recognized as a finance expense in profit or loss. Additional environment disturbances or changes in reclamation costs will be recognized as

additions to the corresponding assets and reclamation provision in the year in which they occur.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur. The Company has no material restoration, reclamation, rehabilitation or environmental obligation as the disturbance to date is minimal.

Grit Metals Corp.

Notes to the Consolidated Financial Statements
For the years ended May 31, 2026 and 2025
(Expressed in Canadian dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**h) Share-based payments**

Share-based payments to employees are measured at fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of stock options is determined using the Black-Scholes Option Pricing Model. The number of shares and stock options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand readily convertible into a known amount of cash and can be redeemed at any time without penalties.

j) Share capital

The Company's common shares, and any future offerings of share warrants and options are classified as equity instruments. Incremental costs directly related to the issue of new shares or options are shown in equity as a deduction from the proceeds. For equity offerings of units consisting of a common share and warrant, when both instruments are classified as equity, warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

k) Income taxes

Income taxes comprises both current and deferred tax. Income tax is recognized in the statement of loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the income tax is also recognized in other comprehensive income or directly in equity. Current income taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to taxes payable in respect of previous years.

The Company accounts for potential future net tax assets which are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, no net asset is recognized.

l) Loss per share

Basic loss per share is calculated by dividing the net loss for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity, to the extent their inclusion is not anti-dilutive. Basic and diluted loss per share are the same for the periods presented. The Company uses the treasury stock method of calculating fully diluted earnings per share amounts, whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the year.

Grit Metals Corp.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2026 and 2025

(Expressed in Canadian dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

m) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (the “functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the consolidated statement of financial position date are recognized in the statement of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

i. The inputs used in valuing share-based payments.

The Company uses the fair-value method of accounting for share-based payments (related to incentive stock options and compensation warrants granted, modified or settled). Under this method compensation costs attributable to stock option awards granted are measured at fair value at the issue or grant date and are expensed over the vesting period. In determining the fair value for share-based payments, the Company uses option pricing models and makes estimates of the expected volatility of the stock, the expected life and risk-free rate. The expected volatility is based on historical volatility of the Company or comparable companies’ stock over a period commensurate with the expected life of the option. Changes to these estimates could result in the fair value of share-based payments expense being less than or greater than the amount recorded.

Significant accounting judgments

i. The evaluation of the Company’s ability to continue as a going concern.

The Company’s management has assessed the Company’s ability to continue as a going concern. Factors considered by management are disclosed in Note 1.

Grit Metals Corp.

Notes to the Consolidated Financial Statements

For the years ended May 31, 2026 and 2025

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

ii. Exploration and evaluation assets

At the end of each reporting period, management applies judgment in assessing whether there are any facts and circumstances that indicate that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. If any such indication exists, the recoverable amount of the related asset is estimated in order to determine the extent of impairment, if any. Indicators of impairment may include (i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

iii. Deferred taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the amount that is probable to be realized. Assessing the recoverability of deferred tax assets requires management to make significant judgments in connection with future taxable profits. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after June 1, 2026, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the consolidated financial statements upon adoption of these new revised accounting pronouncements.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures were issued by the IASB in May 2024 and are effective for annual periods beginning on or after January 1, 2026. The Company has not early adopted these amendments. Based on a preliminary assessment, the Company does not expect the amendments to have a material impact on the measurement of its financial instruments; however, additional disclosures may be required.

IFRS 18 Presentation and Disclosure in Financial Statements was issued by the IASB in April 2024, with mandatory application of the standard in annual reporting periods beginning on or after January 1, 2027.

Management is currently assessing the impact of these standards on the consolidated financial statements. No standards have been early adopted in the current period and expected to have a material impact on the Company's consolidated financial statements. There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

Grit Metals Corp.

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5. PREPAYMENTS

Prepayments consist of:

	May 31, 2026	May 31, 2025
	\$	\$
Administration and insurance	31,921	31,560
Marketing services	30,624	-
Total	62,545	31,560

6. EXPLORATION AND EVALUATION ASSETS

Expenditures related to the acquisition and exploration of mineral properties consisted of:

	Central Finland Property (Capella)	Northern Finland Property (BB Gold)	Total
	\$	\$	\$
Acquisition Costs:			
Balance, May 31, 2024	676,500	631,411	1,307,911
Impairment	-	(631,411)	(631,411)
Balance, May 31, 2025 and 2026	676,500	-	676,500
Exploration Costs:			
Balance, May 31, 2024	1,652,244	-	1,652,244
Additions	1,317,419	436,680	1,754,099
Impairment	-	(436,680)	(436,680)
Balance, May 31, 2025	2,969,663	-	2,969,663
Additions	1,219,254	-	1,219,254
Balance May 31, 2026	4,188,917	-	4,188,917
Total, May 31, 2025	3,646,163	-	3,646,163
Total, May 31, 2026	4,865,417	-	4,865,417

The following table summarizes the accumulated expenditures of exploration and evaluation costs:

	Central Finland Property (Capella)	Northern Finland Property (BB Gold)	Total
As at May 31, 2026			
	\$	\$	\$
Acquisition costs	676,500	631,411	1,307,911
Field supplies	428,350	97,038	525,388
Geological and related	1,288,244	44,069	1,332,313
Geological consulting	2,058,062	269,351	2,327,413
Surveying	2,634	1,200	3,834
Travel	411,627	25,022	436,649
Impairment	-	(1,068,091)	(1,068,091)
Total	4,865,417	-	4,865,417

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Notes to the Consolidated Financial Statements
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6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

As at May 31, 2025	Central Finland Property (Capella)	Northern Finland Property (BB Gold)	Total
	\$	\$	\$
Acquisition costs	676,500	631,411	1,307,911
Field supplies	321,426	97,038	418,464
Geological and related	1,135,045	44,069	1,179,114
Geological consulting	1,246,164	269,351	1,515,515
Surveying	2,400	1,200	3,600
Travel	264,628	25,022	289,650
Impairment	-	(1,068,091)	(1,068,091)
Total	3,646,163	-	3,646,163

Capella Property

Pursuant to an initial earn-in agreement (the "Earn-In Agreement") dated April 6, 2023, with Capella Minerals Limited ("Capella"), the Company acquired an option to earn up to an 80% interest in a portfolio of reservations held by Capella in central Finland (the "Capella Property"). The Capella Property is subject to a 1% net smelter return royalty and the Company is the operator of the project.

On April 3, 2024, the Earn-In Agreement was amended with Capella to acquire a 100% interest in the Capella Property (the "Purchase Agreement"). Whereas the Capella Property was initially subject to the two stage 51/80% earn-in agreement, the Purchase Agreement replaced the Earn-In Agreement in its entirety, and, upon completion of the transaction, the Company acquired 100% interest in the Capella Property with no further commitments due to Capella. Under the terms of the Purchase Agreement, upon closing, the Company paid Capella \$250,000 in cash and issued 1,100,000 common shares of the Company at the fair value of \$242,000 (the "Consideration Shares"). Capella also received a 2% net smelter royalty on the Project, half of which may be repurchased by the Company at any time in exchange for the payment of 1,000,000 Euros.

BB Gold Property

On September 1, 2023, the Company completed an acquisition of seven mineral reservations located in northern and central Finland. The Vendor was granted a 1% net smelter royal on six of the seven concessions.

During the year ended May 31, 2025, management decided not to proceed with filing exploration permit applications. As a result, the Company no longer holds any active projects or mineral claims in the region.

Accordingly, the BB Gold Property was determined not to be capable of generating future economic benefits as at May 31, 2025, and a non-cash impairment charge of \$1,068,091 was recorded, reducing its carrying value to \$Nil. No additional exploration or permitting activities occurred, and no further impairment or reversal was recognized during the year ended May 31, 2026.

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7. SHARE CAPITAL**a) Authorized**

The Company's authorized capital consists of an unlimited number of common shares without par value.

b) Issued and outstanding

- On January 15, 2026, the Company issued 10,040,000 units at a price of \$0.10 per unit for total gross proceeds of \$1,004,000 pursuant to a private placement. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at \$0.25 per share until January 15, 2028.
- On January 29, 2026, the Company issued 416,667 common shares to a consultant as a signing bonus, with a fair value of \$70,833. The Company has recorded the fair value of the common shares issued as professional fees expense on the consolidated statement of loss and comprehensive loss of the year ended May 31, 2026. The shares issued are subject to a statutory hold period of four months and one day from the date of issuance.
- On December 9, 2025, the Company issued 625,000 common shares in settlement of \$75,000 in outstanding payables.

Share capital transactions during the year ended May 31, 2025, are as follows:

- On November 4, 2024, 150,000 Restricted Share Units ("RSUs") were converted into common shares.
- On September 23, 2024, the Company issued 670,000 units at a price of \$0.125 per unit for total gross proceeds of \$83,750 pursuant to a private placement. Each unit comprised one common share and one-half of a share purchase warrant, with each whole warrant exercisable at \$0.20 until September 23, 2026. The Company paid a cash commission of \$1,313 and issued 10,500 non-transferable broker warrants at the same terms.
- On September 9, 2024, the Company issued 15,795,000 units at a price of \$0.125 per unit for total gross proceeds of \$1,974,375 pursuant to a private placement. Each unit comprised one common share and one-half of a share purchase warrant, with each whole warrant exercisable at \$0.20 until September 9, 2026. The Company paid a cash commission of \$131,119 and issued 1,157,000 common shares plus 239,050 non-transferable broker warrants at the same terms.
- On July 2, 2024, 100,000 RSUs were converted into common shares.
- In June 2024, 368,332 share purchase warrants were exercised for gross proceeds of \$55,586.

c) Restricted Share Units ("RSU")

The Company adopted a RSU plan during the year ended May 31, 2023, following shareholders approved a new rolling 10% restricted share unit plan. The RSU Plan was reapproved by shareholders at the Company's annual general meeting held on November 1, 2024.

The maximum number of common shares that may be issuable under the RSU Plan and any other "rolling up to 10%" plans adopted by the Company (including the Company's stock option plan) shall not exceed 10% of the total number of issued and outstanding common shares at the time of grant. The RSU Plan is an evergreen plan, meaning that any RSUs converted into common shares will, subject to the overall limit described above, replenish the number of RSUs available for future grant under the plan.

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Notes to the Consolidated Financial Statements
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7. SHARE CAPITAL (CONTINUED)**c) Restricted Share Units ("RSU") (continued)**

A continuity schedule of the Company's outstanding restricted share units is as follows:

	Number outstanding	Weighted Average Fair Value (\$)
Balance, May 31, 2024	400,000	0.46
Exercised	(250,000)	0.48
Forfeited	(150,000)	0.48
Balance, May 31, 2025 and May 31, 2026	-	-

d) Stock Options

The Company maintains a stock option plan (the "Option Plan") that was adopted and approved by shareholders as a rolling 10% plan, consistent with Exchange Policy 4.4 – Security Based Compensation. The Option Plan was re-approved by shareholders at the Company's annual general meeting held on November 1, 2024.

Under the terms of the Option Plan, the aggregate number of common shares reserved for issuance upon the exercise of stock options granted under the plan and any other "rolling up to 10%" security-based compensation plans of the Company (including the Company's restricted share unit plan) shall not exceed 10% of the total number of issued and outstanding common shares at the time of grant.

The Option Plan is an evergreen plan, such that any options that expire, are cancelled, or are exercised will, subject to the overall 10% limit described above, again become available for future grant under the plan.

The Company issued stock options as follows during the year ended May 31, 2026:

- On December 4, 2025, the Company granted 905,000 options at an exercise price of \$0.14 for a period of ten years from the date of grant. 25% of the options vest immediately and 25% vest every four months and will be fully vested by December 4, 2026.
- On December 4, 2025, the Company granted 1,300,000 options at an exercise price of \$0.14 for a period of ten years from the date of grant. 25% of the options vest immediately and 25% vest every six months and will be fully vested by June 4, 2027.
- On December 4, 2025, the Company granted 50,000 options at an exercise price of \$0.14 for a period of ten years from the date of grant. 100% of the grant vested immediately.

No stock option activity occurred during the year ended May 31, 2025.

The Company uses the Black-Scholes option pricing model to estimate the fair value for all share-based compensation. The assumptions used in this pricing model for the options granted on December 5, 2025, were as follows:

Grit Metals Corp.

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7. SHARE CAPITAL (CONTINUED)

d) Stock Options (continued)

	December 5, 2025
Exercise price	\$0.14
Risk-free interest rate	3.5%
Expected life of options (years)	10
Dividend rate	0.00%
Annualized volatility	103%

Stock option transactions and the number of stock options outstanding are summarized below:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, May 31, 2024 and 2025	2,550,000	0.34
Issued	2,255,000	
Forfeited	(1,450,000)	
Balance, May 31, 2026	3,355,000	0.19

Additional information regarding stock options outstanding is as follows:

Expiry Date	Exercise Price (\$)	Number of Options
February 1, 2027	0.15	500,000
July 17, 2028	0.59	100,000
September 6, 2028	0.41	250,000
September 18, 2028	0.40	150,000
May 30, 2029	0.40	100,000
December 4, 2035	0.14	2,255,000
Balance, May 31, 2026		3,355,000

The weighted average remaining life of the stock options as of May 31, 2026 is 6.92 (May 31, 2025 - 3.36) years.

During the year ended May 31, 2026, the Company recognized share-based compensation of \$183,303 (May 31, 2025 - \$215,864) related to the vesting of options.

Grit Metals Corp.

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7. SHARE CAPITAL (CONTINUED)**e) Share Purchase Warrants**

As of May 31, 2026 there were 20,566,596 in warrants outstanding.

On January 15, 2026 the Company issued warrants in connection with a non-brokered private placement. Each warrant entitles the hold to acquire one half of one common share of the Company until January 15, 2028. Each warrant has an exercise price of \$0.25.

In connection with the private placement, the Company issued 714,000 finder's warrants. Each finder's warrant entitles the holder to acquire one half of one common share of the Company until January 15, 2028.

Each warrant has an exercise price of \$0.25.

Share purchase warrant activity during the year ended May 31, 2026 was as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, May 31, 2024	12,311,677	0.44
Exercised	(368,332)	0.15
Expired	(5,931,668)	0.15
Issued	8,232,500	0.20
Balance, May 31, 2025	14,244,177	0.22
Issued	5,020,000	0.25
Balance, May 31, 2026	19,264,177	0.24

The number of Share Purchase Warrants outstanding are as follows:

Expiry Date	Exercise Price (\$)	Issued and Exercisable
June 22, 2026	0.25	3,117,777
October 20, 2026	0.25	2,893,900
September 9, 2026	0.20	7,897,500
September 23, 2026	0.20	335,000
January 15, 2028	0.25	5,020,000
Balance, May 31, 2026		19,264,177

On November 22, 2024, 3,117,777 warrants granted June 22, 2023 and 2,893,900 warrants granted October 20, 2023 were repriced from \$0.75 to \$0.25.

The weighted average remaining life of the share purchase warrants as of May 31, 2026 is 0.61 (May 31, 2025 – 1.25) years.

f) Broker Warrants & Compensation Warrants

Broker Warrants and Compensation Warrants transactions and the number of warrants outstanding are summarized below:

Grit Metals Corp.

Notes to the Consolidated Financial Statements

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7. SHARE CAPITAL (CONTINUED)

f) Broker Warrants & Compensation Warrants (continued)

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, May 31, 2024	1,257,668	0.31
Expired	(918,799)	0.15
Issued	249,550	0.20
Balance, May 31, 2025	588,419	0.52
Issued	714,000	0.25
Balance, May 31, 2026	1,302,419	0.34

The number of Broker and Compensation warrants outstanding are as follow:

Expiry Date	Exercise Price (\$)	Issued and Exercisable
June 22, 2026	0.75	324,869
October 20, 2026	0.75	14,000
September 9, 2026	0.20	249,550
January 15, 2028	0.25	714,000
Balance, May 31, 2026		1,302,419

The broker warrants were valued using the following Black-Scholes option pricing model using the following weighted average assumptions:

	2026	2025
Risk-free interest rate	3.00%	3.02%
Dividend yield	0%	0%
Expected volatility	94%	117%
Expected life (years)	2	2
Forfeiture rate	0%	0%

The weighted average remaining life of the brokers' warrants as of May 31, 2026 is 0.96 (May 31, 2025 – 1.16) years.

During the year ended May 31, 2026, the Company recognized the fair value of broker warrants of \$38,664 as share issuance costs (May 31, 2025 - \$22,340).

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Notes to the Consolidated Financial Statements

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8. 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 those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Year ended	May 31, 2026	May 31, 2025
	\$	\$
Management fees	282,000	283,000
Office rental space	-	5,333
Share-based payments	111,474	90,194

The Company was previously party to a month-to-month office sublease agreement from February 1, 2022, to February 28, 2025 with a director and officer of the Company at a rate of \$762 per month, which is recognized in office and accounting expense.

As at May 31, 2026, \$8,925 (2025 - \$8,500) of management fees due to related parties remained in accounts payable and accrued liabilities, which is non-interest bearing, unsecured and due on demand.

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, reserves and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK*Fair value*

As at May 31, 2026, the Company's financial instruments consist of cash and accounts payable.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).

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Notes to the Consolidated Financial Statements

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

• Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The fair value of cash is based on Level 1 inputs. There are no Level 2 or Level 3 financial instruments.

The Company's financial instruments include cash and accounts payable. Cash is measured at fair value and account payable is measured at amortized cost.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk, the Company places its cash with high quality financial institutions.

Liquidity risk

The Company manages liquidity risk through the management of its capital structure, as outlined in Note 9. The Company monitors its ability to meet its short-term exploration and administrative expenditure requirements by raising additional funds through share issuances when required. The Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable, and commitments that are denominated in a foreign currency. As at May 31, 2026, a 10% fluctuation in the foreign exchange rate of the Euro against the Canadian dollar would affect the Company's cash, account payable, and commitments by approximately \$2,129.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk.

11. INCOME TAX

In assessing deferred income tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment and concluding the deferred tax assets were not realized.

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

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11. INCOME TAX (CONTINUED)

	2026	2025
Statutory income tax rate	20%-30%	20%-30%
	\$	\$
Loss for the year before income taxes	(966,043)	(2,011,239)
Expected income tax recovery	(258,000)	(502,000)
Non-deductible expenditures and non-taxable revenues	37,000	197,000
Change in deferred tax assets not recognized	221,000	305,000
Income taxes recoverable	-	-

The nature and effect of the Company's deferred tax assets is as follows:

	2026	2025
	\$	\$
Non-capital losses carried forward	1,120,000	869,000
Exploration and evaluation assets	94,000	94,000
Share issuance costs	107,000	137,000
Deferred tax assets	1,321,000	1,100,000
Deferred tax assets not recognized	(1,321,000)	(1,100,000)
Net deferred tax assets	-	-

The Company has non-capital losses carried forward of \$4,027,000 (2025 – \$3,131,000), in Canada and \$164,000 (2025 - \$117,000) in Finland which may be applied to reduce future taxable income between 2034 and 2046.

12. SEGMENTED INFORMATION

The Company operates in one reportable segment. Segments are defined as components for which separate financial information is available and is regularly evaluated by the chief operating decision maker.