


# Lithium Ionic Corp.

## Condensed Interim
## Consolidated Financial Statements

**For the three and nine months ended September 30, 2026 and 2025**
**(Expressed in Canadian Dollars)**

# NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

# Lithium Ionic Corp.

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

| As at: | Note | September 30, 2026 | December 31, 2025 |
|---|---|---|---|
| **ASSETS** | | | |
| Current | | | |
| Cash and cash equivalents | | **$ 29,152,304** | $ 17,521,608 |
| Amounts receivable | | **787,944** | 435,263 |
| Prepaid expenses | | **805,451** | 696,943 |
| **Total current assets** | | **30,745,699** | 18,653,814 |
| **Long-term** | | | |
| Project development costs | 6 | **52,625,381** | 32,627,790 |
| Deferred consideration receivable | 5 | **8,653,450** | - |
| Property and equipment | 7 | **1,760,081** | 608,380 |
| **Total assets** | | **$ 93,784,611** | $ 51,889,984 |
| **LIABILITIES** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 17 | **$ 8,276,431** | $ 4,101,642 |
| Short-term lease liabilities | 8 | **216,809** | 114,039 |
| **Total current liabilities** | | **8,493,240** | 4,215,681 |
| Long-term lease liabilities | 8 | **959,702** | 29,371 |
| Deferred tax liability | 5 | **2,692,340** | - |
| Royalty-based obligations | 9 | **16,326,954** | 28,483,333 |
| **Total liabilities** | | **28,472,236** | 32,728,385 |
| **SHAREHOLDERS' EQUITY** | | | |
| Common shares | 12 | **126,494,564** | 122,546,841 |
| Warrant reserve | 13 | **3,833,170** | 5,903,582 |
| Stock-based compensation reserve | 14 | **17,545,458** | 11,485,536 |
| Accumulated other comprehensive income (loss) | | **104,079** | (140,883) |
| Accumulated deficit | | **(82,664,896)** | (120,633,477) |
| **Total shareholders' equity** | | **65,312,375** | 19,161,599 |
| **Total liabilities and shareholders' equity** | | **$ 93,784,611** | $ 51,889,984 |

| | |
|---|---|
| Nature of operations and going concern | 1 |
| Commitments and contingencies | 20 |
| Subsequent events | 21 |

Approved on behalf of the Board of Directors:

Signed: *Blake Hylands, Director*
Signed: *David D'Onofrio, Director*

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

# Lithium Ionic Corp.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian dollars)

| | Note | Three months ended September 30, 2026 | Three months ended September 30, 2025 | Nine months ended September 30, 2026 | Nine months ended September 30, 2025 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Exploration and evaluation expenses | 11 | **$ 337,707** | $ 313,694 | **$ 1,175,968** | $ 1,148,402 |
| Consulting and management fees | 18 | **936,615** | 848,428 | **2,850,743** | 2,926,767 |
| Shareholder communications | | **189,548** | 153,913 | **600,197** | 585,174 |
| Professional fees | | **1,144,731** | 278,623 | **2,557,194** | 953,427 |
| Office and general | | **476,368** | 214,815 | **1,696,250** | 823,322 |
| Depreciation | 7 | **52,893** | 32,697 | **149,674** | 90,721 |
| Share-based compensation | 14 | **2,191,406** | - | **7,589,019** | 830,617 |
| **Loss for the period before other items** | | **$ (5,329,268)** | $ (1,842,170) | **$ (16,619,045)** | $ (7,358,430) |
| **Other items** | | | | | |
| Interest income | | **538,543** | 12,478 | **579,328** | 229,292 |
| Interest and financing fees | | **(204,526)** | (55,852) | **(314,453)** | (155,130) |
| Gain on remeasurement of royalty-based obligations | 9 | **18,516,787** | 6,835,212 | **18,516,787** | 6,835,212 |
| Lease accretion expense | 8 | **(21,083)** | (2,767) | **(36,608)** | (6,583) |
| Gain on sale of Salinas properties | 5 | **47,265,934** | - | **47,265,934** | - |
| Foreign exchange gain (loss) | | **1,022,166** | (319,087) | **(161,538)** | 494,075 |
| Income before income taxes | | **61,788,553** | 4,627,814 | **49,230,405** | 38,436 |
| Income tax expense | 5 | **(12,964,324)** | - | **(12,964,324)** | - |
| **Net income for the period** | | **$ 48,824,229** | $ 4,627,814 | **$ 36,266,081** | $ 38,436 |
| **Items that may be subsequently reclassified to net income (loss):** | | | | | |
| Foreign currency translation adjustment of subsidiary | | **(162,262)** | (24,973) | **244,962** | (37,751) |
| **Net comprehensive income for the period** | | **$ 48,661,967** | $ 4,602,841 | **$ 36,511,043** | $ 685 |
| **Basic income per share** | | **$ 0.25** | $ 0.03 | **$ 0.18** | $ 0.00 |
| **Diluted income per share** | | **$ 0.25** | $ 0.03 | **$ 0.18** | $ 0.00 |
| **Weighted average number of common shares outstanding** | | | | | |
| Basic | | **197,301,209** | 158,978,074 | **196,150,427** | 158,636,592 |
| Diluted | | **197,681,899** | 159,053,840 | **197,781,241** | 159,131,974 |

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

# Lithium Ionic Corp.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

| | Number of Shares | Common Shares | Number of warrants | Warrant Reserve | Number of options and RSUs | Stock-based compensation reserve | Accumulated other comprehensive income (loss) | Deficit | Shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance, December 31, 2024** | **158,579,158** | **$ 101,757,300** | **11,796,853** | **$ 4,841,022** | **15,127,000** | **$ 9,956,439** | **$ 6,192** | **$ (119,617,404)** | **$ (3,056,451)** |
| Private placement unit financing | 18,350,141 | 12,845,099 | - | - | - | - | - | - | 12,845,099 |
| Value of warrants on unit financing | - | (2,963,294) | 18,350,141 | 2,963,294 | - | - | - | - | - |
| Share issue costs | - | (422,446) | - | - | - | - | - | - | (422,446) |
| RSUs issued in settlement of payable | - | - | - | - | 917,768 | 698,480 | - | - | 698,480 |
| RSUs issued for service contract | - | - | - | - | 933,277 | 830,617 | - | - | 830,617 |
| Expiry of warrants | - | - | (1,411,965) | (1,130,528) | - | - | - | 1,130,528 | - |
| Net income for the period | - | - | - | - | - | - | - | 38,436 | 38,436 |
| Other comprehensive loss for the period | - | - | - | - | - | - | (37,751) | - | (37,751) |
| **Balance, September 30, 2025** | **176,929,299** | **$ 111,216,659** | **28,735,029** | **$ 6,673,788** | **16,978,045** | **$ 11,485,536** | **$ (31,559)** | **$ (118,448,440)** | **$ 10,895,984** |
| | | | | | | | | | |
| **Balance, December 31, 2025** | **193,171,593** | **$ 122,546,841** | **27,590,130** | **$ 5,903,582** | **16,978,045** | **$ 11,485,536** | **$ (140,883)** | **$ (120,633,477)** | **$ 19,161,599** |
| Share-based compensation - options and RSUs | - | - | - | - | 12,575,000 | 7,589,019 | - | - | 7,589,019 |
| Exercise of RSUs | 1,851,045 | 1,529,097 | - | - | (1,851,045) | (1,529,097) | - | - | - |
| Options issued for service contract | - | - | - | - | 1,000,000 | - | - | - | - |
| Exercise of warrants | 2,278,571 | 2,418,626 | (2,278,571) | (367,912) | - | - | - | - | 2,050,714 |
| Expiry of warrants | - | - | (1,500,000) | (1,702,500) | - | - | - | 1,702,500 | - |
| Net income for the period | - | - | - | - | - | - | - | 36,266,081 | 36,266,081 |
| Other comprehensive income for the period | - | - | - | - | - | - | 244,962 | - | 244,962 |
| **Balance, September 30, 2026** | **197,301,209** | **$ 126,494,564** | **23,811,559** | **$ 3,833,170** | **28,702,000** | **$ 17,545,458** | **$ 104,079** | **$ (82,664,896)** | **$ 65,312,375** |

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

# Lithium Ionic Corp.

Condensed Interim Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

| | Note | Nine months ended September 30, 2026 | 2025 |
|---|---|---|---|
| **Cash provided by (used in):** | | | |
| **Operating activities** | | | |
| Net income (loss) for the period | | **36,266,081** | $ 38,436 |
| Items not involving cash: | | | |
| Depreciation | 7 | **149,674** | 90,721 |
| Gain on sale of Salinas properties | 5 | **(47,265,934)** | - |
| Lease accretion expense | 8 | **36,608** | 6,583 |
| Share-based compensation | 14 | **7,589,019** | 830,617 |
| Gain on remeasurement of royalty-based obligations | 9 | **(18,516,787)** | (6,835,212) |
| Income tax expense | 5 | **12,964,324** | - |
| Foreign exchange and other | | **249,162** | (194,600) |
| Changes in non-cash working capital | | | |
| Amounts receivable | | **(352,681)** | 454,185 |
| Prepaid expenses | | **(108,508)** | (288,174) |
| Accounts payable and accrued liabilities | | **2,012,005** | (453,895) |
| **Net cash used in operating activities** | | **(6,977,037)** | (6,351,339) |
| **Investing activities** | | | |
| Proceeds from sale of Salinas properties | 5 | **40,927,450** | - |
| Capitalized project development costs | 6 | **(14,225,293)** | (8,724,884) |
| Income taxes paid on sale of Salinas properties | 5 | **(10,300,473)** | - |
| Purchase of equipment | 7 | **(233,871)** | (15,571) |
| **Net cash provided by (used in) investing activities** | | **16,167,813** | (8,740,455) |
| **Financing activities** | | | |
| Proceeds from private placement | | **-** | 12,845,099 |
| Cost of issue | | **-** | (422,446) |
| Proceeds from exercise of warrants | 13 | **2,050,714** | - |
| Payments on lease liability | 8 | **(172,515)** | (189,771) |
| **Net cash provided by financing activities** | | **1,878,199** | 12,232,882 |
| Effect of exchange rate changes on cash held in foreign currency | | **561,721** | (681,999) |
| **Change in cash and cash equivalents** | | **11,630,696** | (3,540,911) |
| **Cash and cash equivalents, beginning of the period** | | **17,521,608** | 23,756,282 |
| **Cash and cash equivalents, end of the period** | | **29,152,304** | $ 20,215,371 |
| **SUPPLEMENTAL INFORMATION** | | | |
| Value of common shares issued on exercise of RSUs | 12 | **1,529,097** | - |
| Equipment acquired through leases | 7, 8 | **1,134,120** | 188,292 |
| Capitalized depreciation and accretion | 6 | **88,708** | 152,388 |
| Capitalized accretion on royalty obligation | 6, 9 | **5,358,732** | 5,254,546 |
| Deferred consideration receivable on sale of Salinas properties | 5 | **8,432,631** | - |
| Salinas transaction costs included in accounts payable | 5 | **2,094,147** | - |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Lithium Ionic Corp. (the "Company", or "Lithium Ionic") was incorporated on December 21, 2020 under the *Business Corporations Act (Ontario)*. The Company commenced trading as a Tier 2 Mining Issuer on the TSX Venture Exchange ("TSXV") on May 24, 2022 under the new trading symbol "LTH".

The Company is currently engaged in the acquisition, exploration, and development of mineral properties in Brazil. The head office and principal address of the Company is 36 Lombard Street, Toronto, Ontario, M5C 2X3.

The Company controls the following subsidiaries:

- A 100% interest in Lithium Ionic Holdings Corp. (formerly Lithium Ionic Inc.), a company incorporated on July 5, 2021 as a Province of Ontario registered corporation pursuant to the *Business Corporations Act (Ontario)*.
- Lithium Ionic Holdings Corp. owns 100% of MGLIT Empreendimentos Ltda. ("MGLIT"), a company incorporated on October 29, 2018 under Brazilian corporate law.
- A 100% interest in Neolit Minerals Participações Ltda. ("Neolit"), a Brazilian company, acquired through Lithium Ionic Holdings Corp. Neolit owns a 100% interest in Salit Mineração Ltda.
- Through Lithium Ionic Holdings Corp., a 100% interest in Lithium Ionic Bandeira Corp., a company incorporated on June 14, 2024 in the Cayman Islands.
- Through MGLIT, the Company owns a 10% ownership interest in Valitar Participações S.A. ("Valitar") holding preferred shares that pass on the economic rights of Valitar to MGLIT. As a result, the Company includes Valitar in its consolidated financial statements in accordance with IFRS 10 Consolidated Financial Statements.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations.

The recoverability of exploration and evaluation expenditures is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

At September 30, 2026, the Company had current assets of $30,745,699 and current liabilities of $8,493,240 (December 31, 2025 - $18,653,814 and $4,215,681 respectively) and an accumulated deficit of $82,664,896 (December 31, 2025 - $120,633,477). As the Company does not yet have any revenue-generating operations, it is dependent on future financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. As such, there is material uncertainty that casts significant doubt on the Company's ability to continue as a going concern.

## 1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

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

## 2. BASIS OF PRESENTATION

### *Statement of compliance*

These condensed interim consolidated financial statements are in compliance with IAS 34, Interim Financial Reporting. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2025.

### *Basis of presentation*

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and have been prepared using the historical cost basis. Furthermore, these condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of the Company's Brazilian subsidiaries is also the Canadian dollar. The functional currency of Lithium Ionic Bandeira Corp. is the United States dollar. All values are rounded to the nearest dollar. References to R$ refer to the Brazilian Real.

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, including Valitar, which it controls (Note 1). All intercompany transactions and balances have been eliminated on consolidation.

### *Approval of the consolidated financial statements*

These condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2026 were reviewed, approved and authorized for issue by the Board of Directors of the Company on November 24, 2026.

## 3. MATERIAL ACCOUNTING POLICIES

The policies set out in the Company's annual financial statements for the year ended December 31, 2025 were consistently applied to all periods unless otherwise noted below.

*New and future accounting changes*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB that are mandatory for accounting periods commencing on or after January 1, 2026. The Company adopted such changes without any material impact to the consolidated financial statements. Updates that are not applicable or are not consequential to the Company have been excluded thereof.

IFRS 9 and IFRS 7 - In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments. Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at Fair Value Through Other Comprehensive Income. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted. The adoption of these amendments had no impact on the Company's consolidated financial statements.

IFRS 18 - In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. The new standard replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new categories and required subtotals in the statement of profit or loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

The Company is currently assessing the detailed implications of applying the new standard on the financial statements. Based on its preliminary assessment, items of income and expenses in the statement of income will be grouped into new categories resulting in new subtotals and/or line items being presented and changes in how certain existing subtotals are calculated; operating profit will be the starting point for determining cash flows from operating activities instead of net income.

## 4. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

## 4. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

*Share-based payments and warrants*

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

*Transition from the exploration stage to the development stage*

Judgment is required in determining when an exploration and evaluation project has been established as commercially viable and technically feasible such that it transitions from the exploration and evaluation stage, where the Company expenses costs as incurred, to the development stage, where costs are capitalized. With respect to the Bandeira project, the Company considered (a) the completion of the feasibility study and (b) the royalty agreement with Appian Capital Advisory LLP ("Appian") (Note 9) where use of proceeds is restricted to funding the initial development of the project, and concluded technical feasibility and commercial viability was achieved. As such, effective July 2024, the Company commenced capitalizing development costs related to the Bandeira project.

*Impairment of non-financial assets*

Significant judgments, estimates and assumptions are required to determine whether any indication of impairment exists. Management uses the projected cash flows over the life of mine with key assumptions that include, but are not limited to, mineral reserves and mineral resources, expected operating costs, commodity prices, expected capital expenditures and discount rates that reflect specific risks relating to the relevant assets. These assumptions are susceptible to risks and uncertainties and may change the Company's projection and, therefore, may affect the recoverable value of assets.

*Classification of royalty as a royalty-based obligation*

Significant judgment is required in determining the appropriate accounting treatment for the Appian royalty arrangement (Note 9). Judgment was required to assess whether the arrangement is a financial liability or a sale of a mineral interest. After analyzing the terms of the royalty agreement with Appian, management determined that the royalty should be classified as a financial liability as (a) the royalty obligations are secured by charges and share pledges over substantially all current and future assets relating to the project, (b) a termination amount is payable in the event of default and (c) the arrangement includes a buy-back option. Estimates on expected timing and amount of cash flows are used to determine the value of the liability. These are based on management's estimates of the timing and volume of production and of future spodumene concentrate prices. At September 30, 2026, management revised these estimates, which reduced the liability by $18,516,787 (US$13,051,020) (Note 9). Judgment is also used to value the embedded derivative.

## 4. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

*Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

*Contingencies*

Refer to Note 20.

## 5. SALE OF SALINAS PROPERTIES

On August 12, 2026, the Company entered into a definitive agreement with PLS Brasil Mineração Ltda., a wholly-owned subsidiary of PLS Group Limited ("PLS"), one of the world's largest hard-rock lithium producers, to sell its Salinas group of lithium properties, including the Baixa Grande deposit, comprising ten mineral claims and certain associated assets held through its subsidiaries, Salit Mineração Ltda. and Neolit Minerals Participações Ltda. The sale is for cash consideration of US$37.5 million, of which US$30.0 million was paid at closing and US$7.5 million is payable on the earlier of a positive final investment decision for PLS' Colina Project and December 31, 2029. The Company retains a royalty of 2.0% of the gross proceeds from the sale of spodumene extracted from the Salinas mineral rights, calculated on a free-on-board Brazilian export port basis, less the costs of transporting the spodumene from the properties to the port of export. The transaction closed on August 25, 2026, and the Company received cash proceeds of US$30.0 million.

The Company recognized the gain on the sale in the three and nine months ended September 30, 2026. The gain and the related income tax were as follows:

| | | |
|---|---|---|
| Cash proceeds received at closing (US$30,000,000) | $ | 41,517,000 |
| Deferred consideration, at fair value (US$6,093,382) | | 8,432,631 |
| Total consideration | | 49,949,631 |
| Less: carrying amount of the properties sold (a) | | - |
| Less: transaction costs (b) | | (2,683,697) |
| **Gain on sale before income tax** | **$** | **47,265,934** |
| | | |
| Current income tax (paid in September 2026) | | (10,300,473) |
| Deferred income tax (c) | | (2,663,851) |
| Income tax expense | | (12,964,324) |
| **Gain on sale, net of income tax** | **$** | **34,301,610** |
| | | |
| **Income tax liabilities at September 30, 2026** | | |
| Deferred income tax expense (c) | | 2,663,851 |
| Foreign exchange to September 30, 2026 | | 28,489 |
| **Deferred tax liability, September 30, 2026** | **$** | **2,692,340** |

## 5. SALE OF SALINAS PROPERTIES (continued)

(a) The costs of acquiring and exploring the Salinas properties were expensed as incurred, so the carrying amount of the properties sold was nil.
(b) Directly attributable transaction costs comprise the BMO completion fee of US$1,500,000 ($2,075,850), a sale commission of $420,335 and legal fees of $187,512. Of these, $589,550 was paid by September 30, 2026 and $2,094,147 remained unpaid at that date.
(c) Brazilian income tax on deferred consideration is deferred until the amount is received.

The net cash inflow of $40,927,450 (cash proceeds less transaction costs paid) and the income tax paid of $10,300,473 are presented in investing activities in the condensed interim consolidated statement of cash flows.

The deferred consideration, which is non-interest-bearing and guaranteed by PLS, was measured on initial recognition on August 25, 2026 at its fair value of $8,432,631 (US$6,093,382), being the present value of the expected payments discounted at 7.31% (a United States Treasury rate for the expected term plus a credit spread for PLS and a premium for restrictions on transfer of the receivable), and is carried at amortized cost. The discount of US$1,406,618 ($1,946,619 at the August 25, 2026 rate) is recognized as interest income over the expected period to settlement. At September 30, 2026, the receivable is carried at $8,653,450 (US$6,099,133), being its fair value on initial recognition plus interest accretion of $59,651 and a foreign exchange gain of $213,402, less an expected credit loss allowance of $52,234 (Note 17). If an amount becomes due from the sellers for losses under the indemnification provisions of the sale agreement, the agreement permits it to be paid by offsetting it against amounts of the purchase price then outstanding from PLS Brasil to the sellers, which may include the unpaid deferred consideration (Note 20); such losses may not be offset against amounts due under the royalty agreement.

The royalty, which is payable quarterly in US dollars (or in reais where Brazilian law requires) under a separate royalty agreement between Neolit and PLS Brasil dated August 21, 2026, is variable consideration for the disposal for accounting purposes, although the sale agreement states that it is not part of the purchase price. It is payable only if spodumene is extracted from the Salinas mineral rights and sold or otherwise disposed of by PLS Brasil, its affiliates or its successors, and PLS Brasil has no obligation to explore, develop or mine the rights; there is no minimum payment and no parent guarantee. At the date of the sale, the Salinas mineral rights were at a pre-operational stage, no pre-feasibility study had been completed for the rights, and no mining concession had been granted. Management concluded that it is not highly probable that a significant reversal of the cumulative consideration included in the gain would not occur if an amount were included for the royalty, so no amount was included in the gain on disposal at August 25, 2026 or at September 30, 2026. Amounts will be recognized in profit or loss when they become highly probable or are received.

## 6. PROJECT DEVELOPMENT COSTS

In July 2024, after closing its royalty agreement with Appian, which required that the Company spend the proceeds specifically on the initial development of the Bandeira project, and considering the results of the definitive feasibility study, the Company determined that it was appropriate to begin capitalizing costs related to the development of the Bandeira project. Depreciation on project development costs has not been recorded as the assets are not in use. The Company continues to expense exploration and evaluation costs related to its other properties.

| | Development costs | Shares issued | Depreciation allocation | Lease accretion | Accretion of royalty obligation | Foreign exchange | TOTAL |
|---|---|---|---|---|---|---|---|
| As at December 31, 2024 | $ 4,324,245 | $ - | $ 104,268 | $ 7,044 | $ 2,647,688 | $ - | $ 7,083,245 |
| Additions | 12,801,287 | 5,978,423 | 154,765 | 20,182 | 6,715,566 | (125,678) | 25,544,545 |
| As at December 31, 2025 | $ 17,125,532 | $ 5,978,423 | $ 259,033 | $ 27,226 | $ 9,363,254 | $ (125,678) | $ 32,627,790 |
| Additions | 14,225,293 | - | 76,183 | 12,525 | 5,358,732 | 324,858 | 19,997,591 |
| **As at September 30, 2026** | **$ 31,350,825** | **$ 5,978,423** | **$ 335,216** | **$ 39,751** | **$ 14,721,986** | **$ 199,180** | **$ 52,625,381** |

## 7. PROPERTY AND EQUIPMENT

The following table sets out the changes to the carrying value of property and equipment:

| | Computers, furniture & equipment | Field and lab equipment | Vehicles | Software | Land | Right-of-Use assets | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| As at December 31, 2024 | $ 244,687 | $ 33,002 | $ 167,498 | $ 21,076 | $ 271,369 | $ 612,369 | $ 1,350,001 |
| Additions | 25,809 | 1,684 | - | - | - | 214,076 | 241,569 |
| Disposal | - | - | - | - | - | (291,296) | (291,296) |
| As at December 31, 2025 | $ 270,496 | $ 34,686 | $ 167,498 | $ 21,076 | $ 271,369 | $ 535,149 | $ 1,300,274 |
| Additions | 164,571 | 58,701 | - | - | - | 1,144,719 | 1,367,991 |
| Disposal | - | - | - | - | - | (256,825) | (256,825) |
| **As at September 30, 2026** | **$ 435,067** | **$ 93,387** | **$ 167,498** | **$ 21,076** | **$ 271,369** | **$1,423,043** | **$ 2,411,440** |
| Accumulated Depreciation | | | | | | | |
| As at December 31, 2024 | $ (49,650) | $ (4,414) | $ (77,353) | $ (21,076) | $ - | $ (426,702) | $ (579,195) |
| Depreciation | (34,454) | (3,334) | (33,500) | - | - | (232,993) | (304,281) |
| Disposal | - | - | - | - | - | 191,582 | 191,582 |
| As at December 31, 2025 | $ (84,104) | $ (7,748) | $ (110,853) | $ (21,076) | $ - | $ (468,113) | $ (691,894) |
| Depreciation | (32,082) | (2,739) | (25,125) | - | - | (165,911) | (225,857) |
| Disposal | - | - | - | - | - | 266,392 | 266,392 |
| **As at September 30, 2026** | **$ (116,186)** | **$ (10,487)** | **$ (135,978)** | **$ (21,076)** | **$ -** | **$ (367,632)** | **$ (651,359)** |
| Net book value as at December 31, 2025 | $ 186,392 | $ 26,938 | $ 56,645 | $ - | $ 271,369 | $ 67,036 | $ 608,380 |
| **Net book value as at September 30, 2026** | **$ 318,881** | **$ 82,900** | **$ 31,520** | **$ -** | **$ 271,369** | **$ 1,055,411** | **$ 1,760,081** |

The Company entered into a right-of-use lease for a corporate office in Canada during the nine months ended September 30, 2026, with a term of four years and nine months and a five-year renewal option that the Company is reasonably certain to exercise.

## 8. LEASE LIABILITY

The following table sets out the changes to the carrying value of lease liabilities:

| | | |
|---|---|---|
| As at December 31, 2025 | **$** | **143,410** |
| Lease additions | | 1,134,120 |
| Lease accretion | | 49,133 |
| Lease payments | | (172,515) |
| Lease terminations and other adjustments | | 85 |
| Foreign exchange | | 22,278 |
| **As at September 30, 2026** | **$** | **1,176,511** |
| Current portion of lease liability | $ | 216,809 |
| Long-term portion of lease liability | $ | 959,702 |

The Company's lease liabilities consist of right-of-use leases for office space, dormitories and warehouses in Brazil, and offices in Canada. Lease terms ranged from 12 to 117 months.

During the nine months ended September 30, 2026, the Company recognized additions to lease liabilities of $1,134,120, of which $886,618 related to the right-of-use lease for the corporate office in Canada described in Note 7, with the remainder relating primarily to the renewal of a dormitory lease and a warehouse lease and the extension of another warehouse lease in Brazil.

## 8. LEASE LIABILITY (continued)

For the three and nine months ended September 30, 2026, the Company allocated $21,083 and $36,608 respectively in lease accretion to the condensed interim consolidated statements of income (loss) and comprehensive income (loss) (three and nine months ended September 30, 2025: $2,767 and $6,583 respectively) and $4,023 and $12,525 to capitalized project development costs respectively (three and nine months ended September 30, 2025: $5,650 and $14,327 respectively).

Future payments on the Company's right-of-use leases are shown in the table below:

| | Brazil | | Canada |
|---|---|---|---|
| Payments due | R$ | CAD$ | CAD$ |
| Payments due within 1 year | 533,884 | 145,110 | 162,503 |
| Payments due in 1-3 years | 387,110 | 105,216 | 270,114 |
| Payments due in 3-5 years | - | - | 286,526 |
| Payments due in more than 5 years | - | - | 676,995 |

## 9. ROYALTY-BASED OBLIGATIONS

On July 18, 2024, the Company completed a definitive royalty agreement with Appian Capital Advisory LLP ("Appian"). The Company, through its subsidiary, Lithium Ionic Bandeira Corp., granted an affiliate of Appian a 2.25% gross revenue royalty in exchange for upfront consideration of US$20,000,000 ($27,454,000). The Company is required to use the proceeds to advance the development and construction of the Bandeira Lithium Project. The agreement stipulates an option to fully buy-back the Royalty within the first five years for a fee of US$67,500,000. The royalty obligations are secured by charges and share pledges over substantially all current and future assets relating to the Bandeira Project. In the event of default, a termination payment will be payable.

The royalty arrangement is accounted for as a financial liability and was initially recognized at US$20,000,000 ($27,454,000) net of transaction costs directly related to the royalty agreement of US$1,071,634 ($1,478,899) and is subsequently measured at amortized cost. The discount rate, being 22.5%, was determined at recognition by calculating the internal rate of return of the expected cash flows. The carrying value of the royalty-based obligation will be remeasured at each reporting period based on the revised expected future cash flows using the original discount rate under the amortized cost method. The buy-back option was classified at fair value through profit or loss and estimated at $nil as it is unknown at this time whether the Company will be able to exercise the buy-back option before expiry.

As a result of the updated Feasibility Study reported on September 17, 2025, the royalty-based obligation was remeasured based on revised future cash flows using the original discount rate of 22.5% resulting in a reduction of the liability of $6,835,212. This was recorded as a gain on remeasurement of the royalty-based obligation on the condensed interim consolidated statements of income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2025. As at September 30, 2026, the royalty-based obligation was remeasured based on revised future cash flows, reflecting updated estimates of the timing of production and of spodumene concentrate prices, using the original discount rate of 22.5%, resulting in a reduction of the liability of US$13,051,020 ($18,516,787). This was recorded as a gain on remeasurement of the royalty-based obligation on the condensed interim consolidated statements of income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2026.

## 9. ROYALTY-BASED OBLIGATIONS (continued)

| | | |
|---|---|---|
| Balance, December 31, 2024 | $ | 29,883,715 |
| Capitalized accretion | | 6,715,566 |
| Remeasurement of liability | | (6,835,212) |
| Foreign exchange revaluation | | (1,280,736) |
| Balance, December 31, 2025 | $ | 28,483,333 |
| Capitalized accretion | | 5,358,732 |
| Remeasurement of liability | | (18,516,787) |
| Foreign exchange revaluation | | 1,001,676 |
| Balance, September 30, 2026 | $ | 16,326,954 |

As at September 30, 2026, the Company has recognized the entirety of this liability as long-term as it is not anticipated that any royalty payments will be made within the next twelve months. Accretion is capitalized to Project development costs on the condensed interim consolidated statements of financial position.

## 10. ACQUISITION OF MINING LICENSES

Vale Litio claims

In January 2023, the Company entered into a binding share purchase agreement with Exotic Mineração Ltda. ("Exotic"), which was amended in February 2024 and further amended in February 2025 and in October 2026, pursuant to which MGLIT has the option to acquire up to a 100% interest in Vale do Litio Mineração Ltda. ("Vale Litio"), who has a 100% beneficial ownership interest in three lithium mining claims in Minas Gerais. On signing, the Company had acquired an initial 2.78% equity ownership interest in Vale Litio through a payment to Exotic of R$900,000 ($232,834) in cash. Pursuant to the agreement, the Company can or has acquired the following ownership interest through the following payments to Exotic:

- R$500,000 ($129,947) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before February 20, 2023 (paid in February 2023);
- R$500,000 ($137,625) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before July 20, 2023 (paid in July 2023);
- R$500,000 ($136,559) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before January 20, 2024 (paid in January 2024);
- R$50,000 ($12,376) in cash to acquire an additional 0.15% equity ownership interest in Vale Litio on or before July 20, 2024 (paid in July 2024);
- R$500,000 in cash payable in four instalments of R$125,000 on March 5, 2025 ($30,863 paid in March 2025), July 20, 2025 ($31,694 paid in August 2025), January 20, 2026 ($32,150 paid in January 2026) and July 20, 2026 ($34,512 paid in July 2026) to acquire an aggregate 1.6% equity ownership interest in Vale Litio;
- R$29,450,000 ($8.0 million) in cash to acquire the final 90.85% equity ownership in Vale Litio on or before July 20, 2027 (previously January 20, 2027; extended by the October 27, 2026 amendment).

If the Company establishes a NI 43-101 compliant mineral resource estimate on the Vale Litio claims of at least six million tonnes with an average content greater than 1.3% $Li_2O$, the Company shall pay Exotic a cash bonus of R$10,000,000 ($2.7 million). If the Company does not complete the acquisition, it will be required to conduct a minimum of 3,000 metres of diamond drilling in the claim areas by July 20, 2027 or pay a fine of R$5,000,000 ($1.4 million). This drilling is waived if the acquisition is completed. Subsequent to September 30, 2026, on October 27, 2026, the agreement was further amended to extend the due date of the final payment of R$29,450,000 and the deadline for the drilling requirement to July 20, 2027 (Note 21).

## 10. ACQUISITION OF MINING LICENSES (continued)

Amounts paid to September 30, 2026, R$2,950,000 ($778,560), which represents a 9.15% interest, have been recorded as land acquisition costs in exploration and evaluation expenses (September 30, 2025: R$2,700,000 ($711,898) representing an 8.35% interest).

*Borges claims*

In December 2022, the Company, through MGLIT, acquired 3 mineral claims totaling 1,478 hectares from Mineração Borges Ltda. Upon closing, the Company paid R$500,000 ($129,133) upon execution of the conveyance documents transferring the claims to MGLIT. The Company amended this agreement in February 2024 whereby R$50,000 ($13,597) was paid in March 2024 and, upon producing an independent MRE on the claims of 2 million tonnes of $Li_2O$ content over 1.3% by June 5, 2025, the Company shall pay an additional R$14,950,000 (approximately $4.1 million) to the vendor (the "Borges MRE Milestone"). The agreement was further amended in August 2025 pursuant to which 2 of the 3 claims have been dropped from the scope of the transaction and the Borges MRE Milestone has been reduced to R$7 million ($1.9 million) and the deadline to satisfy the milestone was June 5, 2026. On July 2, 2026, the agreement was further amended to reinstate the second mineral claim, extend the deadline to satisfy the Borges MRE Milestone to March 5, 2027 (51 months from the closing date of the agreement), and restructure the milestone payment as R$7 million ($1.9 million) in respect of the original claim and R$3 million ($0.8 million) in respect of the reinstated claim, in consideration for a payment of R$50,000 ($13,805) to the vendor. If such milestone payments are not performed by the Company, the relevant mineral claims will be returned to the vendor. The Company may terminate this agreement at any time without incurring any financial penalties.

## 11. EXPLORATION AND EVALUATION EXPENSES

Lithium Ionic owns a 100% ownership interest in the Bandeira Project in Brazil, comprising certain exploration permits, the Galvani Licenses and the Borges claims, as well as other claims all located in Minas Gerais state (MG), Brazil. The Company commenced the capitalization of development costs of the Bandeira project in July 2024 (Note 6). The Salinas mineral rights, held through Salit and Neolit, were sold on August 25, 2026 (Note 5).

Exploration and evaluation expenses are detailed in the following table.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Drilling and geophysics | 106,635 | 150,791 | 493,595 | 519,740 |
| Mining licenses and land acquisition | 48,310 | 35,346 | 80,592 | 134,945 |
| Technical reports | 44,754 | 37,745 | 268,816 | 221,841 |
| Project overhead costs | 36,731 | 74,120 | 206,607 | 173,712 |
| Labour | 51,831 | 626 | 51,831 | 2,009 |
| Land management fees, taxes and permits | 6,581 | 6,918 | 20,739 | 34,083 |
| Professional fees | 42,865 | 7,871 | 53,788 | 20,625 |
| Travel, meals and accommodation | - | 277 | - | 41,447 |
| **Total exploration and evaluation expenses** | **$ 337,707** | **$ 313,694** | **$ 1,175,968** | **$ 1,148,402** |

## 12. COMMON SHARES

### Authorized

On September 30, 2026, the authorized share capital consisted of an unlimited number of common shares without par value.

### Issued and outstanding

| | Number of shares outstanding | Amount |
|---|---|---|
| **Balance, December 31, 2025** | **193,171,593** | **$ 122,546,841** |
| Exercise of RSUs | 1,851,045 | 1,529,097 |
| Exercise of warrants | 2,278,571 | 2,418,626 |
| **Balance, September 30, 2026** | **197,301,209** | **$ 126,494,564** |

## 13. WARRANT RESERVES

During the three and nine months ended September 30, 2026, nil and 2,278,571 warrants respectively were exercised and nil and 1,500,000 warrants respectively expired unexercised. The following table summarizes the warrants outstanding as of September 30, 2026:

| Number of warrants outstanding | Number of warrants exercisable | Grant date | Expiry date | Exercise price | Estimated fair value at grant date | Volatility | Risk-free interest rate | Expected life | Expected dividend yield |
|---|---|---|---|---|---|---|---|---|---|
| # | # | | | $ | $ | | | Years | |
| 16,100,141 | 16,100,141 | 29/Sep/25 | 29/Sep/27 | 0.90 | 2,599,951 | 83% | 2.47% | 2.00 | 0% |
| 7,711,418 | 7,711,418 | 3/Oct/25 | 2/Oct/27 | 0.90 | 1,233,219 | 82% | 2.45% | 2.00 | 0% |
| **23,811,559** | **23,811,559** | | | | **3,833,170** | | | | |

The weighted-average remaining contractual life of the warrants as of September 30, 2026 is 1.00 years (December 31, 2025: 1.66 years).

## 14. STOCK-BASED COMPENSATION RESERVES

| | Stock Options | | RSUs | | Total | |
|---|---|---|---|---|---|---|
| | Number | Value | Number | Value | Number | Value |
| Balance, December 31, 2024 | 15,127,000 | $ 9,956,439 | - | $ - | 15,127,000 | $ 9,956,439 |
| Granted | - | - | 1,851,045 | 1,529,097 | 1,851,045 | 1,529,097 |
| Balance, December 31, 2025 | 15,127,000 | $ 9,956,439 | 1,851,045 | $ 1,529,097 | 16,978,045 | $ 11,485,536 |
| Granted | 2,950,000 | 1,321,125 | 10,625,000 | 6,267,894 | 13,575,000 | 7,589,019 |
| Exercised/settled (RSUs) | - | - | (1,851,045) | (1,529,097) | (1,851,045) | (1,529,097) |
| **Balance, September 30, 2026** | **18,077,000** | **$ 11,277,564** | **10,625,000** | **$ 6,267,894** | **28,702,000** | **$ 17,545,458** |

## 14. STOCK-BASED COMPENSATION RESERVES (continued)

### Stock options

During the nine months ended September 30, 2026, 1,950,000 stock options were granted to officers, employees and consultants of the Company at an exercise price of $1.35, fully vested on the date of grant. The Company recognized $nil and $1.3 million as share-based compensation expense on the condensed interim consolidated statements of income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2026, respectively, with respect to this grant ($nil for the three and nine months ended September 30, 2025). The Company also granted 1,000,000 stock options to a vendor at an exercise price of $1.04, vesting being conditional upon fulfilment of certain performance obligations; no expense has been recognized on this grant (estimated grant-date fair value of $444,000) as the vesting conditions have not been met as at September 30, 2026. There were no stock option grants during the three months ended September 30, 2026. The following table summarizes the stock options outstanding as of September 30, 2026:

| Number of options outstanding | Number of options exercisable | Grant date | Expiry date | Exercise price | Estimated fair value at grant date | Volatility | Risk-free interest rate | Expected life | Expected dividend yield |
|---|---|---|---|---|---|---|---|---|---|
| # | # | | | $ | $ | | | Years | |
| 6,280,000 | 6,280,000 | 20/Apr/22 | 20/Apr/27 | 0.70 | 2,463,644 | 65% | 2.63% | 5.00 | 0% |
| 2,680,000 | 2,680,000 | 1/Jun/22 | 1/Jun/27 | 1.24 | 1,891,276 | 66% | 2.86% | 5.00 | 0% |
| 250,000 | 250,000 | 13/Jun/22 | 13/Jun/27 | 1.06 | 209,425 | 66% | 3.48% | 5.00 | 0% |
| 150,000 | 150,000 | 5/Aug/22 | 5/Aug/27 | 1.22 | 105,750 | 67% | 2.90% | 5.00 | 0% |
| 1,932,000 | 1,932,000 | 3/Nov/22 | 3/Nov/27 | 1.69 | 1,906,884 | 67% | 3.59% | 5.00 | 0% |
| 200,000 | 200,000 | 27/Feb/23 | 27/Feb/28 | 2.89 | 336,600 | 66% | 3.57% | 5.00 | 0% |
| 1,940,000 | 1,940,000 | 15/Nov/23 | 15/Nov/28 | 1.44 | 2,248,460 | 111% | 3.88% | 5.00 | 0% |
| 150,000 | 150,000 | 1/Dec/23 | 1/Dec/28 | 1.60 | 191,850 | 110% | 3.50% | 5.00 | 0% |
| 1,545,000 | 1,545,000 | 11/Jul/24 | 11/Jul/29 | 0.90 | 602,550 | 87% | 3.40% | 5.00 | 0% |
| 1,950,000 | 1,950,000 | 14/Jan/26 | 14/Jan/29 | 1.35 | 1,321,125 | 75% | 2.50% | 3.00 | 0% |
| 1,000,000 | - | 5/Mar/26 | 5/Mar/28 | 1.04 | 444,000 | 77% | 2.58% | 2.00 | 0% |
| **18,077,000** | **17,077,000** | | | | **11,721,564** | | | | |

### RSUs and DSUs

On July 26, 2024, shareholders approved the Company's RSU/DSU plan. The Board of Directors may at any time authorize the grant to eligible participants RSUs and/or DSUs. Each grant shall specify the performance period and performance conditions, if any, and the vesting date. Each RSU or DSU award represents the right for the participant to receive on vesting either one common share of the Company or a cash payment equal to the equivalent thereof, which shall be at the sole and absolute discretion of the Board of Directors. The aggregate number of common shares that may be reserved for issuance under the RSU/DSU plan is limited to 19,730,121 common shares (previously 12,500,000), following an amendment to the RSU/DSU plan approved by the Board of Directors on July 10, 2026 and by shareholders on August 18, 2026. The maximum aggregate number of common shares that are issuable pursuant to all share-based compensation granted or issued in any 12-month period to any one eligible consultant shall not exceed 2% of the total number of issued and outstanding common shares of the Company on a non-diluted basis. RSUs shall be settled by the Company upon the vesting date in either cash or common shares, however DSUs, upon vesting, shall be settled in either cash or shares upon the earlier of the death, eligible retirement or termination of the participant. No DSUs were granted or outstanding during the period ended and as of September 30, 2026.

## 14. STOCK-BASED COMPENSATION RESERVES (continued)

As at September 30, 2026, there were 10,625,000 RSUs outstanding. On January 14, 2026, 10,625,000 RSUs were granted to directors, officers and employees of the Company at a fair value of $1.35 each; these RSUs vest in three equal instalments starting on the first anniversary of the grant. The Company recorded share-based compensation expense of $2.2 million and $6.3 million for the three and nine months ended September 30, 2026, respectively, relating to these RSUs. In January 2025, 917,768 RSUs were granted to a supplier of the Company to settle a liability. These RSUs vested on January 22, 2026 and were recorded at a value of $698,480, being the estimated fair value based on the market price of the Company's shares on the date of grant. In April 2025, 933,277 RSUs were granted to a supplier of the Company pursuant to a service contract. These RSUs vested on April 2, 2026 and were settled through the issuance of 933,277 common shares on April 7, 2026; as there were no service conditions, they were expensed in full in 2025 at a value of $830,617, being the estimated fair value on the date of grant. During the nine months ended September 30, 2026, all 1,851,045 of these RSUs were exercised and settled through the issuance of common shares.

## 15. CAPITAL MANAGEMENT

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

The properties in which the Company currently has an interest are in the exploration and evaluation stage and development stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned development of the Bandeira property, to continue exploration and evaluation and to pay for administrative costs, the Company must raise additional amounts.

The Company may continue to assess new properties and may seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the three and nine months ended September 30, 2026 and 2025.

## 16. OFFTAKE AGREEMENTS

On March 25, 2026, the Company entered into binding multi-year offtake agreements with Sichuan Yahua Industrial Group Co., Ltd. and Grand Chen Resources Pte. Ltd., both producers of lithium-ion battery materials. The agreements relate to the supply of high-quality spodumene concentrate from the Company's Bandeira Lithium Project, located in Minas Gerais, Brazil.

Under the agreements, the Company will supply a combined 170,000 tonnes per annum of spodumene concentrate for a five-year take-or-pay term. The counterparties are suppliers to major battery and electric-vehicle manufacturers.

## 16. OFFTAKE AGREEMENTS (continued)

The pricing mechanism includes a minimum sales price of US$1,000 per tonne of 6% spodumene concentrate, with no maximum price cap. Prices will be indexed to prevailing market reference prices without discount, providing a minimum reference price under the agreements while preserving exposure to market reference prices above that level.

In conjunction with the execution of the offtake agreements, the Company agreed to receive a combined pre-payment facility of up to US$20 million, subject to execution of definitive agreements on market-standard terms. The facility is intended to support ongoing project development and the advancement of the Bandeira Lithium Project toward construction.

## 17. FINANCIAL INSTRUMENTS

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

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

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The Company's financial instruments recorded at fair value fall under level 1.

The Company's financial instruments include cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities, whose carrying values reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. Management believes the carrying value of lease liabilities approximates fair value. The Company's royalty-based obligations are recognized at amortized cost, which management believes approximates fair value.

The fair value of the deferred consideration receivable, which is carried at amortized cost, at September 30, 2026 is estimated at $8,453,110 (US$5,957,929) (Level 3), compared with a net carrying amount of $8,653,450 (US$6,099,133). The fair value is the present value of the expected payments discounted at 8.43%, being a United States Treasury rate for the remaining term plus a credit spread for PLS Group Limited and a premium for restrictions on transfer. The principal unobservable inputs are the credit spread, the expected payment date and the premium. An increase of one percentage point in the discount rate would reduce the fair value by approximately US$153,000 ($217,000). The carrying amount continues to accrete at the effective interest rate of 7.31% determined at initial recognition, which is not updated for later changes in market rates; the fair value is lower than the carrying amount because market rates have increased since August 25, 2026.

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

(a) *Credit risk*

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

*a. Trade credit risk*
Other than the deferred consideration receivable described below, the Company is not exposed to significant trade credit risk.

**17. FINANCIAL INSTRUMENTS (continued)**

*b. Deferred consideration receivable*

The deferred consideration receivable exposes the Company to the credit risk of a single counterparty, PLS Brasil Mineração Ltda., whose obligation is guaranteed by PLS Group Limited. At September 30, 2026, the receivable is measured at amortized cost net of a 12-month expected credit loss allowance of $52,234 (US$36,816), estimated using a probability of default of 1%, based on the credit quality of the guarantor, PLS Group Limited, and a loss given default of 60%. Management assessed at September 30, 2026 that the credit risk of the receivable has not increased significantly since initial recognition, having considered the credit quality and liquidity of PLS Group Limited and movements in credit spreads and in its share price, and therefore measures the allowance at 12-month expected credit losses. Amounts that become due from the sellers under the indemnification provisions of the sale agreement may be paid by offsetting them against amounts of the purchase price then outstanding, which may include the unpaid deferred consideration (Notes 5 and 20).

c. *Cash and cash equivalents*

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

(b) *Currency risk*

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

As at September 30, 2026, the Company's Canadian dollar functional entities had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

| | Brazilian reals | US dollars |
|---|---|---|
| Cash | $ 28,256,863 | $ 302,763 |
| Deferred consideration receivable | - | 8,653,450 |
| Accounts payable and accrued liabilities | (2,399,694) | (5,076,941) |
| Lease liabilities | (234,146) | - |
| | $ 25,623,023 | $ 3,879,272 |

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net income and equity by approximately $2,562,000 (September 30, 2025 - $46,000).

A 5% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net income and equity by approximately $194,000 (September 30, 2025 - increase (decrease) of $94,000). These exchange differences are recognized in profit or loss, so the effect on equity is the same as the effect on net income.

## 17. FINANCIAL INSTRUMENTS (continued)

(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2026, the Company had a cash and cash equivalents balance of $29,152,304 (December 31, 2025 - $17,521,608) to settle current liabilities of $8,493,240 (December 31, 2025 - $4,215,681). Of the current liabilities, approximately $7.6 million have contractual maturities of less than 30 days or are due on demand, including the past-due amount of US$1,500,000 owed to an officer of the Company and the interest accrued on it (Note 18); trade payables are subject to normal trade terms.

(d) *Commodity / equity price risk*

The Company is exposed to price risk with respect to commodity and 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. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to lithium, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk is remote at this time as the Company is not a producing entity.

## 18. RELATED PARTY TRANSACTIONS

*Compensation of key management personnel of the Company*

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three and nine months ended September 30, 2026 and 2025, the remuneration of directors and other key management personnel is as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Management and Consulting fees | $ 811,401 | $ 703,796 | $ 2,343,726 | $ 2,447,334 |
| Share-based compensation | 2,020,562 | - | 5,967,522 | - |
| Total | **$ 2,831,963** | **$ 703,796** | **$ 8,311,248** | **$ 2,447,334** |

Remuneration for the three and nine months ended September 30, 2026 includes fees paid or payable to former directors and officers of the Company, both for services up to the dates of their resignations and under the arrangements described in Note 20, as well as share-based compensation on restricted share units retained by those individuals.

As at September 30, 2026, an amount of approximately $339,000 (December 31, 2025 - $521,000), included in accounts payable and accrued liabilities, was owed to directors and officers of the Company. This includes unbilled bonuses from 2024. Such amounts are unsecured and non-interest bearing. As well, related to the Neolit acquisition, an amount of US$1,500,000 ($2,128,200), which was due on September 10, 2024 and has borne interest since that date at the Bank of Montreal US dollar prime rate plus 5% per annum, together with accrued interest of approximately $535,000, is owed to an officer of the Company.

## 18. RELATED PARTY TRANSACTIONS (continued)

During the three and nine months ended September 30, 2026, the Company paid $nil and $1,125 respectively (September 30, 2025: $30,000 and $134,000 respectively) to Troilus Mining Corp. for office space, administrative services and reimbursable costs. As at September 30, 2026, a balance of $nil (December 31, 2025: $10,744) is payable to Troilus Mining Corp. Mr. Tom Olesinski, the Company's Chief Financial Officer, is a director of Troilus Mining Corp.

The Company paid $5,537 and $5,537 respectively during the three and nine months ended September 30, 2026 (September 30, 2025: $5,900 and $7,900 respectively) to T & L Consulting for office administrative services. As at September 30, 2026, no amounts were recorded as owing to T & L Consulting. Mr. Tom Olesinski is an owner of T & L Consulting.

Also during the three and nine months ended September 30, 2026, the Company paid approximately $6,700 and $19,800 respectively (September 30, 2025: $6,182 and $23,997 respectively) to Falcon Metais Ltda. for various administrative services. As at September 30, 2026, a balance of $nil (December 31, 2025: $nil) is payable to Falcon Metais Ltda., while a balance of $nil (December 31, 2025: $901) is recorded as prepaid expense. Mr. Helio Diniz is an officer of Falcon Metais Ltda.

During 2023, the Company's subsidiary MGLIT entered into an agreement with Valitar, in which Mr. Helio Diniz indirectly owns a 90% interest and of which he is an officer, for a non-revolving credit facility of R$10,000,000 ($2,718,000), with the full facility drawn down at September 30, 2026. The purpose of this facility was to pay for the acquisition of surface rights in Brazil by Valitar. The facility matured on June 2, 2026 and carries an interest rate of 1% per annum, with interest payable at maturity; it had not been repaid at September 30, 2026. The Company has rescheduled the date of repayment to June 2, 2029. It is anticipated that Valitar will authorize MGLIT to perform mineral activities on its properties and upon commencement of production, MGLIT will pay royalties to Valitar in accordance with the applicable legislation. The loan facility has been eliminated on consolidation.

## 19. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Brazil. The following table summarizes the total assets and liabilities by geographic segment as at September 30, 2026 and as at December 31, 2025:

| **September 30, 2026** | **Brazil** | **Cayman Islands** | **Canada** | **Total** |
|---|---|---|---|---|
| Total Assets | **$ 90,809,092** | **$ 183,952** | **$ 2,791,567** | **$ 93,784,611** |
| Total Liabilities | **$ 5,326,180** | **$ 16,326,954** | **$ 6,819,102** | **$ 28,472,236** |

| **December 31, 2025** | **Brazil** | **Cayman Islands** | **Canada** | **Total** |
|---|---|---|---|---|
| Total Assets | $ 34,219,203 | $ 4,643,791 | $ 13,026,990 | $ 51,889,984 |
| Total Liabilities | $ 794,758 | $ 28,483,333 | $ 3,450,294 | $ 32,728,385 |

## 20. COMMITMENTS AND CONTINGENCIES

### Environmental

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make expenditures to comply with such laws and regulations.

## 20. COMMITMENTS AND CONTINGENCIES (continued)

### Legal proceedings with respect to property rights

The Company, through its subsidiary MGLIT, is contesting a decision by the Agência Nacional de Mineração ("ANM") which reduced the area of one of its Bandeira claims. The Company has filed a lawsuit seeking to invalidate ANM's decision. The court granted an interlocutory relief suspending its effects. In compliance with the court order, ANM reincorporated the reduced area into MGLIT's claim and restored its original extension. The definitive reincorporation of the reduced area by ANM is conditional on a final decision by the Court. The lawsuit is currently at the stage of production of evidence.

### Legal proceedings with respect to municipal tax

Two suppliers of the Company indicated a specific tax rate for Salit to collect a municipal tax (ISSQN) during 2022/2023. In 2025, the Municipality of Salinas conducted a tax inspection and decided that this rate was inadequate (i.e., less than what was owed), beginning an administrative proceeding seeking to collect the relevant amount. The Company has filed a lawsuit to avoid the filing of a tax foreclosure lawsuit from the Municipality (seeking the collection of the debt and legal fees) since contractually, the responsibility of this payment lies with the two suppliers.

### Regulatory matters and corporate governance

On April 9, 2026, the Ontario Securities Commission (the "OSC") announced enforcement proceedings involving another reporting issuer, Emerita Resources Corp. ("Emerita"), certain of its directors and officers, and an individual related to the alleged misconduct. Certain individuals named in that proceeding have current or former associations with the Company. The proceedings relate to the conduct of certain individuals relating to certain mining claims which form part of its Bandeira Project. The Company is not a respondent in the OSC proceeding, no allegations have been made against the Company, and no orders or remedies have been sought against it. The allegations remain unproven and will be subject to adjudication before the Capital Markets Tribunal, where case management hearings were held on May 8, September 10 and November 5, 2026. A further case management hearing is scheduled for March 31, 2027 and the merits hearing is scheduled to commence on May 3, 2027.

Separately, in connection with the delayed filing of the Company's audited annual financial statements, the Company applied for and was granted a management cease trade order ("MCTO") under National Policy 12-203, effective May 4, 2026, which limited trading restrictions to certain insiders rather than the Company's securities generally. The required filings were subsequently completed and the MCTO was revoked on June 9, 2026.

Based on independent Brazilian legal title opinions and publicly available records maintained by Brazil's National Mining Agency ("ANM"), the Company believes that it holds valid and registered title to its Brazilian mineral claims (other than the Salinas mineral rights sold on August 25, 2026, as well as the Vale claims held by Vale Litio and Exotic, and the Borges claims, the transfer of which is in progress with ANM and the maintenance of the relevant title is conditional on future payments; see Notes 5 and 10), including its 100%-owned Bandeira Lithium Project. These records do not indicate prior ownership by the issuer referenced in the OSC proceeding.

In response to the OSC announcement, the Board of Directors established a Special Committee composed solely of independent directors to oversee the Company's communications, disclosure, and governance response relating to this matter.

## 20. COMMITMENTS AND CONTINGENCIES (continued)

On April 20, 2026, Messrs. Gower, Guy and Diniz resigned as directors of the Company, and Damian Lopez resigned as Corporate Secretary. Under arrangements entered into, the Company agreed to pay Messrs. Gower, Guy and Lopez their base fees monthly in arrears for a 12-month period, and Mr. Diniz initially remained in an operational role as Managing Director, Brazil, through an independent contractor services agreement. Mr. Diniz is no longer Managing Director, Brazil, or an officer of the Company, and ceased to be an officer of MGLIT and Neolit on November 9, 2026. The Company regularly reviews reporting lines, authorization controls, and governance oversight for all executive and management functions. These resignations do not constitute, and should not be interpreted as, admission of guilt, liability, or wrongdoing by any individual. On June 23, 2026, the Company appointed Clovis Torres, a Brazilian mining, legal and corporate governance executive to its Board of Directors.

On April 14, 2026, the Company received a requisition from Waratah Capital Advisors Ltd. (“Waratah”) requesting that the Board call a special meeting of shareholders. Following engagement with Waratah, Waratah formally withdrew its requisition on August 4, 2026 and confirmed its support for the election of all six management nominees. At the Company’s annual general and special meeting held on August 18, 2026, shareholders approved all items of business, including the election of all six director nominees, among them new independent directors John Turner and Ernie Ortiz Ortega. Following the meeting, John Turner was appointed Chair of the Board.

Management believes that the actions taken, including Board and officer changes, enhanced governance oversight, and engagement with regulators, demonstrate the Company’s commitment to transparency, regulatory compliance, and the protection of shareholder interests.

Although the Company is not a party to the OSC proceedings, the matter could result in increased scrutiny from regulators, investors, and other stakeholders, as well as reputational risk or additional professional fees. There can be no assurance that such indirect effects will not occur. The Company will continue to monitor developments and may update its disclosure as additional information becomes available.

Management has determined that, as at September 30, 2026, there is no liability or provision requiring recognition under IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets.*

## 20. COMMITMENTS AND CONTINGENCIES (continued)

### Statement of claim

On July 29, 2026, Emerita filed a statement of claim in the Ontario Superior Court of Justice relating to certain mining claims, part of which now forms the Company's Bandeira Project. The claim principally concerns allegations against certain former directors and officers of Emerita and of the Company, together with Falcon Metais Ltda., and also names the Company and its subsidiary MGLIT as defendants. Among other things, Emerita claims an equitable interest in the Bandeira Project and a constructive trust over securities of the Company held by the former directors and officers. None of the current directors or officers of the Company are named as defendants, and the allegations have not been proven. Based on independent Brazilian legal title opinions and publicly available records maintained by the ANM, which do not indicate prior ownership of the relevant claims by Emerita, the Company believes it is the rightful owner of the Bandeira Project and related assets and is defending its rights through the court process (Note 21). No provision has been recognized in these condensed interim consolidated financial statements in respect of this matter. Given the early stage of the proceedings, it is not practicable to estimate the financial effect, if any, of this claim on the Company.

### Indemnities on the sale of the Salinas properties

On the sale of the Salinas properties (Note 5), the Company's subsidiaries Salit Mineração Ltda. and Neolit Minerals Participações Ltda. (the "sellers") and Lithium Ionic Holdings Corp., the Company's wholly owned subsidiary and guarantor of the sellers' obligations, gave representations and indemnities to PLS Brasil Mineração Ltda. (the "buyer") and its affiliates. Lithium Ionic Holdings Corp. is jointly and severally liable with the sellers for their obligations, and the buyer is not required to claim against the sellers first. The indemnities cover losses arising from inaccurate representations, breach of covenants, claims relating to the assets for events up to closing, liabilities attributed to the buyer by succession or joint liability, fraud, willful misconduct and bad faith, and the cost of re-filing a registration application if the buyer designates another transferee.

Claims for most matters are capped, in aggregate, at 20% of the purchase price effectively paid to the sellers (about US$6.0 million ($8.5 million) on the amount paid at closing, rising to about US$7.5 million ($10.6 million) if the deferred consideration is paid). Claims for breach of the fundamental representations (including corporate existence, authority, validity and enforceability, absence of conflicts, consents, title to the assets and the mineral rights, permits, the status of the mineral rights, and certain social and environmental matters) are capped, in aggregate, at the purchase price effectively paid (about US$30 million ($43 million), rising to about US$37.5 million ($53 million)). Claims arising from fraud, willful misconduct, bad faith or succession liabilities are not capped. Claims may be made for three years (other matters), five years (labour and environmental) or six years (tax) after closing; for environmental and other claims these periods are extended by the time taken to register the transfer of mineral right 830.833/2001, up to twelve months. There is no time limit for breach of the fundamental representations or for fraud, willful misconduct and bad faith. A claim notified within the relevant period remains alive until it is resolved.

Where an amount has become due from the sellers for losses under these provisions (for example, after agreement with the sellers, or a final decision or arbitral award), the agreement permits payment to be made by offsetting it against amounts of the purchase price then outstanding from the buyer to the sellers, which may include the unpaid deferred consideration. Registration by the ANM of the transfer of the mineral rights is still pending. A refusal could give rise to a claim under the representations on title to and the status of the mineral rights, or for the cost of re-filing the registration. Management has assessed the exposure of the Company and its subsidiaries under these indemnities as a contingent liability under IAS 37. No claim has been notified and management does not consider an outflow of resources to be probable, so no provision has been recognized.

### General

The Company may be subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable, and the amounts are estimable.

## 20. COMMITMENTS AND CONTINGENCIES (continued)

### Management Contracts

The Company is party to certain management contracts. As of September 30, 2026, these contracts require payments of approximately $4,966,000 (December 31, 2025 - $7,449,000) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately $2,014,000 (December 31, 2025 - $2,543,000) pursuant to the terms of these contracts as of September 30, 2026. As a triggering event has not taken place on September 30, 2026, these amounts have not been recorded in these condensed interim consolidated financial statements. In addition, as at September 30, 2026, the Company is committed under separation arrangements with former directors and a former officer to pay approximately $642,000, comprising base fees payable monthly until April 19, 2027 (approximately $542,000) and severance payments of $100,000 payable quarterly from November 2026 to August 2027. These amounts have not been recognized in these condensed interim consolidated financial statements.

### Other

Under the agreement with Mineração Borges Ltda., as amended on July 2, 2026 (Note 10), upon producing an independent NI 43-101 compliant MRE of 2 million tonnes of $Li_2O$ content over 1.3% by March 5, 2027, the Company shall pay R$7 million ($1.9 million) in respect of the original claim and R$3 million ($0.8 million) in respect of the reinstated claim. The July 2, 2026 amendment reinstated a second mineral claim and extended the milestone deadline from June 5, 2026 to March 5, 2027, in consideration for a payment of R$50,000 ($13,805) to the vendor. As at September 30, 2026, no determination has been made in this regard, and no amount has been accrued related to this contingent arrangement. If such milestone payments are not performed by the Company, the relevant mineral claims will be returned to the vendor. The Company may terminate this agreement at any time without financial penalty.

In connection with the Company's option to acquire a 100% interest in Vale Litio, which holds the Vale claims, the Company paid R$125,000 ($34,512) in July 2026, and may, at its option, pay R$29,450,000 ($8.0 million) on or before January 20, 2027 (extended to July 20, 2027 after the period end; Note 21) to acquire the remaining 90.85% interest. As well, if the Company establishes a NI 43-101 compliant mineral resource estimate on the Vale Litio claims of at least six million tonnes with an average content greater than 1.3% $Li_2O$, the Company shall pay Exotic a cash bonus of R$10 million ($2.7 million). If the Company does not complete the acquisition, it will be required to conduct a minimum of 3,000 metres of diamond drilling in the claim areas by January 20, 2027 (extended to July 20, 2027; Note 21) or pay a fine of R$5 million ($1.4 million). This drilling obligation is waived if the acquisition is completed.

In June 2026, the Company placed its first long-lead equipment order for the Bandeira project, for the supply of the project's main substation power transformer for an amount of R$5.4 million ($1.5 million).

See Notes 1, 8 and 10.

## 21. SUBSEQUENT EVENTS

On October 27, 2026, the agreement relating to the Company's option to acquire Vale Litio was amended to move the due date of the final instalment of R$29,450,000 ($8.0 million) for the remaining 90.85% interest, and the deadline for the drilling obligation, from January 20, 2027 to July 20, 2027 (Notes 10 and 20).

Subsequent to quarter-end, on November 2, 2026, the Company filed a statement of defence, crossclaim and counterclaim with the Ontario Superior Court of Justice in response to Emerita's claim. The Company denies that Emerita holds any interest in, or entitlement to an interest in, the Bandeira Project and is seeking dismissal of Emerita's claims with costs. The Company's position is that Emerita relinquished any interest in the relevant mineral rights in December 2020 and confirmed that relinquishment in its public disclosure in 2021 and 2022, and that the Bandeira Project was subsequently funded and developed in reliance on the public ownership record and those disclosures. The Company has also filed a crossclaim against certain of its individual co-defendants, alleging, among other things, breach of fiduciary duty, negligence and misrepresentation, and seeking contribution and indemnity, and a counterclaim against Emerita alleging that, if Emerita did not in fact relinquish its interest as it publicly disclosed, those disclosures were negligent and/or fraudulent misrepresentations. In addition, the Company has commenced a third-party claim against four individuals who were directors of Emerita when it made those disclosures, seeking, if the disclosures are found to have been inaccurate, contribution and indemnity for any amount the Company may be found liable to pay Emerita, together with damages for misrepresentation. No amounts have been recognized in respect of these claims and, given the early stage of the proceedings, it is not practicable to estimate their financial effect, if any. See the Company's news release dated November 5, 2026.

Subsequent to quarter-end, the Company began winding up its engagement with RTEK International DMCC ("RTEK"), which had provided project development and advisory services in connection with the Bandeira Project, and is closing out the remaining services.